

13 August 2018

World Urban Parks Incorporated
PO Box 11 132
Manners Street
Wellington 6142**Attention: Digby White**Via Email: ceo@worldurbanparks.org

Dear Board Members

ENGAGEMENT AS AUDITORS

The purpose of this letter is to reconfirm our engagement as auditors of World Urban Parks (the “Incorporated Society”) in accordance with the Society Rules.

EXECUTIVE SUMMARY

This letter addresses the terms and conditions of our engagement as follows:

- Section 1 sets out our responsibilities for auditing the annual Incorporated Society financial report(s);
- Section 2 sets out the Board of Management’s responsibilities, including preparing financial reports and records, establishing and maintaining internal controls, particularly those preventing and detecting fraud and error, and providing us with any information, explanations and assistance we require for our audits;
- Sections 3, 4 and 5 set out the scope of our audits and reporting considerations, including distributing financial reports electronically or otherwise;
- Sections 6, 7 and 8 set out details of the engagement team, reporting timetable and fee arrangements;
- Sections 9, 10 and 11 set out general matters and other services that Crowe Horwath New Zealand Audit Partnership (“Crowe Horwath”) may provide

This letter is effective for services performed for the annual financial reporting period ending 31 March 2019 and each subsequent reporting period unless otherwise agreed in writing.

Please arrange for the Board of Management to sign and return the attached copy to indicate that it is in accordance with the Board’s understanding.

1 OUR RESPONSIBILITIES AS AUDITOR**1.1 Annual financial reports**

We are required under International Standard on Auditing (New Zealand) 700 to include in the audit report on the financial statements:

- (a) The scope and limitations of the audit
- (b) The existence of any relationship (other than that of auditor) which Crowe Horwath has with, or any interests which Crowe Horwath has in, the reporting entity or any of its subsidiaries
- (c) Whether we obtained sufficient and appropriate audit evidence, to provide a basis for our opinion
- (d) Whether, in the auditor’s opinion, the financial statements comply with the accounting policies
- (e) Whether, in the auditor’s opinion, the financial statements present fairly, in all material respects, the matters to which they relate. If they do not, the respects in which they fail to do so

We cannot provide assurance that an unqualified opinion will be issued.

1.2 Auditor's independence declaration

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the Incorporated Society, and other related parties, business relationships, employment relationships, and the provision of non-audit services. These policies comply with relevant legislation and professional body requirements.

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of New Zealand Institute of Chartered Accountants Code of Ethics *Independence in Assurance Engagements* (the "Code"). In meeting the requirements of the Code, we are also in compliance with the External Reporting Board (XRB) Professional and Ethic Standards (PES 1 and PES 3).

To assist us in meeting the independence requirements, we request you discuss with us:

- The provision of services offered to you by us or any of our Crowe Horwath Australasia Limited and Crowe Horwath network firms prior to engaging or accepting the service; and
- The prospective employment opportunities of any current or former principal or professional employee of Crowe Horwath Australasia Limited prior to the commencement of formal employment discussions with the current or former principal or professional employee

The Code includes specific circumstances and relationships that may create threats to independence between the audited entity and its auditors. To assist us in meeting the independence requirements of the Code, we will be required to discuss these circumstances with you.

Circumstances or relationships that will require discussion include, but are not limited to:

- The provision of non-audit services;
- Close or immediate family relationships;
- Financial interests;
- Potential employment, or having recently been an officer of the Incorporated Society;
- Self-interest; and
- Loans and gifts

It is important to note that the Code not only required actual independence, but also perceived independence between you and our firm.

To that end, the provision of non-audit services, such as accounting and bookkeeping services, must be delivered by our firm within the safeguards as set out in the Code.

These safeguards include our firm:

- **Not** authorising, executing or consummating a transaction on your behalf;
- **Not** determining which recommendation (of ours) should be implemented; and
- **Not** reporting, in a management role, to those charged with governance

We will discuss any actual or perceived threats to our independence with you throughout the engagement on a timely basis.

1.3 Other financial information in reports

We read the financial information contained in the documents or statements that are issued with any of the financial reports to identify material inconsistencies with the financial reports. However, we will not verify such other information.

1.4 Quality control

The conduct of our audit in accordance with Auditing Standard issued by the XRB means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. All personal information will be dealt with as prescribed by our Privacy Policy, which is compliance with the Privacy Act 1993. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent.

Our workpaper files may, however, be subject to review as part of the quality control review programme of the New Zealand Institute of Chartered Accountants, who monitor compliance with professional standards. In addition, as part of our internal audit processes, our file may be subject to a quality control review to ensure that we continue to meet the high standards of audit performance and client service required by Crowe Horwath and Crowe Horwath International. We advise you that by signing the letter, you acknowledge that, if requested, our workpaper files relating to our audit will be made available under any of these review programmes. The same strict confidentiality requirements apply in these circumstances as apply to us as your auditor.

2 THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

We direct your attention to the fact that the responsibility for the preparation of the financial statements, including adequate disclosure, is that of the Board of Management. The Board must maintain written financial records that correctly record and explain the Incorporated Society's transactions, financial position and performance, and that enable true and fair financial reports to be prepared and audited.

