

Southland Museum & Art Gallery Trust Board Inc

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017



southland
MUSEUM & ART GALLERY
NIHO O TE TANIWHA

Southland Museum & Art Gallery Trust Board Inc

TABLE OF CONTENTS

	<i>Page No.</i>
Entity Information	3
Statement of Service Performance	4 - 9
Statement of Financial Performance	10
Statement of Financial Position	11
Statement of Cash Flows	12
Statement of Accounting Policies	13 - 14
Notes to the Financial Statements	15 - 19
Audit Report	20

Southland Museum & Art Gallery Trust Board Inc

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2017

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 Biddle	<i>Invercargill City Council</i>	<i>appointed 26 October 2016</i>
Cr Sycamore	<i>Invercargill City Council</i>	<i>resigned 26 October 2016</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: 108 Gala Street, P O Box 1012, Invercargill, Phone (03) 219 9069

Solicitors: Preston Russell Law, 45 Yarrow Street, Invercargill

Bankers: Westpac, 62 Kelvin Street, Invercargill

Auditor: Audit New Zealand on behalf of the Auditor - General

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTPUTS FOR THE YEAR ENDED 30 JUNE 2017

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

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>	
2016/17 Outputs	Strategies to achieve Outputs
<p>The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage</p>	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
<p>Collections are maintained in optimal conditions for their long term preservation.</p>	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.
<p>Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.</p>	Prepare Redevelopment plans for consideration.
	Prepare the collection for shifting when the redevelopment project begins.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTPUTS FOR THE YEAR ENDED 30 JUNE 2017 (continued)

<p>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.</p>	
2016/17 Outputs	Strategies to achieve Outputs
Maintain strong relationships with iwi/Maori over issues relating to the collections, exhibitions and tuatara management.	Iwi Liaison Komiti meet four times each year.
Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	Visitor numbers exceed 200,000 per year
	Promotion of museum attractions and activities by website and Facebook and print media.
	Provide outreach to other museums and related organisations in the region
<p>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.</p>	
2016/17 Outputs	Strategies to achieve Outputs
Development and implementation of an annual visitor experience programme.	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).	Over 25 new education programmes delivered to 4000 school students each year, including curriculum-linked and exhibition-related programmes.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2017

Below are the comparisons of the organisation's actual outcomes against planned outcomes as contained in the Statement of Intent for the 2016 / 2017 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	2016-17 Outcome	2016-17 Target	2015-16 Outcome
Collection is developed and new acquisitions considered in accordance with collection management policies.	Collection policy followed, 152 items acquired	Collection policy followed	Collection policy followed, 824 items acquired
Collection management policies are reviewed as required	kōiwi tangata policy in final review; development of digital access policy	Ongoing review of policies	Koiwi Policy being reviewed
New acquisitions are entered into Vernon CMS (Collection Management System).	10%*	100%	50%*
Existing CMS records are to be reviewed and updated in the future when funds are available.	Stage 1: Full documentation = 1,617 of 74,828 items completed	71,650 to do, 1.2M likely	72,276 to do, 1.2M likely
Collections items to have digital images made in the future when funds are available.	Stage 3: Pack & photograph for collections online = 150 of 74,828 items	71,650 to do, 1.2M likely	72,276 to do, 1.2M likely
Project planned to review, update and verify records on database	\$171k funding increase achieved for the 2017/18 year	Procure \$600k funding increase	\$171k funding increase achieved for the 2016/17 year

* Figures are estimated as the total number of items recorded cannot be determined until all acquisitions are processed.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2017 (continued)

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	2016-17 Outcome	2016-17 Target	2015-16 Outcome
Storage space is kept at controlled temperature.	Within range	Temp: 19°C ± 1°C.	Within range
Storage space is kept at controlled humidity.	Within range	Relative Humidity: 50% ± 5%	Within range
Storage space is monitored for infestation by pests, moulds and pollutants.	Few sightings	Minimum pests, moulds and pollutants found.	Few sightings
Deterioration by light is minimised.	Achieved in collection storage and new displays; work required in old displays	Operation of lights is minimised	LED lights with movement sensors installed
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

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2017 (continued)

<p>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.</p>			
Strategies to achieve Outputs	2016-17 Outcome	2016-17 Target	2015-16 Outcome
Prepare Redevelopment plans for consideration.	Plans to be reconsidered when SoRDS* projects feasibility reports received.	Developed Concept report completed.	Plans on hold until SoRDS* project proposal considered.
Prepare the collection for shifting when the redevelopment project begins.	\$170k added to operational budget. Stage 2 rehoused For transport / Long term storage = 941 of 74,828 items	Reports & fund application for re-catalogue of collection.	\$170k added to operational budget
<p>Museum Redevelopment: 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. A “Developed Concept” report has been written for a redevelopment at the existing site at Queens Park. 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 to investigate the liveliness and attractiveness of the CBD of Invercargill. SMAG is working collaboratively with the CBD art centre project to investigate the possibility of shifting some of the arts component of the museum to the CBD. SMAG will reconsider its’ redevelopment plans once the CBD art centre project report is received in 2017/18.</p>			

