

Southland Museum & Art Gallery Trust Board Inc

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Southland Museum & Art Gallery Trust Board Inc

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Southland Museum & Art Gallery Trust Board Inc

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2016

Legal name

Southland Museum & Art Gallery Trust Board (the Trust)

Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand

The Trust's purpose

The purpose of the Trust is to ensure prudent administration of the Museum facilities and collections within that facility and to monitor the management contract, which is currently with the Invercargill City Council.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a board of ten trustees who oversee the governance of the Trust.

3 trustee's are appointed by Invercargill City Council

2 trustee's are appointed by Southland District Council

2 trustee's are appointed by trustee's appointed by Invercargill City Council & Southland District Council

1 trustee is appointed by Tangata Whenua

1 trustee is appointed by Friends of the Southland Museum & Art Gallery

1 trustee is appointed by Gore District Council

The current trustees are:

Cr Esler (Chairperson)	<i>Invercargill City Council</i>
Cr Ludlow	<i>Invercargill City Council</i>
Cr Sycamore	<i>Invercargill City Council</i>
Cr Macpherson	<i>Southland District Council</i>
Cr Patterson	<i>Southland District Council</i>
G Neave	<i>Community Representative</i>
W Jack	<i>Community Representative</i>
J Davis	<i>Tangata Whenua</i>
J Watson	<i>Friends of the Southland Museum & Art Gallery</i>
Vacant	<i>Gore District Council</i>

The Trust has a management contract with Invercargill City Council for the operations of the museum facilities.

Main source of Trust's cash and resources

Grants received from Southland Regional Heritage Committee and Invercargill City Council are the primary sources of funding to the Trust.

Registered office

108 Gala Street
P O Box 1012
Invercargill

Postal address

P O Box 1012
Invercargill
Phone (03) 219 9069
Fax (03) 218 3872

Auditor

Audit New Zealand
on behalf of the Auditor - General

Bankers

Westpac
62 Kelvin St
Invercargill

Solicitors

Preston Russell Law
45 Yarrow St
Invercargill

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

OUTPUTS FOR THE YEAR ENDED 30 JUNE 2016

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

The Collections: A) Caring for Collections - Collections are managed and preserved in accordance with established standards and cultural requirements. B) Developing Collections - The collections are developed & researched to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage.	
2016 Outputs	Strategies to achieve Outputs
The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage	<ul style="list-style-type: none"> Collection is developed in accordance with collection management policies. Collection management policies are reviewed as required New acquisitions are considered according to the Collection Management Policy. New acquisitions are entered into Vernon CMS (Collection Management System). Existing CMS records are to be reviewed and updated in the future when funds are available. Collections items to have digital images made in the future when funds are available. Project planned to review, update and verify records on database
Collections are maintained in optimal conditions for their long term preservation.	<ul style="list-style-type: none"> Storage space environment is kept at controlled temperature. Storage space environment is kept at controlled humidity. Storage space is monitored for infestation by pests, moulds and pollutants. Deterioration by light is minimised. No irreparable loss or damage is caused to collections or objects on loan.
Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.	<ul style="list-style-type: none"> Prepare Redevelopment plans for consideration. Prepare the collection for shifting when the redevelopment project begins.

The Community – To recognise the Museum and Art Gallery as a place where our heritage is valued and promoted by engaging communities, including iwi/Maori, in exploring the culture and heritage of Southland.	
2016 Outputs	Strategies to achieve Outputs
Maintain strong relationships with iwi/Maori over issues relating to the collections, exhibitions and tuatara management.	<ul style="list-style-type: none"> Iwi Liaison Komiti meet four times /year.
Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	<ul style="list-style-type: none"> Visitor numbers exceed 200,000/annum. Promotion of museum attractions and activities by website and Facebook and print media. Provide outreach to other museums and related organisations in the region

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

The Experience – To provide an inspiring, informed and rich programme of exhibitions, events, publications and learning opportunities through access to the collections and telling the Story of Southland.	
2016 Outputs	Strategies to achieve Outputs
Development and implementation of an annual visitor experience programme.	<ul style="list-style-type: none"> 3 semi-permanent exhibitions are delivered. A minimum of 12 short-term exhibitions, including 8 in the community access gallery, are presented annually.
Development and delivery of inspiring education programmes to school children audiences for the Ministry of Education contract for LEOTC (Learning Experiences Outside the Classroom).	<ul style="list-style-type: none"> Over 25 new education programmes delivered to 4000 school students each year, including curriculum-linked and exhibition-related programmes.