The Board of Management, and other officers of the Incorporated Society, must establish and maintain internal controls relevant to the preparation and fair presentation of the financial report that is free of material misstatement, including those for selecting and applying appropriate accounting policies at the entity, making accounting estimates that are reasonable in the circumstances and preventing and detecting fraud and error. Such internal controls reduce, but do not eliminate, the risk of misstatements in the financial report from fraud or error. The Board of Management, and other officers, assume responsibility for such risk. Whilst the conduct of an audit may act as a deterrent against fraud or error, we cannot be held responsible for preventing fraud and error.

The Board of Management, and other officers of the Incorporated Society, are responsible for disclosing their knowledge of:

- Known actual or possible non-compliance with laws or regulations, that could have a material effect on the financial report in the event of non-compliance;
- Allegations of fraud, or suspected fraud, affecting the Incorporated Society's financial report communicated by employees, former employees, analysts, regulators or others; and communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices

The Board of Management must determine whether the financial reporting framework to be applied in the preparation of the financial report is acceptable. This includes a determination of whether the financial report meets the common financial information needs of the intended users.

We expect the Board, and management, to advise us of any known material and/or contentious issues relating to the preparation of the financial reports.

Management are responsible for adjusting the financial reports to correct identified material misstatements. At the conclusion of each financial reporting engagement, we provide management with a summary of any uncorrected misstatements we identify and request management to confirm in writing that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial reports taken as a whole.

The Board of Management, and management, make available to us at all reasonable times all the books of the Incorporated Society, including any registers and general documents and give us any information, explanations and assistance we require for the purposes of our audits.

3 SCOPE

3.1 Audit

Our audits are conducted in accordance with the Auditing Standards issued by the XRB, including complying with relevant ethical requirements relating to audit engagements and planning and performing the audits to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. An audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial report.

Our approach to the audit will be based extensively on the Crowe Horwath International methodology, modified to ensure compliance with International Standards on Auditing (New Zealand). This involves obtaining a detailed understanding of your Incorporated Society, an assessment of the accounting and internal control systems, the environment in which you operate and an evaluation of your business risk areas.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that some material misstatements may remain undiscovered.

In making our risk assessments, we consider internal controls relevant to the Incorporated Society's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Incorporated Society's internal controls.

Where you rely upon any third-party expert when preparing financial reports, we evaluate the expert's objectivity, scope of work performed and the adequacy of the expert's work for the purpose of our procedures. We consult with management first, if we consider it necessary to retain our own independent expert to assist us in forming our opinion.

Where the work of another member in public practice is used for some aspects of the engagement, the details and extent of the involvement should be described.

3.2 Reporting to the Board of Management and management

In addition to our report on the financial statements, we expect to provide you with a separate management report concerning any material weaknesses in accounting and internal control systems of which we become aware during the course of the audit. This report will not include all matters that came to our attention, but rather only those that we regard as being important and requiring the Board's attention. As our audit approach is designed only to enable us to issue an opinion on the Incorporated Society's financial statements, we will not necessarily review all aspects of the Incorporated Society's internal control systems.

Any such management report issued may not be provided to a third-party without our written consent, and we accept no duty or responsibility to any such third-party in relation to such a report.

3.3 Management representations and assistance

We will communicate the assistance we require from Incorporated Society staff to keep our time and fees to a minimum.

We are required by auditing standards to request management to make certain written representations and to provide written confirmations of significant oral representations concerning the financial reports. In particular, we will seek confirmation from you that the adoption of the going concern assumption is appropriate. We are also required to communicate to you any significant difficulties we encountered during the audit.

4 USE OF REPORTS

Our prior written consent is required before our name is quoted in any material other than annual financial reports.

The definitive version of a financial report is one bearing our original manuscript signature and management are responsible for any errors or inaccuracies appearing in any reproduction in any form or medium.

You are responsible for the controls over the security and integrity of the Incorporated Society's website and for electronic distribution of financial reports. We will not consider or examine such matters, unless requested as a separate engagement. Our reports are attached to website versions of financial reports only when the financial reports are published in their entirety and are not linked to other sections of the website containing information that is not dealt with by our reports.

5 OWNERSHIP OF DOCUMENTS

All original documents obtained from the client arising from the engagement shall remain the property of the client. However, we reserve the right to make a reasonable number of copies of the original documents for our records.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.

6 ENGAGEMENT TEAM

The engagement team details are as follows:

Audit Engagement Partner:	Les Foy
Audit Manager:	Mehreen Kelly

7 TIMETABLE

Incorporated Societies are required to prepare annual financial statements within the timeframe stipulated by the Society Rules.

8 FEES

Fees for our services are based on the actual time expended on the engagement at the standard hourly rate for the individuals assigned. Our standard hourly rates exclude out-of-pocket expenses and goods and services tax. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.

Invoicing and payment terms are detailed in the terms attached and the payment of invoices will be in accordance with the terms specified on the invoice. We find that regular billing gives much better control for our clients and ourselves over the progress and cost of accounting work, and it assists budgeting and cash flow planning for both of us.

