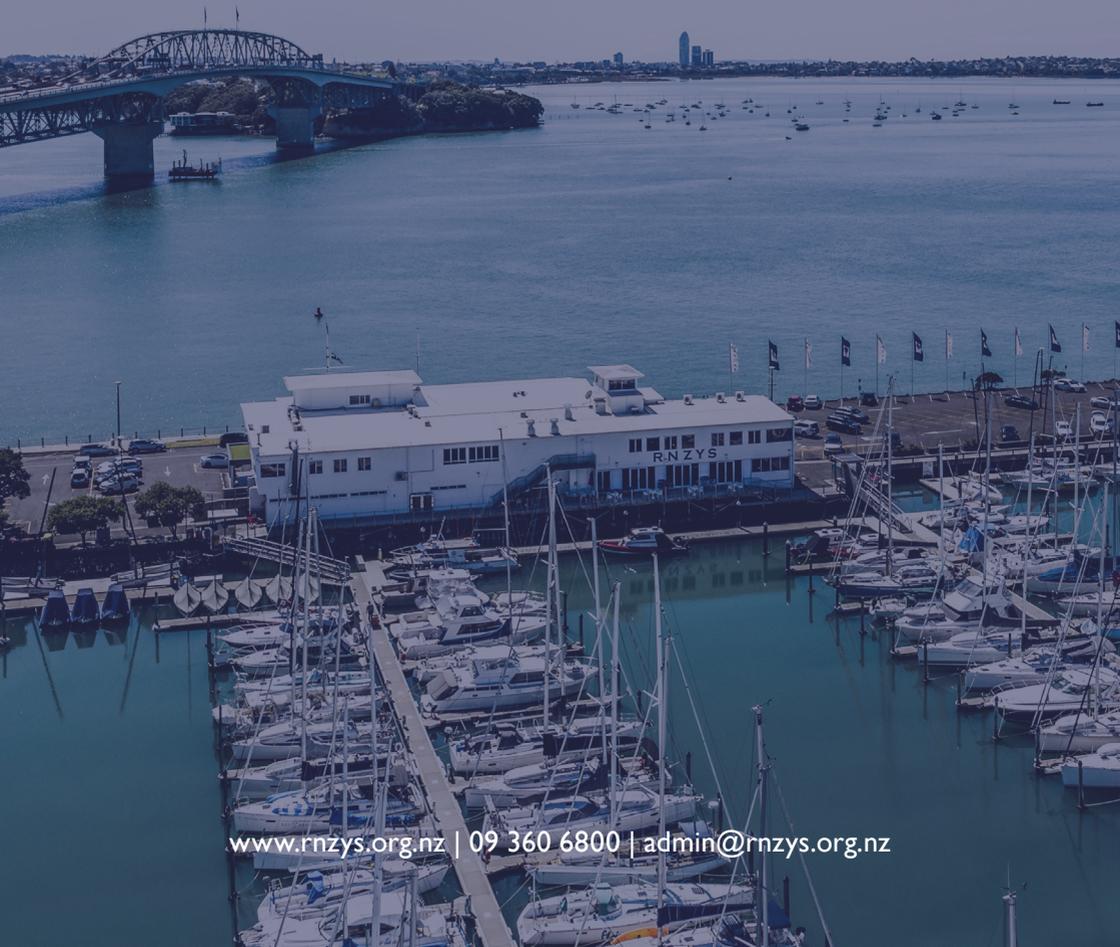




ROYAL NEW ZEALAND YACHT SQUADRON

2020 ANNUAL REPORT

FOR THE YEAR ENDED 30 APRIL 2020



www.rnzys.org.nz | 09 360 6800 | admin@rnzys.org.nz



Vision: To be the leading local and international yacht club

Purpose: To deliver outstanding experiences on and off the water

Patron

His Royal Highness Prince Phillip,
The Duke of Edinburgh

Trustees

Graeme Bennett
Peter Hay
Bryan Kensington

Commodore

Ian Cook
(Ranger)

Vice Commodore

Aaron Young
(Checkmate)

Rear Commodore

Andrew Aitken
(Margaritaville)

Chairman of the House

Gillian Williams
(Mr Kite)

Treasurer

Conal Alderson

Auditor

RSM Hayes Audit

Major Events 2021 Committee

Chairman
Aaron Young

General Committee

Peter Boardman
Jonty Cullinane
Sheryl Lanigan
Mike Leyland
Mike Malcolm
Garry Scarborough
Ben Sceats
Richard Wingfield
Gillian Williams
Sanchia Yonge

**House & Membership
Committee**

Chairman
Gillian Williams

Sailing Committee

Chairman
Ian Cook

Chief Executive Officer

Hayden Porter

Finance Committee

Chairman
Andrew Aitken

COMMODORE IAN COOK

Sailing



The 2019/20 financial year was one of the more unique years for the RNZYS. The club was performing very well, bookings were strong on the back of a very good Christmas period, membership was increasing and the building and renovation projects underway. The end of the financial year looked like everyone's hard work was going to show us a big increase to the balance sheet. Then Covid hit and we essentially lost our last two months trading of the financial year (March and April) due to lock-down. It felt like we had lifted all the way to the top mark and then got a large knock in the last 30 yards! The management team moved quickly to mitigate the effects of lockdown. The team then moved us to a virtual club, dealt with the various grants applications, staff packages, and importantly, cashflow. Members rallied and got involved in the various online activities, have offered support in various forms where they could and also returned in large numbers more recently – the sign of a healthy club. We have also managed to retain all of our staff albeit on reduced hours and pay until we recover fully. Despite the loss of revenues due to covid-19 I am pleased to say it is the best financial result the club has reported in many years with a very healthy surplus. The changes we made during this challenging period will ensure the clubs future remains bright.