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2016

Below are the comparisons of the organisation's actual outcomes against planned outcomes as contained in the Statement of Intent for the 2015 / 2016 financial year.

The Collections:			
A) Caring for Collections - Collections are managed and preserved in accordance with established standards and cultural requirements.			
B) Developing Collections - The collections are developed & researched to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage.			
Strategies to achieve Outputs	2015-16 Outcome	2015-16 Target	2014-15 Outcome
<ul style="list-style-type: none"> Collection is developed and new acquisitions considered in accordance with collection management policies. 	Collection policy followed, 824 items acquired	Collection policy followed	Collection policy followed, 662 items acquired
<ul style="list-style-type: none"> Collection management policies are reviewed as required 	Koivi Policy being reviewed	Ongoing review of policies	No changes required
<ul style="list-style-type: none"> New acquisitions are entered into Vernon CMS (Collection Management System). 	50%	100%	50%
<ul style="list-style-type: none"> Existing CMS records are to be reviewed and updated in the future when funds are available. 	72,276 to do, 1.2M likely	71,650 to do, 1.2M likely	71,650 to do, 1.2M likely
<ul style="list-style-type: none"> Collections items to have digital images made in the future when funds are available. 	72,276 to do, 1.2M likely	71,650 to do, 1.2M likely	71,650 to do, 1.2M likely
<ul style="list-style-type: none"> Project planned to review, update and verify records on database 	\$171k funding increase achieved for the 2016-17 year	Procure \$600k funding increase in 2016-17 year	Considering future options
<ul style="list-style-type: none"> Storage space is kept at controlled temperature. 	Within range	Temp: 19°C ± 1°C.	Within range
<ul style="list-style-type: none"> Storage space is kept at controlled humidity. 	Within range	Relative Humidity: 50% ± 5%	Within range
<ul style="list-style-type: none"> Storage space is monitored for infestation by pests, moulds and pollutants. 	Few sightings	Minimum pests, moulds and pollutants found.	Few sightings
<ul style="list-style-type: none"> Deterioration by light is minimised. 	LED lights with movement sensors installed	Operation of lights is minimised	Lights manually switched off
<ul style="list-style-type: none"> No irreparable loss or damage is caused to collections or objects on loan. 	No loss or damage observed	No loss or damage observed	No loss or damage observed

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2016

The Collections:			
<p>A) Caring for Collections - Collections are managed and preserved in accordance with established standards and cultural requirements.</p> <p>B) Developing Collections - The collections are developed & researched to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage.</p>			
Strategies to achieve Outputs	2015-16 Outcome	2015-16 Target	2014-15 Outcome
<ul style="list-style-type: none"> Prepare Redevelopment plans for consideration. 	Plans on hold until SoRDS* project proposal considered.	"Developed Concept" report completed.	"Developed Concept" report developed
<ul style="list-style-type: none"> Prepare the collection for shifting when the redevelopment project begins. 	\$170k added to operational budget	Reports & fund application for re-catalogue of collection.	N/A
<p>Museum Redevelopment:</p> <p>The Southland Museum & Art Gallery Trust Board (SMAG) has resolved to carry out a redevelopment of the museum buildings that will provide the space and facilities needed to house the museum's main attractions.</p> <p>A "Developed Concept" report has been written for a redevelopment at the existing site at Queens Park. Parts of the community have indicated the preference that the museum should be shifted to the Invercargill central business district (CBD). Subsequently a project called the Southland Regional Development Strategy (SoRDS) has been inaugurated to increase the population of Southland. One strand of the strategy is investigate the liveliness and attractiveness of the CBD of Invercargill. This includes investigating the possibility of shifting some, or all, of the museum to the CBD. Until this project has run its course and provided a report, SMAG has put on hold the redevelopment plan until the report can be evaluated. SoRDS report is likely to be available to SMAG by the end of August 2016 but this may not receive consideration until after the local body elections in October 2016.</p>			