Please refer to Appendix II for our fee estimate.

Circumstances may arise that will require additional work. If it appears that the estimated fee will be exceeded, we will bring this to your attention immediately.

If we are required to respond to requests for information from regulators in relation to our engagement as auditor, the Incorporated Society will reimburse us at standard billing rates for our professional time and expenses, including reasonable legal fees, incurred in responding to such requests.

This engagement includes only those services specifically described in this letter. Costs and time spent in legal matters or proceedings arising from our engagement, such as subpoenas, testimony or consultation involving

private litigation, arbitration or government regulatory inquiries at your request or by subpoena, will be billed to you separately.

9 STANDARD TERMS OF BUSINESS

Our Standard Terms of Business are attached in Appendix I. These terms and conditions form part of, and should be read in conjunction with, this engagement letter, except as specifically provided in this letter.

We specifically exclude clause 13 of the Standard Terms of Business attached at Appendix I. We will not accept funds belonging to you into our trust account where we are your auditor.

10 OTHER SERVICES

We will be pleased to provide any additional services that may be required from time to time, provided such services do not impair our independence. However, this engagement letter and Appendix I apply only to the work described in this letter. Should further work be required over and above such work, separate terms of engagement will need to be agreed.

11 GENERAL MATTERS

This letter and its appendices constitute the entire agreement between us. Neither party may rely on any arrangement, understanding or agreement, which is not expressly set out in this letter and its appendices,

Once signed by both parties, this letter and its appendices supersede any previous engagement letter for audit services. This letter and its appendices shall not be amended, modified, varied or supplemented except in writing signed by both parties.

Should any provision of the engagement letter or the attached Standard Terms of Business be found to be illegal or invalid for any reason, then notwithstanding that illegality or invalidity, all the provisions of the engagement continue to apply save the illegal or invalid provision.

The terms of this letter (other than the quantum of fees for future years which will be discussed and agreed prior to work commencing in ensuing years) will be effective for future years unless we advise you of any change in our arrangement.

Conclusion

If the arrangements described in this letter are acceptable to you, and the services outlined are in accordance with your requirements, please sign and return ONE copy of this letter to Crowe Horwath.

We look forward to working with you and your staff on this engagement,

Yours faithfully

Crowe Horwath New Zealand Audit Partnership



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Enc(s)
Acknowledgment copy
Appendix I – Crowe Horwath Standard Terms of Business
Appendix II – Fee Estimate

ACKNOWLEDGMENT

The terms and conditions of the above engagement letter and Appendices I and II have been read and understood by the Board of Management and I am authorised on behalf of the Board of Management to accept them for, and on behalf of, World Urban Parks Incorporated.

Signed: _____

Name: _____

Position: _____

Date: _____

APPENDIX II: Fee Estimate

For the year ending 31 March 2019

Our estimated fee for the 2019 audit is \$3,500 (exclusive of GST and disbursements) and this estimate is dependent upon us being supplied on a timely basis with complete financial statements by your staff, together with all supporting reconciliations and workpapers. Our specific information requirements are set out in our year end checklist, which will be provided to your accountant prior to the end of each financial year. Should any of this information not be provided to us on a timely basis, or should any circumstance arise that may require additional audit or other services, any possible additional fee will be discussed with yourself prior to further work commencing.

The proposed fee is based on the following assumptions:

Audit:

- Fieldwork is to commence on an agreed upon date. Should you defer the commencement date, this will result in additional costs which would be billed to you separately. We would notify you of these costs at that time.
- As part of our planning process, we will provide you with a requirements checklist to assist us with the audit. Your staff will prepare a working paper file prior to the commencement of our audit, including reconciliations and details of each item appearing in the balance sheet, along with supporting documentation. Confirmation that the checklist has been completed is required to be provided to us once week prior to fieldwork commencement.
- Prior to the commencement of our audit, your trial balance will be substantially finalised and only minor adjustments may be required during the course of the audit.
- Our fee is based upon the information provided to us in relation to the Incorporated Society and assumes no significant changes in size, or level of operations since last year's audit.
- The accounting systems and accounting resources are adequate for the scale of operations of the Incorporated Society.
- Our fee is based on a review of no more than two draft sets of financial statements. Further drafts will be billed at our usual hourly rates (available on request).

Taxation:

- There are no major tax issues that may give rise to additional tax considerations.
- We are provided with all information related to tax matters in prior periods and all relevant breakdowns and analyses for the current year calculations.
- Our fee does not include any consultancy and/or tax planning advise, which we would be pleased to provide at an additional fee.
- Our fee assumes that there is not additional time required in relation to the accounting treatment for current/deferred tax balances. Should any additional work be required in order to account for these balances, we would make an additional charge for the time incurred.

General:

- Our fees will be billed as work progresses and all invoices are payable within 20 days of issue.
- The above fee does not include our direct out-of-pocket expenses, which will be billed separately as incurred.

We reserve the right to refuse to complete the engagement or provide further service where your account exceeds 90 days.

Should there be any changes to the above assumptions, we would need to amend our fee accordingly.