We had a significant increase in bookings for our function rooms by corporate members and this helped with F&B net profit ahead of last year despite the closure period. Staff have focused on delivering great dining and conference experiences across all our varied size facilities which has also seen a lift in member satisfaction and usage.

Sailing, which is the main purpose of our club's existence and passion, has been strong over the last 12 months. The team have been busy with delivering a programme that sees sailing to some extent every day of the week. We have also introduced e-sailing to the options, which proved to be a real positive born out of Covid-19. This has its challenges with a varying style of boats for the race management team to satisfy the competitors with good handicapping. The team have also been busy writing and then implementing the course marshal training programme for AC36 and coordinating the delivery of this with all the volunteers who have signed up to help. With 170 + on water volunteers this is no small feat. There is also an off water club based volunteer programme that many of you have kindly registered for that will be rolled out soon after the AGM.

After the lock-down period, we had expected our Learn to Sail programme to slow down over the winter period. This has not been the case, with a greater than normal interest since we have returned to some form of normality, allowing us to deliver more courses than initially planned over winter season.

We continue as a club to deliver a leading edge youth training programme, and in the last 12 months we have seen them achieve some outstanding results on the international stage. There is very strong interest from young people to be part of this programme and as a club it's important to enable our youth the opportunity to improve their skills. Mastercard also see the importance of this and have come on board as the major sponsor of the Youth Programme for the next few years. Not all will become America's Cup sailors or Olympic reps, but they will all form our legacy of continuing to enjoy our club and sailing as part



of the future generation.

Our history is strong and important and there has been a lot of effort put in by the 150th team to create a member focused and engaging calendar for 2021. Plan to be involved and enjoy the benefits of your membership.

On a personal note, I have enjoyed my experience being a committee member and finally Commodore. I have met an amazing group of staff and volunteers who have all put their heart and soul into ensuring we are the leading local and international yacht club. I believe you are in good hands with the incoming leadership.



VICE COMMODORE AARON YOUNG



2021 Events

The focus for the 19/20 Financial Year has been on all of our upcoming major events. We now have only a few short months left in the planning before we start implementing so much of the work that has gone into the RNZYS 150th sesquicentennial. Despite a number of distractions like lockdown, we have remained very focussed and I have been able to lead and concentrate on our Major Events and related projects. Our 150th celebrations have been well supported by some key sponsors; including ATEED and others, with relationships with all stakeholders stronger than ever before.

This sees a very busy year planned with a never to be forgotten summer of 2021. Events include the Mastercard Superyacht Regatta; the inaugural Harbour Bridge to Bean Rock race for dinghies; an YTP Alumni Regatta; an offshore race to and from NZ, a Youth America's Cup (subject to immigration), a collector's edition RNZYS book by Ivor Wilkins and some other memorable member only events. Check out www.rnzys.org.nz for the full list and updates.



A big thank you to the 150th Committee – Colin Carran (Chair), Peter Boardman, Mike Malcolm, Mike Leyland, Ben Sceats, Michelle Khan, Kim Bond, Andrew Delves, Catriona Stanton and Hayden Porter.

Our contracted sailing partners Emirates Team NZ have had their challenges with the ACWS international events cancelled, but they remain focussed and committed to winning the America's Cup. On water training of course marshals for the America's Cup regattas is underway with agreement from all parties committed to ensuring a safe and successful event. Thank you to those 170 plus volunteers who have been involved here.

Although the RNZYS contract the sailing and AC36 event to ETNZ, we have had plenty to work on. Many thanks to those involved in the AC sub committee – Andrew Aitken and Ian Cook but in particular we recognise Richard Wingfield and Laurie Jury for their time and efforts they have put into this program including course layout, safety and numerous details.

In only a few months we will see the new AC75 boat that will defend the AC36 proudly wearing the RNZYS burgee on the stern. By mid March 2021 the RNZYS remain optimistic and hopeful we will once again be able to secure the oldest trophy in international sport in our cabinet at our club.

In October 2019 the Club hosted another successful Charity Regatta raising funds for the International Sailing Fund and Blake Foundation. To the members including boat owners, auction winners, prize providers, all who came and contributed here – thank you for your support of the club's largest annual fundraising event.



Finally my sincere thanks to our wider membership and general committee who have supported the 150th projects and will help the RNZYS celebrate 2021 as best we can. We started work on this initiative over two years ago and it seemed a long time away. The challenge now is to ensure the club legacy is left for the RNZYS to succeed as the world's leading yacht club for another 150 years.

Thank you to all those that had volunteered a donation to the AC and 150 year fund. This was very successful donation appeal and I can assure you the funds are being used to deliver the best outcomes we can around 2021. Unfortunately the Covid-19 pandemic has necessitated the scaling back of some of the 150th events however we remain committed to delivering something very special for our 150th year.

To the many staff involved, thank you for your work and support for making so many of the planned ideas that much closer to reality. I also take this opportunity to thank and acknowledge our outgoing Commodore, Ian Cook. It has certainly been a unique and testing time for all of us, members and staff alike.

A handwritten signature in black ink, appearing to read 'Aaron Young'.

REAR COMMODORE ANDREW AITKEN



Finance & Risk

The 2019-20 year has been a busy year under Ian Cook's Leadership.

For the Finance & Risk committee this year has been a time of consolidating the good budgeting, reforecasting and reporting processes introduced during the 2018-19 year as well as the continued early development of a regular risk and policy review process. The impact of COVID-19 and especially lock-down from the close of March and through April certainly impacted the trading result for the year. Costs associated with the America's Cup and 2021 event programmes have also had some impact on the year. Fortunately the result up to lock-down together with the Government Wage Subsidy programme enabled us to continue to look after our staff and to close the year with a very positive result.

The Finance team needs to be acknowledged for their efforts developing the consistent, quality processes and outcomes needed to support the effective operation of your club.

Our new Treasurer, Conal Alderson from Lock & Partners also has to be acknowledged for the support he has provided over the year.