* SoRDS = Southland Regional Development Strategy Group

The Community – To recognise the Museum and Art Gallery as a place where our heritage is valued and promoted by engaging communities, including iwi/Maori, in exploring the culture and heritage of Southland.			
Strategies to achieve Outputs	2015-16 Outcome	2015-16 Target	2014-15 Outcome
<ul style="list-style-type: none"> Iwi Liaison Komiti (representing the four Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meet four times / year. 	4 meetings	4 meetings	4 meetings
<ul style="list-style-type: none"> Visitor numbers exceed 200,000/annum. 	248,463	200,000	245,446
<ul style="list-style-type: none"> Promotion of museum attractions and activities by website and Facebook and print media. 	157 print media	No target	85 print
	162 F'book posts	No target	N/A
<ul style="list-style-type: none"> Provide outreach to other museums and related organisations in the region 	251 hrs	No target	329 hrs

The Experience – To provide an inspiring, informed and rich programme of exhibitions, events, publications and learning opportunities through access to the collections and telling the Story of Southland.			
Strategies to achieve Outputs	2015-16 Outcome	2015-16 Target	2014-15 Outcome
<ul style="list-style-type: none"> 3 semi-permanent exhibitions are delivered. 	6 Semi-permanent	3 Semi-permanent	5 Semi-permanent
<ul style="list-style-type: none"> A minimum of 12 short-term exhibitions, including 8 in the community access gallery, are presented annually. 	5 Main	4 Main	4 Main
	8 Comm. Gallery	8 Comm. Gallery	8 Comm. Gallery
<ul style="list-style-type: none"> Over 25 new education programmes delivered to 4000 school students each year, including curriculum-linked and exhibition-related programmes. 	64 schools	25 schools	54 schools
	4,652 pupils	4,000 pupils	4,311 pupils

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	<i>Note</i>	2016 \$	2015 \$
Revenue			
Grants and donations revenue	1	1,796,105	1,572,854
Interest revenue		4,237	1,693
Revenue from providing services	2	16,000	16,000
Total Revenue		1,816,342	1,590,547
Expenses			
Cost of providing services	3	1,554,114	1,354,162
Depreciation of property, plant, and equipment	4	75,271	85,269
Other Expenses	5	7,117	6,950
Total Expenses		1,636,502	1,446,381
Total Surplus / (Deficit)		179,840	144,166

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

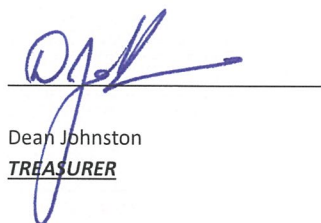
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Assets			
<i>Current assets</i>			
Bank accounts and cash	6	430,806	282,348
Debtors and prepayments	7	41,373	46,689
Total current assets		472,179	329,037
<i>Non-current assets</i>			
Property, Plant and Equipment	4	2,560,763	2,614,320
Redevelopment Capital Work in Progress		280,095	280,095
Total Non - current assets		2,840,858	2,894,415
TOTAL ASSETS		3,313,037	3,223,452
Liabilities			
<i>Current Liabilities</i>			
Creditors and accrued expenses	8	8,185	98,440
Unused donations and grants with conditions	9	52,769	52,769
TOTAL LIABILITIES		60,954	151,209
TOTAL ASSETS less TOTAL LIABILITIES		3,252,083	3,072,243
Total Trust Equity			
Accumulated surpluses	10	3,240,814	3,060,974
Reserves	10	11,269	11,269
TOTAL TRUST EQUITY		3,252,083	3,072,243



Lloyd Esler
CHAIRPERSON

1 September 2016



Dean Johnston
TREASURER

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	<i>Note</i>	2016	2015
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts from grants and donations		1,786,412	1,612,469
Receipts from providing services		16,000	16,000
Interest receipts		4,237	1,693
Payments to suppliers		(1,631,020)	(1,291,084)
GST (net)		(5,456)	(1,652)
Net cash flows from operating activities		170,172	337,426
<i>Cash flows from investing and financing activities</i>			
Payments to acquire property, plant and equipment		(21,714)	(6,000)
Payments to acquire redevelopment capital work in progress		0	(188,007)
Net cash flows from investing and financing activities		(21,714)	(194,007)
Net increase/(decrease) in cash for the year		148,458	143,419
Add opening bank balance and cash balance		282,348	138,929
Closing bank accounts and cash balance	6	430,806	282,348

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016

ACCOUNTING POLICIES APPLIED

BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) Standard on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared under the assumption that the Trust will continue to operate in the foreseeable future.