* SoRDS = Southland Regional Development Strategy Group

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

OUTCOMES DELIVERED FOR THE YEAR ENDED 30 JUNE 2017 (continued)

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	2016-17 Outcome	2016-17 Target	2015-16 Outcome
Iwi Liaison Komiti (representing the four Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meet four times / year.	3 meetings (1 meeting delayed for health reasons)	4 meetings	4 meetings
Visitor numbers exceed 200,000/annum.	232,580	200,000	248,463
Promotion of museum attractions and activities by website and Facebook and print media.	99 print media	No target	157 print media
	151 F'book posts	No target	162 F'book posts
Provide outreach to other museums and related organisations in the region	325 hrs	No target	251 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	2016-17 Outcome	2016-17 Target	2015-16 Outcome
3 semi-permanent exhibitions are delivered.	3 Semi-permanent	3 Semi-permanent	6 Semi-permanent
A minimum of 6 short-term exhibitions, including 4 in the community access gallery, are presented annually.	5 Main	2 Main	5 Main
	8 Comm. Gallery	4 Comm. Gallery	8 Comm. Gallery
Over 25 new education programmes delivered to 4000 school students each year, including curriculum-linked and exhibition-related programmes.	48 schools	25 schools	64 schools
	3,913 pupils	4,000 pupils	4,652 pupils

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
Revenue			
Grants and donations revenue	1	1,748,438	1,796,105
Interest revenue		6,477	4,237
Revenue from providing services	2	16,000	16,000
Total Revenue		1,770,915	1,816,342
Expenses			
Cost of providing services	3	2,022,032	1,554,114
Depreciation of property, plant, and equipment	4	72,709	75,271
Audit fees		7,223	7,117
Total Expenses		2,101,964	1,636,502
Total Surplus / (Deficit)		(331,049)	179,840

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

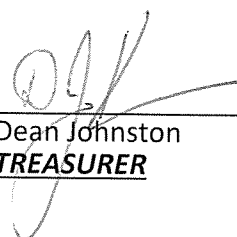
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	<i>Note</i>	2017 \$	2016 \$
Assets			
Current assets			
Bank accounts and cash	5	240,112	430,806
Debtors	6	48,096	41,373
Investments	7	205,142	-
Total current assets		493,350	472,179
Non-current assets			
Property, Plant and Equipment	4	2,498,400	2,560,763
Redevelopment Capital Work in Progress		-	280,095
Total Non - current assets		2,498,400	2,840,858
TOTAL ASSETS		2,991,750	3,313,037
Liabilities			
Current Liabilities			
Creditors and accrued expenses	8	17,947	8,185
Unused donations and grants with conditions	9	52,769	52,769
TOTAL LIABILITIES		70,716	60,954
TOTAL ASSETS less TOTAL LIABILITIES		2,921,034	3,252,083
Total Trust Equity			
Accumulated surpluses	10	2,909,765	3,240,814
Reserves	10	11,269	11,269
TOTAL TRUST EQUITY		2,921,034	3,252,083



Lloyd Esler
CHAIRPERSON

7 September 2017



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 2017

	<i>Note</i>	2017	2016
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts from grants and donations		1,752,050	1,786,412
Receipts from providing services		16,000	16,000
Interest receipts		6,459	4,237
Payments to suppliers		(1,748,959)	(1,631,020)
GST (net)		(5,060)	(5,456)
Net cash flows from operating activities		20,490	170,172
<i>Cash flows from investing and financing activities</i>			
Payments to acquire property, plant and equipment		(6,042)	(21,714)
Payments to acquire investments		(205,142)	-
Net cash flows from investing and financing activities		(211,184)	(21,714)
Net increase/(decrease) in cash for the year		(190,694)	148,458
Add opening bank balance and cash balance		430,806	282,348
Closing bank accounts and cash balance	5	240,112	430,806

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 2017

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 had total annual expenses of less than \$2 million in the previous reporting period.

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 7 September 2017.

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.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

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.

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.

INVESTMENTS

Investments comprise investments in term deposits. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

CREDITORS AND ACCRUED EXPENSES

Creditors and other payables are measured at the amount owed.

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 useful life. The useful lives and associated depreciation rates have been estimated 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 2017

1 GRANTS AND DONATIONS REVENUE	2017	2016
	\$	\$
Grant - Invercargill City Council	649,407	634,236
Grant - Southland Regional Heritage Committee	1,090,015	906,121
Bequests received - cash	1,250	251,700
Donations received - cash	7,766	4,048
<i>Total grants and donations revenue</i>	1,748,438	1,796,105

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

Description	Original amount	Not fulfilled
-------------	-----------------	---------------

Estate C F Broadley - Bequests received - cash	\$37,904	\$37,904
---	----------	----------

Purpose and nature of the conditions: 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	\$202,671
--	-----------	-----------

Purpose and nature of the conditions: 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	2017	2016
	\$	\$
Rental revenue	16,000	16,000
<i>Total revenue from providing services</i>	16,000	16,000

3 COST OF PROVIDING SERVICES	2017	2016
	\$	\$
Operating costs	1,515	22,757
Write down of Redevelopment Capital Work in Progress	280,095	-
Management Fee - Invercargill City Council	1,740,422	1,531,357
<i>Total cost of providing services</i>	2,022,032	1,554,114

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4 PROPERTY, PLANT AND EQUIPMENT	Buildings \$	Art Works \$	Total \$
<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
<i>Carring amount at 1 July 2016</i>	1,764,541	796,222	2,560,763
Additions	10,346	-	10,346
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(72,709)	-	(72,709)
Impairment loss	-	-	-
<i>Carring amount at 30 June 2017</i>	1,702,178	796,222	2,498,400

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 BANK ACCOUNTS AND CASH	2017 \$	2016 \$
Westpac Cheque account	26,506	22,800
Westpac Redevelopment Account	139,421	139,088
Bank accounts		
- Bequest	60,165	264,931
- Baird Library	734	785
- Capital acquisition	13,286	3,202
<i>Total cash and cash equivalents</i>	240,112	430,806

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 2017

6 DEBTORS	<i>Note</i>	2017	2016
		\$	\$
Donations - Invercargill City Council		4,253	2,400
GST - Inland Revenue		43,824	38,973
Accrued interest - Westpac		19	-
<i>Total Debtors</i>		48,096	41,373
<hr/>			
7 INVESTMENTS		2017	2016
		\$	\$
Current portion			
Term deposits (Bequest)		205,142	-
<i>Total investments</i>		205,142	-
<hr/>			
8 CREDITORS AND ACCRUED EXPENSES		2017	2016
		\$	\$
Audit fee		7,223	8,185
Invercargill City Council.		5,664	-
Other payables		5,060	-
<i>Total creditors and accrued expenses</i>		17,947	8,185
<hr/>			
9 UNUSED DONATIONS AND GRANTS WITH CONDITIONS		2017	2016
		\$	\$
Invercargill City Council - Redevelopment Grant		52,769	52,769
<i>Total unused donations and grants with conditions</i>		52,769	52,769

The grant requires the Trust to spend the funds on the museum redevelopment project and has a "use or return" condition.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10 TRUST FUNDS	2017 \$	2016 \$
Accumulated surpluses		
<i>Balance as at 1 July</i>	3,240,814	3,060,974
Total Surplus / (Deficit) for the year	(331,049)	179,840
 <i>Balance at 30 June</i>	 2,909,765	 3,240,814
 Reserves		
<i>Education Service Reserve *</i>	11,269	11,269
 <i>Total trust funds</i>	 2,921,034	 3,252,083

* 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.

11 RELATED PARTY TRANSACTIONS		2017 \$	2016 \$
<i>The Trust paid a management fee and other expenses to Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	(1,740,422)	(1,531,357)
	Balance outstanding	58,433	-
<i>The Trust received grants from Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	649,407	634,236
	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	7,766	4,048
	Balance outstanding	4,253	2,400
<i>The Trust received grants from Southland Regional Heritage Committee (2 trustees are members of the Southland Regional Heritage Committee)</i>	Value for year	1,090,015	906,121
	Balance outstanding	-	-

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 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.

12 COMMITMENTS

There are no capital or operating commitments at 30 June 2017 (2016: Nil).

13 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 30 June 2017 (30 June 2016: nil).

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 2017

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 his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 10 to 19, that comprise the statement of financial position as at 30 June 2017, the statement of financial performance, the 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 4 to 9.

In our opinion:

- the financial statements of the Trust on pages 10 to 19:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; 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 Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector) Standard.
- the performance information of the Trust on pages 4 to 9 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 2017

Our audit was completed on 7 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board for the financial statements and the performance information

The Board are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board are also responsible for preparing the performance information for the Trust.

The Board are responsible for such internal control as it determines is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in black ink, appearing to read "Ian Lothian". The signature is fluid and cursive, with a long horizontal stroke at the end.

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