Budgeting for the year ahead has been an interesting challenge. Ultimately the success of your club is a reflection of utilisation and member support. Thank you to all those members who have come down to the club post-lockdown – rebuilding turnover and growing our margin particularly from food & beverage, events and from Learn to Sail. These are key for the long term financial wellbeing of our club.

There are a number of highlights from the year to report. Total revenue increased by \$319k, largely due to voluntary AC and 150th donations received of \$255k. Despite the

impact of Covid-19 lockdown, F&B operations netted \$499k, well up on last year's profit of \$410k. Revenue from member services (including subscriptions and general sponsorship) was up 7%, or \$93k. We continued to receive solid support from a number of trust funders and foundations, enabling the purchase of a patrol boat vessel, engines, sailing equipment and support toward sailing training department employee costs.

Our CAPEX programme has been accelerated through the year to prepare the club as we host the 36th America's Cup and our own 150 year celebrations.

Investment returns from assets held with Milford Asset Management suffered a loss as a direct result of the financial markets decline. We are pleased to report that this investment is recovering and is now above pre-covid market values.

The good news is that despite the challenging last few months of the financial year, net assets for the club have increased by \$443k.

For the year ahead we are looking to deliver a breakeven result before extraordinary items and investment income.

The other areas of focus have been:

1. Working with past General Committee member Tony Skelton, and General Committee member Garry Scarborough representing RNZYS at the Northern Reclamation Yacht Club Working Group. There are wide ranging and various topics we work through together with the other yachts clubs. Long-term we see that stewardship of Westhaven Marina needs to change to more particularly support the needs of Yacht Clubs and marina users including Westhaven based watersports clubs.



2. Working with Ian Cook on the sailing committee and more recently with race-officers, race management and volunteers,

3. Supporting Aaron Young where needed around our 2021 and America's Cup programme,

4. Continuing to sail Margaritaville as often as possible.

Finally, a special thank you to the members of the Finance Committee, the Finance Team, and the rest of RNZYS staff that work so hard to help RNZYS deliver on our promise to be a leading local and international yacht club delivering outstanding experiences on and off the water.

Thank you for your support

A handwritten signature in black ink, appearing to read 'Andrew Aitken', with a flourish underneath.



CHAIRMAN OF THE HOUSE GILLIAN WILLIAMS

Membership

This has been a positive year of members enjoying RNZYS, getting involved and preparing for a big future of yachting and events in 2020 - 2021.

Over the year we have seen a continued increase in members participating in club activities and enjoying all that we have on offer. We are a broad and diverse club and aim to offer something for everyone, whether it be on or off the water.

New offerings in the clubhouse during the year included Squadron Quiz Nights and Speaker Evenings, which have proven popular. We have also seen a resurgence in enthusiasm for some of our regular events, like the Speaker Lunch Series, Women's Secret Business, Ladies Coffee Mornings and the Cruising Dinner. A lot of work goes into these events to ensure that everyone has an opportunity to connect with like minds and with RNZYS.

We are also thrilled to see so many members using the club for their own personal engagements, arranging lunches, dinners and business meetings at RNZYS and catching up with fellow members. It is a club for members, and we hope that all members feel proud of what they have available in RNZYS.

We have continued to reap the benefits of an embedded group of corporate members. Our corporate members will often include individuals who are active members, will hold business functions and meetings in RNZYS and will be sponsors of our various on-the-water activities. Their support is appreciated and a welcome part of the fabric of RNZYS.

Our food and beverage operation has continued to be excellent under the careful guidance of Mark Sorenson and Jean Brito. We have a range of offerings from a pie and pint after sailing, to beautifully curated Quarterdeck meals to large corporate offerings to over 100 guests. Feedback is continuously monitored, and small tweaks made to ensure the best possible experience.

Although we saw a steep increase in membership following the America's Cup win in 2017, our membership numbers would now be categorised as relatively flat. Some members have been lost recently due to financial constraints following COVID-19, but these have been offset by a continuing stream of new members. We continue to focus on attracting those with an interest in boating who will share our passion for all things nautical. At the end of the financial year, our total membership was almost 3,400 excluding our sailing school members.

Last year we sought donations from members towards the hosting of the 36th America's Cup and the RNZYS 150th celebrations. We were humbled by the extent to which members wanted to donate to preparation for these events and thank members whole-heartedly for their support.

Although there were many areas that could have benefited from these donations, we felt it appropriate that the donations be allocated towards an upgrade to the Members' Bar. We understand the importance of ensuring that there is ample space and opportunity for members to participate in activities and celebrations



over the summer ahead. It will also leave a legacy of an improved space for members to enjoy into the future. Our improvements to the Members' Bar include increased service areas behind the bar to allow more efficient service and closing in the deck to increase seating and allow a greater all-weather environment.

Other maintenance on the Westhaven facilities has been fast-tracked to ensure that we are at our best for the summer ahead. Old steel windows have been replaced, the Members' Lounge has been upgraded and various functional matters (switchboards, internet access, bathrooms) have been improved.

Work has also progressed on resource consent for an upgrade to Kawau in the future. We have worked closely with the Kawau Boating Club on their offering and those who visit Kawau will be pleased to see new 24 hour refuelling facility available next summer, with member discounts available to RNZYS members.

We are very proud that this is the first annual report of RNZYS to include a Sustainability Report. A Sustainability Committee has been formed as a sub-committee of the House and Membership Committee and has been influential in improving the club's performance in this developing area of importance.

As we move into the new year, we will continue to focus on member engagement and participation and maintaining and enhancing our facilities to support our member activities on and off the water. We encourage you to get involved and support your club.

A handwritten signature in black ink, appearing to read 'G Williams', located at the bottom right of the page.



SUSTAINABILITY REPORT

Sustainability Committee

Internationally and locally we are seeing an increasing focus on looking after our environment and ensuring that our activities are sustainable for the future. At the RNZYS, we introduced a Sustainability Policy in May 2019 to apply to all club activities. The Sustainability Policy is available on the RNZYS website.

A sub-committee of passionate members, including Mastercard Youth Training Programme members, are tasked with defining objectives and key projects to bring the Sustainability Policy to life.

Key Projects

Clean Regattas –

There is an international organisation of Sailors for the Sea that certifies regattas at different levels of clean regatta accreditation. RNZYS was very proud to receive a Gold Level Clean Regatta Certification for the RNZYS Harken Youth International Match Racing Cup in February 2020. The activities that allowed us to achieve this certification included assembling a visible green team to plan, communicate and execute our initiatives, elimination of single-use

items, composting, sorting and rubbish collection and assessment and information collection.

Operational consciousness –

Awareness of sustainability issues has been promoted across the different activities of the club. This has included separating rubbish, removing plastic straws, composting, packaging of race management lunches. Reduce, reuse and recycle are concepts now embedded in everything that we do.

Kawau –

Our facilities at Kawau are high on our agenda for sustainable environmental improvement. We have already commenced pest control and native planting is planned for the future.

Partnerships

Sustainability is also very dear to a number of our relationship partners. Mastercard, as a major sponsor, is very supportive of our sustainability initiatives and we have shared information with them. We are well placed to create meaningful relationships with corporates based on excellent sustainability practices.



We have also regularly attended Hauraki Gulf Forum meetings and engaged with the team at Westhaven Marina as part of our greater community involvement in sustainability as it affects our membership.

Recognition

RNZYS has won the Panuku Marinas 'Best Sustainable Action of the Year' award. This award acknowledged the great work the Green Team did to educate sailors on waste management. It is great to see the work of this team being recognised within our community.

In memory of members passed

	Joined
Mr Ronald Thomas	1954
Mr Ian Sommerville	1957
Mr Roland Moreland	1962
Mr Charles Stone	1963
Mr James Hall	1968
Mr Robert S Bezar	1969
Mr Don Robertson	1971
Mr Jack Fifield	1972
Mr Robert Youngman	1977
Mr Harvey Sheppard	1980
Mr Alan Fletcher	1981
Mr Hal Wagstaff OBE	1981
Mr William Martin	1982
Mr Brian Cunningham	1987
Mr Robert Ensoll	1995
Mr Warren Robinson	1996
Mrs Sunday Millar	1996
Mr Graham Bailey	2002
Mr Daniel Lanigan	2005
Mrs Gaylene Ongley	2013
Mrs Irene Field	2016
Ms Kay Keam	2017
Mr Jim Young ONZM	2018





Sailor's Wake

May the morning dawn fine and calm and
the day bring fresh breezes and warm
friendly faces

Carefully navigate the flotsam and jetsam
of uncharted waters, holding a steady
course and steering clear of unwelcome
sirens who seek to distract

At the end of the day seek refuge in the
welcoming waters of home harbour
Drop anchor and secure for the night.

Take the time to observe, absorb and
reflect - remember, some waters we
may traverse only once

Drift... to the calming sounds of gently
lapping waves softly kissing the starboard
bow

And sail through a night filled with
dreams and memories of adventures and
voyages with ...

May the new day dawn bright and clear...

*Mary Behm
Auckland NZ*

STATISTICS | 1 MAY 2019 TO 30 APRIL 2020

MEMBER COUNT TO 1ST MAY 2020

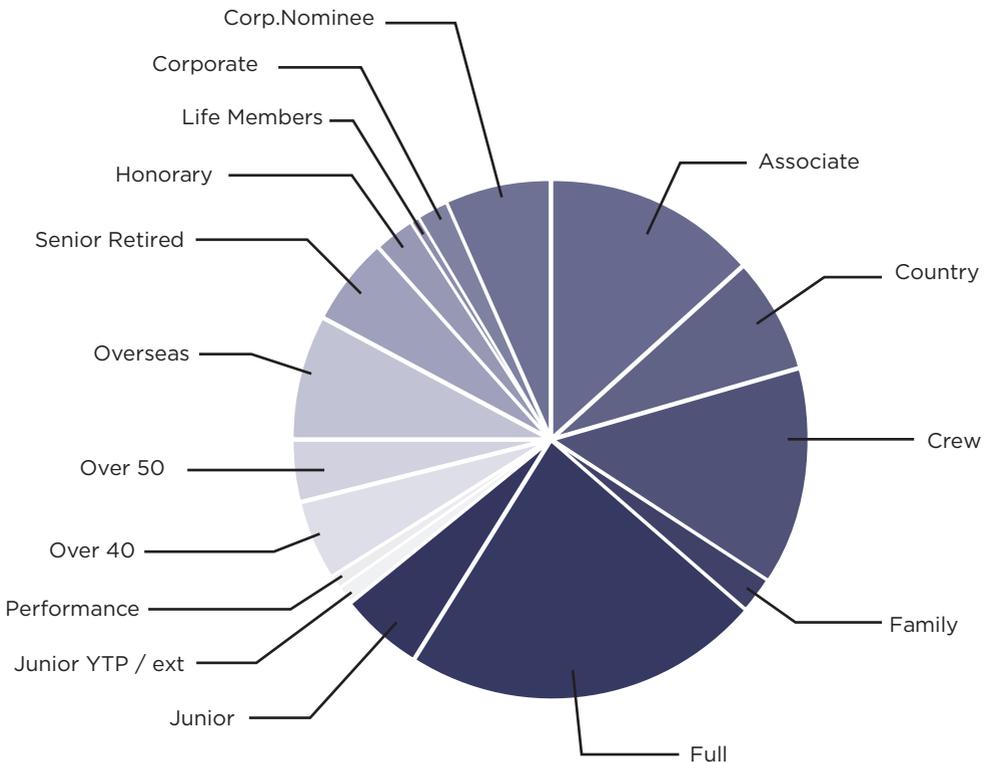
3379

RACE STARTS PER YEAR

1568

SAILING SCHOOL GRADUATES

345





ROYAL NEW ZEALAND YACHT SQUADRON

Royal New Zealand Yacht Squadron Incorporated

Financial Statements

For the year ended 30 April 2020

Royal New Zealand Yacht Squadron Incorporated

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Royal New Zealand Yacht Squadron Incorporated

Statement of Comprehensive Revenue and Expenses

For the Year Ended 30 April 2020

	Note	2020	2019
		\$	\$
Revenue from Non-Exchange Transactions			
Donations and Bequests		255,572	16,947
Grants		78,293	110,500
Sailing and Training - Grants, Sponsorships and Donations	7	87,223	102,810
Total Revenue from Non-Exchange Transactions		421,088	230,257
Revenue from Exchange Transactions			
Revenue - Food, Beverage and Events	7	2,915,743	3,040,047
Revenue - Breeze Magazine		165,795	159,057
Revenue - Retail Shop	7	91,948	100,937
Revenue - Kawai Properties	7	73,041	80,111
Revenue - Charity Regatta		131,660	186,136
Revenue - Sailing and Training	7	1,093,971	871,711
Member Services Income		1,385,872	1,292,240
Total Revenue from Exchange Transactions		5,858,030	5,730,239
Total Revenue		6,279,118	5,960,496
Expenses			
Direct Expenditure - Food, Beverage and Events	7	2,416,538	2,629,926
Direct Expenditure - Breeze Magazine		151,482	154,233
Direct Expenditure - Retail Shop	7	64,807	79,665
Direct Expenditure - Kawai Properties	7	72,329	64,460
Direct Expenditure - Charity Regatta		113,353	146,841
Direct Expenditure - Sailing and Training	7	1,175,872	1,021,117
Other Expenses		376,043	441,759
Payroll Costs - Administrative		865,484	794,662
Premises Expenses		601,216	641,309
Member Services Expenses		99,825	66,238
Total Expenses		5,936,949	6,040,210
Finance Income			
Interest and Income from Investments		124,616	223,787
Finance Expenses		24,274	23,570
Net Finance Income		100,342	200,217
Net Surplus for the Year	6	442,511	120,503
Other Comprehensive Revenue		-	-
Total Comprehensive Revenue and Expense for the Year		442,511	120,503

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

Royal New Zealand Yacht Squadron Incorporated

Statement of Changes in Net Assets / Equity

For the Year Ended 30 April 2020

	Note	Accumulated comprehensive revenue and expense	International Sailing Fund Reserve	Royal New Zealand Yacht Squadron Foundation Reserve	Total
At 1 May 2018		5,013,202	510,133	3,395,266	8,918,601
Total comprehensive revenue and expense for the period		120,503	-	-	120,503
Net transfers between reserves	12	(234,940)	38,834	196,106	-
At 30 April 2019		4,898,765	548,967	3,591,372	9,039,104
Total comprehensive revenue and expense for the period		442,511	-	-	442,511
Net transfers between reserves	12	(178,315)	12,536	165,779	-
At 30 April 2020		5,162,961	561,503	3,757,151	9,481,615

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

Royal New Zealand Yacht Squadron Incorporated

Statement of Financial Position

As at 30 April 2020

	Note	2020	2019
		\$	\$
Current Assets			
Cash and Cash Equivalents	8	950,032	552,964
Receivables from Exchange Transactions		496,353	451,338
Inventories		137,442	146,568
Short Term Investments		-	-
RNZYS Foundation Investments	9	3,765,468	3,529,374
Total Current Assets		5,349,295	4,680,244
Non Current Assets			
Property, Plant & Equipment	10	5,744,563	5,564,116
Property, Plant & Equipment - work in progress		74,512	34,233
Total Non Current Assets		5,819,075	5,598,349
Total Assets		11,168,370	10,278,593
Current Liabilities			
Payables & Accruals from Exchange Transactions	11	1,686,755	1,239,489
Total Liabilities		1,686,755	1,239,489
Net Assets		9,481,615	9,039,104
Net Assets			
Accumulated comprehensive revenue and expense		5,162,961	4,898,765
International Sailing Fund Reserve	12	561,503	548,967
Royal New Zealand Yacht Squadron Foundation Reserve	12	3,757,151	3,591,372
Total Net Assets Attribution		9,481,615	9,039,104

For and on behalf of the Committee

.....  Commodore 3 August 2020 Date

.....  Treasurer 3 August 2020 Date

Royal New Zealand Yacht Squadron Incorporated

Statement of Cash Flows

For the Year Ended 30 April 2020

	2020	2019
	\$	\$
Cash Flows from Operating Activities		
Cash receipts	7,256,283	6,550,686
Interest received	5,104	736
GST	-	-
Cash paid to suppliers and employees	(6,093,244)	(6,062,991)
Net Cash Flows from Operating Activities	1,168,143	488,431
Cash Flows From Investing Activities		
Sale of Property, Plant and Equipment	-	-
Purchase of Property, Plant and Equipment	(635,075)	(357,262)
Proceeds from Sale of Investments	-	-
Purchase of Investments	(136,000)	-
Net Cash Flows from Investing Activities	(771,075)	(357,262)
Net Increase (Decrease) in Cash and Cash Equivalents	397,068	131,169
Cash and Cash Equivalents at 1 May	552,964	421,795
Cash and Cash Equivalents at 30 April	950,032	552,964

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

1 Reporting Entity

The reporting entity is the Royal New Zealand Yacht Squadron Incorporated (the "Club"). The Club is an incorporated not-for-profit organisation with the principal purpose of promoting sailing and associated recreational activities.

The financial statements have been approved and were authorised for issue by the General Committee.

Consolidated financial statements are not presented for the Royal New Zealand Yacht Squadron Inc. as its subsidiaries (as described in Note 18) do not trade. However these financial statements do include the RNZYS Foundation which is a sub committee established to manage the investments of the Club.

2 Statement of Compliance

The Club's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards as appropriate for Not-For-Profit entities. The Club is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Committee has elected to report in accordance with Tier 2 Not-For-Profit PBE accounting standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

3 Changes in Accounting Policies

There have been no changes to accounting policies for the year ended 30 April 2020.

4 Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

(a) Basis of measurement

The financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments.

(b) Functional and presentational currency

The financial statements are presented in New Zealand dollars which is the Club's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Club and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised:

(i) Revenue from non-exchange transactions

Non-exchange transactions are those where the Club receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

Donations

Donations are recognised as revenue upon receipt and include donations from members, donations received for specific programmes or services or donations in-kind.

Donations in-kind include donations received for services, consumables and volunteer time and is recognised in revenue and expense when the goods or services are received.

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 Club.

Services in-kind may be recognised as revenue but do not have to be, including volunteer time which has been recorded where possible but has not been given a financial value in these financial statements.

Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Non-exchange revenue from grants can only be deferred and recognised as a liability if there is a condition attached to the grant that requires use of the grant as specified or return of the grant if the entity does not perform as specified. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Estate Income

Revenue from legacies and estates that satisfies the definition of an asset is recognised as revenue when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably.

(ii) Revenue from exchange transactions

Food and Beverage

Revenue from the sale of food and beverage is measured at the fair value of consideration received or receivable.

Subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that the period covering the membership or subscription occurs.

Sailing, Event and Training Revenue

Revenue and expenses related to events and awards which take place after balance date are deferred and recognised in the next financial year, when the event occurs.

Interest income

Interest income is recognised as it accrues using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expense.

Rental income

Rental income is recognised as it is earned.

Other gains and losses

Other gains and losses includes fair value gains and losses on financial instruments at fair value through surplus or deficit and realised gains and losses on the sale of PP&E held at cost.

For the Year Ended 30 April 2020

(d) Financial instruments

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

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

(i) Financial assets

Financial assets within the scope of PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Club's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Club's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

Fair value is determined by obtaining the quoted market price in an active market. For investments and managed funds, this is the market value of investments per portfolio reports.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or Club of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(ii) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Club's investment equities fall into this category of financial instruments.

(iii) 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 Club's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

(iv) Impairment of financial assets

The Club assesses at the end of each 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.

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

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 Club 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 Club determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a Club 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.

(v) Financial liabilities

The Club's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements and income in advance.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

(e) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits are included when they have a maturity of three months or less from the date of acquisition.

(f) Investments

All investments are initially recognised at cost being the fair value of the consideration given.

All investments disclosed in these financial statements have been classified as "fair value through surplus or deficit."

After initial recognition, investments which are classed as "fair value through surplus or deficit" are recognised at fair value less impairment. Any movement in the fair value or impairment is recognised in the Statement of Comprehensive Revenue and Expenses.

The Club's Milford investment portfolio and any other equities are classified as "fair value through surplus or deficit" for subsequent measurement purposes, because investments are held as part of a portfolio of investments, that are managed together to generate short-term profits. The policy of the Club is to hold investments for the long term, but if conditions change the investments are available for sale.

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

(g) Inventories

Inventories held for sale on a commercial basis are measured at the lower of cost and net realisable value, determined on a first-in-first-out basis.

Inventories held for consumption in the provision of services that are not sold on a commercial basis are measured at the lower of cost and net realisable value, determined on a first-in-first-out basis.

(h) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

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:

Furniture and Fittings	15 Years
Patrol Boats	10 Years
Plant and Equipment	5-20 Years
Computers	5 Years
Elliott Boats	10 Years

Depreciation on leasehold properties (Westhaven Premises) is charged at a rate calculated to allocate the cost of the property over the lower of its useful life (100 years) and lease term.

The clubs' buildings (Yacht Club and Lidgard House) were reviewed, and given the residual value exceeded its current carrying amount, it was determined appropriately to not recognise depreciation.

(i) Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

(j) Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

(k) Income Tax

The Club is an incorporated society and has been granted an exemption from income tax by Inland Revenue under Section CW 46 of the Income Tax Act 2007.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

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.

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

(m) Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components.

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Club's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

Royal New Zealand Yacht Squadron Foundation

The Foundation was established by resolution at the Annual General Meeting held on 8 August 2013 to provide a fund for the benefit of the Squadron and its members at some stage in the future and to enable members and well-wishers to make donations and legacies to the Squadron to grow the fund. The Foundation is part of the Squadron and not a separate legal entity.

International Sailing Fund

The International Sailing Fund is maintained for the purpose of encouraging members to compete and attend overseas regattas and events. The Fund is boosted by interest, the net proceeds of the Corporate Regatta and the Squadron Levy. A sub committee considers distributions from the fund which meet the general criteria and while not limiting the application, includes International KeelBoat Events, Youth Events, Women's Events, Match Racing and Olympic Events.

5 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Club's financial statements requires the Committee and management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Club's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments

The Club has entered into a number of operating leases.

The Club has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the asset, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Club. Such changes are reflected in the assumptions when they occur.

(iii) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Club are listed in Note 4(h).

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

(iv) Going Concern

The outbreak of Covid-19 and subsequent lockdown in March 2020 significantly impacted the hospitality sector in New Zealand. As a result, RNZYS experienced a direct impact with the absence of trading revenues in the leadup, during and post lockdown periods. Since lockdown, RNZYS management have taken all possible steps to mitigate any negative impact of Covid-19 on the financial performance of the organisation. The Covid-19 government wage subsidy was received prior to year-end and the organisation has subsequently received the wage subsidy extension to help mitigate any cash deficit and fulfill wage obligations.

The Flag Officers have considered all information available at the date of signing the financial statements (refer subsequent events note 19) and is of the opinion that the organisation is a going concern based on available liquidity levels and forecast operating cashflows being sufficient to cover future obligations when they fall due. Forecast cashflows have assumed that major events planned for the 2020/2021 year (including the 36th America's Cup) will take place, however, should they not occur, the organisations liquidity levels will sustain any resulting negative impact.

The financial statements have been prepared under the going concern assumption. This assumes the organisation will be able to pay its debts as they fall due in the normal course of business for at least 12 months subsequent to the date these financial statements being authorised for issue.

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

6 Components of Net Surplus

Net surplus for the year includes the following specific expenses:

	2020	2019
Depreciation	426,534	407,873
Employee Costs	2,691,029	2,574,005
Audit Fees	18,000	18,235

7 Divisional Income Statements

	2020	2019
	\$	\$
Food and Beverage		
Operating Revenue		
Sales	2,364,894	2,627,308
Room Hire	360,363	341,324
Other Income	190,486	71,415
Total Operating Income	<u>2,915,743</u>	<u>3,040,047</u>
Direct Costs		
Cost of Goods Sold	681,447	879,910
Payroll Costs	1,440,604	1,389,230
Other Expenses	251,825	315,552
Depreciation	42,662	45,235
Total Direct Costs	<u>2,416,538</u>	<u>2,629,926</u>
Gross Surplus (Loss)	<u>499,205</u>	<u>410,121</u>
Retail Shop		
Sales	91,948	100,937
Direct Costs		
Cost of Goods Sold	46,566	58,383
Payroll Costs	16,986	16,467
Other Expenses	1,255	4,815
Total Direct Costs	<u>64,807</u>	<u>79,665</u>
Gross Surplus (Loss)	<u>27,141</u>	<u>21,272</u>
Kawau Properties		
Operating Revenue		
Income	73,041	80,111
Gain on Sale of Building		
Total Operating Income	<u>73,041</u>	<u>80,111</u>
Direct Costs		
Overheads	43,986	35,631
Depreciation	28,343	28,829
Total Direct Costs	<u>72,329</u>	<u>64,460</u>
Gross Surplus (Loss)	<u>712</u>	<u>15,651</u>

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

Sailing, Training and Boats	2020	2019
	\$	\$
Operating Revenue		
Sailing Income	537,479	304,144
Training Income	620,939	630,041
Boats	22,776	40,336
Total Operating Income	<u>1,181,194</u>	<u>974,521</u>
Included in Sailing, Training and Boats Income above is a combination of Exchange exchange and non-exchange revenue as follows:	1,093,971	871,711
	87,223	102,810
Direct Costs		
Sailing Expenses	290,155	124,835
Training Expenses	254,206	264,195
Boat Expenses	141,068	148,266
Payroll Costs	367,955	373,646
Depreciation	122,488	110,175
Total Direct Costs	<u>1,175,872</u>	<u>1,021,117</u>
Gross Surplus (Loss)	<u>5,322</u>	<u>(46,596)</u>

8 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on Hand	5,000	4,979
Trading Bank Accounts	841,645	410,208
Foundation Bank Accounts	1,961	137,777
Term deposits with a maturity date less than 6 months	101,426	-
Total Cash and Cash Equivalents	<u>950,032</u>	<u>552,964</u>

9 RNZYS Foundation Investments

	2020	2019
	\$	\$
Fair Value Through Surplus & Deficit Financial Assets		
Milford Asset Management	3,765,468	3,529,374
NZ Government Bond	-	-
Total Investments	<u>3,765,468</u>	<u>3,529,374</u>

10 Property, Plant and Equipment

2020	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Net Book Value
Land and Buildings	3,715,183	391,951			143,495	3,963,639
Plant and Equipment	898,021	55,214	3,446		159,782	790,007
Vessels	950,912	166,951	4,458		122,488	990,917
Balance at 30 April 2020	<u>5,564,116</u>	<u>614,116</u>	<u>7,904</u>	-	<u>425,765</u>	<u>5,744,563</u>

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

10 Property, Plant and Equipment (cont'd)

	Cost	Accumulated Depreciation	Net Book Value
Land and Buildings	7,238,345	3,274,706	3,963,639
Plant and Equipment	1,810,064	1,020,057	790,007
Vessels	2,239,890	1,248,973	990,917
Balance at 30 April 2020	11,288,299	5,543,736	5,744,563

2019	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Net Book Value
Land and Buildings	3,803,621	51,888			140,326	3,715,183
Plant and Equipment	964,401	96,606			162,986	898,021
Vessels	846,705	208,768			104,561	950,912
Balance at 30 April 2019	5,614,727	357,262	-	-	407,873	5,564,116

	Cost	Accumulated Depreciation	Net Book Value
Land and Buildings	6,846,394	3,131,211	3,715,183
Plant and Equipment	1,758,296	860,275	898,021
Vessels	2,077,397	1,126,485	950,912
Balance at 30 April 2019	10,682,087	5,117,971	5,564,116

11 Payables and Accruals from Exchange Transactions

	2020	2019
	\$	\$
Trade Creditors	192,805	350,580
GST	77,799	68,809
Income in Advance	1,183,068	486,738
Sundry Creditors	233,083	333,362
Total Payables and Accruals from Exchange Transactions	1,686,755	1,239,489

12 Equity and Reserves

	2020	2019
	\$	\$

RNZYS Foundation

The Foundation was established by resolution at the Annual General Meeting held on 8 August 2013 to provide a fund for the benefit of the Squadron and its members at some stage in the future and to enable members and well-wishers to make donations and legacies to the Squadron to grow the fund. The Foundation is part of the Squadron and not a separate legal entity.

Opening Balance	3,591,372	3,395,266
Investment Income	111,074	215,720
Less Expenses	(21,295)	(19,614)
Funds Transferred to/(from) Foundation	76,000	-
Total Increase in Funds	165,779	196,106
Closing Balance	3,757,151	3,591,372

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

12 Equity and Reserves (cont'd)

The fund includes the following amounts held specifically related to the sale of the Kawau Managers House.

	2020	2019
	\$	\$
Capital Contributed	200,000	200,000
Interest Earned	8,429	61,884
Total Funds Held	208,429	261,884

The fund includes the following amounts held specifically related to the International Sailing Fund.

Capital Contributed	176,000	100,000
Interest Earned	1,876	13,895
Total Funds Held	177,876	113,895

International Sailing Fund

The International Sailing Fund is maintained for the purpose of encouraging members to compete and attend overseas regattas and events. The Fund is boosted by interest, the net proceeds of the Corporate Regatta and the Squadron Levy. A sub committee considers distributions from the fund which meet the general criteria and while not limiting the application, includes International KeelBoat Events, Youth Events, Women's Events, Match Racing and Olympic Events.

	2020	2019
	\$	\$
Opening Balance	548,967	510,133
Regatta Income	18,307	39,295
Interest, Donations and Levies	10,314	17,112
Less Grants Paid Out	(16,085)	(17,573)
Total Increase in Funds	12,536	38,834
Closing Balance	561,503	548,967

13 Contingent Liabilities

Royal New Zealand Yacht Squadron Inc has no contingent liabilities as at 30 April 2020 (2019: Nil).

14 Related Party Transactions

The following member organisations are considered to be related party by virtue of common board members or members of significant influence for the purpose of related party disclosure:

Yachting Developments Limited, Reso Tech Foods Limited, Manson Anchors Limited, Manson Marine & Engineering Limited, Storepro Christchurch Limited and Lock & Partners Limited.

Transactions with above entities	2020	2019
Payments for goods & services received	70,782	25,027
Receipts for goods & services provided	18,900	-
Balances at year end	2020	2019
Receivable	-	1,075
Payable	2,783	7,222

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

Royal New Zealand Yacht Squadron Incorporated

Notes to the Financial Statements

For the Year Ended 30 April 2020

14 Related Party Transactions (cont'd)

As per the protocol for the 36th America's Cup the Royal New Zealand Yacht Squadron is responsible for the management of funds received and has several bank accounts it controls as agent only on behalf of the Challengers. As at 30th April 2020, \$601,572 USD is held on behalf of third parties.

15 Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board, the Chief Executive Officer and the respective heads of departments, which constitutes the governing body of the Club. No remuneration is paid to members of the Board. The aggregate remuneration of key management personnel and the number of individuals receiving remuneration is as follows:

	2020	2019
Total remuneration – Full Time Equivalent	737,317	692,787
Number of Full Time Equivalents	7	7

16 Capital Commitments

Royal New Zealand Yacht Squadron Inc has no capital commitments as at 30 April 2020 (2019: Nil).

17 Lease and Contractual Commitments

The ground rent for the land on which the Youth Building is situated is currently \$9,750 p.a. (2019: \$9,750).

The ground rent for the land on which the Westhaven Premises are situated is currently \$82,044 p.a. (2019: \$82,044).

The lease commenced 1st January 1997 and has a term of 40 years with a right of renewal for a further 40 years.

Rental Equipment Contracts

	2020	2019
	\$	\$
Less than one year	111,608	99,454
Between one year and five years	383,729	397,599
After 5 years	91,771	147,866

18 Subsidiary Companies

The Club holds 100% of the share capital in the following companies; the companies do not trade.

Yacht Race Management Limited

Royal New Zealand Yacht Squadron Nominees Limited

Harbourview Food and Beverage Limited

19 Subsequent Events

As disclosed in Note 5, New Zealand was placed into lockdown on the 26th March 2020 as a result of the Covid-19 pandemic.

Subsequent to balance date New Zealand has come out of lockdown. Refer to note 5 for the assessment of the impact of Covid-19 on the organisation and primarily the validity of the going concern assumption.

The General Committee are not aware of any other matters or circumstances that have occurred subsequent to balance date that have significantly or may significantly impact the operations of the organisation (2019: Nil).

20 Comparatives

Certain comparative figures have been reclassified to conform with the current financial year's presentation.



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Independent Auditor's Report

To the Members of Royal New Zealand Yacht Squadron Incorporated

Opinion

We have audited the financial statements of Royal New Zealand Yacht Squadron Incorporated, which comprise:

- the statement of financial position as at 30 April 2020;
- the statement of comprehensive revenue and expenses for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 2 to 17 present fairly, in all material respects, the financial position of Royal New Zealand Yacht Squadron Incorporated as at 30 April 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

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 for the audit of the financial statements* section of our report.

We are independent of Royal New Zealand Yacht Squadron Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM businesses utilise the Royal New Zealand Yacht Squadron Incorporated's facilities occasionally on standard terms, this matter has not impaired our independence as auditor. Other than in this regard and as our capacity as auditor, the firm has no other relationship with, or interests in, Royal New Zealand Yacht Squadron Incorporated.

Other information

The committee members are responsible for the other information. The other information comprises the Royal New Zealand Yacht Squadron Incorporated 2020 Annual Report and the sponsorship page (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the committee members for the financial statements

The committee members are responsible, on behalf of Royal New Zealand Yacht Squadron Incorporated, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is 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 committee members are responsible, on behalf of Royal New Zealand Yacht Squadron Incorporated, for assessing Royal New Zealand Yacht Squadron Incorporated'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 committee members either intend to liquidate Royal New Zealand Yacht Squadron Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 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 XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Who we report to

This report is made solely to the members as a body. Our audit 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 Royal New Zealand Yacht Squadron Incorporated and its members as a body, for our work, for this report, or for the opinions we have formed.

A stylized, handwritten-style logo for RSM in blue ink.

RSM Hayes Audit
Auckland

4 August 2020



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