The Trust is a reporting entity for the purposes of the Charitable Trusts Act 1957 and its financial statements comply with that Act.

The trustees of the Trust do not have the power to amend the financial statements after issue.

The financial statements were authorised for issue by the Trust on 1 September 2016.

GOODS AND SERVICES TAX (GST)

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Grants and Donations

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest revenue

Interest revenue is recognised as it is earned during the year.

Other Revenue

Revenue is measured at the fair value of consideration received.

EXPENDITURE

All expenditure is recognised in the Statement of Financial Performance in the period in which it is incurred and expensed when the related services has been received.

INCOME TAX

The Trust is exempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

DONATED SERVICES

The work of the museum is dependent on the voluntary service of many individuals and organisations. Since these services are not normally purchased by the museum and because of the difficulty of determining their value with reliability, donated services are not recognised in these financial statements.

BANK ACCOUNTS AND CASH

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks. Bank overdrafts are presented as a current liability in the statement of financial position.

DEBTORS

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

CREDITORS AND ACCRUED EXPENSES

Creditors and other payables are measured at the amount owed.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded on the cost basis, less accumulated depreciation and impairment losses.

The Trust has elected not to revalue property plant and equipment and record the asset value on the cost basis.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Depreciation

Depreciation has been charged in the Financial Statements on the basis of the economic life rates recommended by the Inland Revenue Department as follows:

Buildings	2%	SL
Fit-out	9 - 40%	DV

Exhibits and Collections

The Trust has not recognised significant exhibits and donated assets because the value of these are not readily available. However the direct purchase costs of exhibits and art collections acquired during the year have been capitalised.

The collection is valued at \$10,000,000 for insurance purposes.

TIER 2 PBE ACCOUNTING STANDARDS APPLIED

The Trust has not applied any Tier 2 Accounting Standards in preparing its financial statements.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policy during the period. All accounting policies have been consistently applied throughout the period covered by these financial statements.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 GRANTS AND DONATIONS REVENUE	Note	2016 \$	2015 \$
Grant - Invercargill City Council		634,236	481,389
Grant - Southland Regional Heritage Committee		906,121	867,746
Redevelopment Grants		0	216,208
Bequests received - cash		251,700	3,500
Donations received - cash		4,048	4,011
<i>Total grants and donations revenue</i>		1,796,105	1,572,854

Grants and donation revenue with conditions which have not been recorded as a liability:

Description	Original amount	Not fulfilled amount	Purpose and nature of the conditions
Estate C F Broadley - Bequests received - cash	\$36,654	\$36,654	The bequest requires the trust to spend the funds on Tuatara related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.
Estate D I Alloo - Bequests received - cash	\$248,400	\$209,619	The bequest requires the trust to spend the funds 2/3 on Natural History Gallery and 1/3 on Tuatara related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.

2 REVENUE FROM PROVIDING SERVICES	2016 \$	2015 \$
Rental revenue	16,000	16,000
<i>Total revenue from providing services</i>	16,000	16,000

3 COST OF PROVIDING SERVICES	2016 \$	2015 \$
Operating costs	22,757	4,027
Management Fee - Invercargill City Council	1,531,357	1,350,135
<i>Total cost of providing services</i>	1,554,114	1,354,162

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4 <i>PROPERTY, PLANT AND EQUIPMENT</i>	Buildings \$	Art Works \$	Total \$
<i>Carring amount at 1 July 2014</i>	1,908,367	785,222	2,693,589
Additions	-	6,000	6,000
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(85,269)	-	(85,269)
Impairment loss	-	-	-
<i>Carring amount at 30 June 2015</i>	1,823,098	791,222	2,614,320
<i>Carring amount at 1 July 2015</i>	1,823,098	791,222	2,614,320
Additions	16,714	5,000	21,714
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(75,271)	-	(75,271)
Impairment loss	-	-	-
<i>Carring amount at 30 June 2016</i>	1,764,541	796,222	2,560,763

The Trust has not recognised exhibits and donated art works because the value of these are not readily available. However the direct purchase costs of exhibits and art collections acquired during the year have been capitalised.

5 <i>OTHER EXPENSES</i>	2016 \$	2015 \$
Audit fees	7,117	6,950
<i>Total other expenses</i>	7,117	6,950

6 <i>BANK ACCOUNTS AND CASH</i>	2016 \$	2015 \$
Westpac Cheque account	22,800	97,899
Westpac Redevelopment Account	139,088	138,116
Bank accounts		
- Bequest	264,931	42,479
- Baird Library	785	775
- Capital acquisition	3,202	3,079
<i>Total cash and cash equivalents</i>	430,806	282,348

Some restrictions exist on the cash reserve funds which are set aside for special purposes at the discretion of the Trustees.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7	<i>Note</i>	2016 \$	2015 \$
DEBTORS AND PREPAYMENTS			
Donations - Invercargill City Council		2,400	2,707
GST - Inland Revenue		38,973	43,982
<i>Total Debtors and prepayments</i>		41,373	46,689
8 CREDITORS AND ACCRUED EXPENSES			
		2016 \$	2015 \$
Audit fee		8,185	7,993
Southland Regional Heritage Committee.		-	10,000
Invercargill City Council.		-	80,397
Other payables		-	50
<i>Total creditors and accrued expenses</i>		8,185	98,440
9 UNUSED DONATIONS AND GRANTS WITH CONDITIONS			
		2016 \$	2015 \$
Invercargill City Council - Redevelopment Grant		52,769	52,769
<i>Total unused donations and grants with conditions</i>		52,769	52,769
<p>The grant requires the Trust to spend the funds on the museum redevelopment project and has a "use or return" condition.</p>			
10 TRUST FUNDS			
Accumulated surpluses		2016 \$	2015 \$
<i>Balance as at 1 July</i>		3,060,974	2,916,808
Total Surplus / (Deficit) for the year		179,840	144,166
<i>Balance at 30 June</i>		3,240,814	3,060,974
Reserves			
<i>Education Service Reserve *</i>		11,269	11,269
Total trust funds		3,252,083	3,072,243

* The Education Service reserve comprises the remains of a grant from the Ministry of Education for the delivery of Curriculum Support Programmes. This grant is for the Learning Experiences Outside The Classroom (LEOTC) program.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

11 COMMITMENTS	2016	2015
	\$	\$
Commitments to receive services	1,531,357	1,515,357

The Trust Board has signed a management contract with the Invercargill City Council for the operation of the Museum. The contract can be terminated on 6 months written notice and is negotiated each year.

12 **CONTINGENCIES**

There are no known contingent liabilities or contingent assets at 30 June 2016 (30 June 2015: nil).

13 RELATED PARTY TRANSACTIONS		2016	2015
		\$	\$
<i>The Trust paid a management fee to Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	(1,531,357)	(1,350,135)
	Balance outstanding	-	(80,397)
<i>The Trust received grants from Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	634,236	697,597
	Balance outstanding	-	-
<i>Invercargill City Council banks donations on the Trusts' behalf which are paid to the Trust twice a year (3 trustees are part of the Invercargill City Council)</i>	Value for year	4,048	4,011
	Balance outstanding	2,400	2,707
<i>The Trust received grants from Southland Regional Heritage Committee (2 trustees are members of the Southland Regional Heritage Committee)</i>	Value for year	906,121	867,746
	Balance outstanding	-	10,000

The Southland Museum & Art Gallery is an entity dependent on local authority funding for ongoing operations. The Trust leases the land for the museum site from the Invercargill City Council for one hundred and seventy two dollars per annum. This is less than normal business rates.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

14 **POST BALANCE DATE EVENTS**

There have been no significant events between year end and the signing of the Financial Statements.

Independent Auditor's Report

To the readers of Southland Museum and Art Gallery Trust Board's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of Southland Museum and Art Gallery Trust Board (the Trust). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Trust on pages 7 to 15, that comprise the statement of financial position as at 30 June 2016, the statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 5 to 6.

In our opinion:

- the financial statements of the Trust:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector) Standard.
- the performance information of the Trust presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2016.

Our audit was completed on 1 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported performance information within the Trust's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board

The Board are responsible for the preparation and fair presentation of financial statements for the Trust that comply with generally accepted accounting practice in New Zealand. The Board are also responsible for preparation of the performance information for the Trust.

The Board's responsibilities arise from the Local Government Act 2002 and the Southland Museum and Art Gallery Trust Deed.

The Board are responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board are also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand