

Southland Museum & Art Gallery Trust Board Inc

INTERIM ANNUAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Southland Museum & Art Gallery Trust Board Inc

TABLE OF CONTENTS

	<i>Page No.</i>
Entity Information	3
Statement of Service Performance	4 - 6
Statement of Financial Performance	7
Statement of Financial Position	8
Statement of Cash Flows	9
Statement of Accounting Policies	10 - 11
Notes to the Financial Statements	12 - 15

Southland Museum & Art Gallery Trust Board Inc

ENTITY INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 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 Biddle	<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 SIX MONTHS ENDED 31 DECEMBER 2016

OUTPUTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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>	
2017 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 SIX MONTHS ENDED 31 DECEMBER 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.	
2017 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 SIX MONTHS ENDED 31 DECEMBER 2016

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 YTD Outcome	2016-17 Year Target	
<ul style="list-style-type: none"> Collection is developed and new acquisitions considered in accordance with collection management policies. 	Collection policy followed, 74 items acquired	Collection policy followed	
<ul style="list-style-type: none"> Collection management policies are reviewed as required 	Koivi and Digital Access Policies being reviewed	Ongoing review of policies	
<ul style="list-style-type: none"> New acquisitions are entered into Vernon CMS (Collection Management System). 	50%, a backlog being actioned	100%	
<ul style="list-style-type: none"> Existing CMS records are to be reviewed and updated in the future when funds are available. 	73,433 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. 	73,433 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	Procure \$600k funding increase	
<ul style="list-style-type: none"> Storage space is kept at controlled temperature. 	Within range	Temp: 19°C ± 1°C.	
<ul style="list-style-type: none"> Storage space is kept at controlled humidity. 	Within range	Relative Humidity: 50% ± 5%	
<ul style="list-style-type: none"> Storage space is monitored for infestation by pests, moulds and pollutants. 	Two sightings in Store.	Minimum pests, moulds and pollutants found.	
<ul style="list-style-type: none"> Deterioration by light is minimised. 	LED lights with movement sensors installed	Operation of lights is minimised	
<ul style="list-style-type: none"> No irreparable loss or damage is caused to collections or objects on loan. 	No loss or damage observed, review w.r.t. Preventive Conservation.	No loss or damage observed	

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

OUTCOMES DELIVERED FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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 YTD Outcome	2016-17 Year Target	
<ul style="list-style-type: none"> Prepare Redevelopment plans for consideration. 	Plans on hold until SoRDS* project proposal considered.	"Developed Concept" report completed.	
<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.	

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 YTD Outcome	2016-17 Year Target	
<ul style="list-style-type: none"> Iwi Liaison Komiti (representing the four Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meet four times / year. 	3 meetings	4 meetings	
<ul style="list-style-type: none"> Visitor numbers exceed 200,000/annum. 	109,204	200,000	
<ul style="list-style-type: none"> Promotion of museum attractions and activities by website and Facebook and print media. 	51 print media	No target	
	50 F'book posts	No target	
<ul style="list-style-type: none"> Provide outreach to other museums and related organisations in the region 	154 hrs	No target	

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 YTD Outcome	2016-17 Year Target	
<ul style="list-style-type: none"> 3 semi-permanent exhibitions are delivered. 	6 Semi-permanent	3 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. 	2 Main	4 Main	
	3 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. 	6 schools	25 schools	
	692 pupils	4,000 pupils	

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	<i>Note</i>	2016 \$	2015 \$
<i>Revenue</i>			
Grants and donations revenue	1	880,725	1,032,727
Interest revenue		893	2,380
Revenue from providing services	2	8,000	8,000
<hr/>			
<i>Total Revenue</i>		889,618	1,043,107
 <i>Expenses</i>			
Cost of providing services	3	871,562	766,834
Depreciation of property, plant, and equipment	4	36,251	41,762
<hr/>			
<i>Total Expenses</i>		907,813	808,596
<hr/>			
Total Surplus / (Deficit)		(18,195)	234,511
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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 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Assets			
<i>Current assets</i>			
Bank accounts and cash	5	434,858	451,455
Debtors and prepayments	6	46,792	40,416
Total current assets		481,650	491,871
<i>Non-current assets</i>			
Property, Plant and Equipment	4	2,525,261	2,588,606
Redevelopment Capital Work in Progress		280,095	280,095
Total Non - current assets		2,805,356	2,868,701
TOTAL ASSETS		3,287,006	3,360,572
Liabilities			
<i>Current Liabilities</i>			
Creditors and accrued expenses	7	350	1,049
Unused donations and grants with conditions	8	52,769	52,769
TOTAL LIABILITIES		53,119	53,818
TOTAL ASSETS less TOTAL LIABILITIES		3,233,887	3,306,754
Total Trust Equity			
Accumulated surpluses	9	3,222,618	3,295,485
Reserves	9	11,269	11,269
TOTAL TRUST EQUITY		3,233,887	3,306,754

Lloyd Esler
CHAIRPERSON

9 February 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 SIX MONTHS ENDED 31 DECEMBER 2016

	<i>Note</i>	2016 \$	2015 \$
<i>Cash flows from operating activities</i>			
Receipts from grants and donations		879,611	1,023,786
Receipts from providing services		8,000	8,000
Interest receipts		893	2,380
Payments to suppliers		(878,375)	(843,600)
GST (net)		(5,327)	(6,253)
Net cash flows from operating activities		4,801	184,313
<i>Cash flows from investing and financing activities</i>			
Payments to acquire property, plant and equipment		(749)	(15,204)
Payments to acquire redevelopment capital work in progress		0	0
Net cash flows from investing and financing activities		(749)	(15,204)
Net increase/(decrease) in cash for the period		4,052	169,109
Add opening bank balance and cash balance		430,806	282,346
Closing bank accounts and cash balance	5	434,858	451,455

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 SIX MONTHS ENDED 31 DECEMBER 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 9 February 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 period.

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 SIX MONTHS ENDED 31 DECEMBER 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 SIX MONTHS ENDED 31 DECEMBER 2016

1 GRANTS AND DONATIONS REVENUE	Note	2016 \$	2015 \$
Grant - Invercargill City Council		332,204	324,618
Grant - Southland Regional Heritage Committee		545,008	458,061
Bequests received - cash		0	248,400
Donations received - cash		3,513	1,648
<i>Total grants and donations revenue</i>		880,725	1,032,727

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	\$208,757	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	8,000	8,000
<i>Total revenue from providing services</i>	8,000	8,000

3 COST OF PROVIDING SERVICES	2016 \$	2015 \$
Operating costs	1,351	1,155
Management Fee - Invercargill City Council	870,211	765,679
<i>Total cost of providing services</i>	871,562	766,834

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

4 <i>PROPERTY, PLANT AND EQUIPMENT</i>	Buildings \$	Art Works \$	Total \$
<i>Carring amount at 1 July 2015</i>	1,823,098	791,222	2,614,320
Additions	11,048	5,000	16,048
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(41,762)	-	(41,762)
Impairment loss	-	-	-
<i>Carring amount at 31 December 2015</i>	1,792,384	796,222	2,588,606
<i>Carring amount at 1 July 2016</i>	1,764,541	796,222	2,560,763
Additions	749	-	749
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(36,251)	-	(36,251)
Impairment loss	-	-	-
<i>Carring amount at 31 December 2016</i>	1,729,039	796,222	2,525,261

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>BANK ACCOUNTS AND CASH</i>	2016 \$	2015 \$
Westpac Cheque account	24,583	27,433
Westpac Redevelopment Account	139,282	138,656
Bank accounts		
- Bequest	64,645	283,040
- Baird Library	732	781
- Capital acquisition	5,616	1,545
Term Deposits		
- Bequest	200,000	0
<i>Total cash and cash equivalents</i>	434,858	451,455

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 SIX MONTHS ENDED 31 DECEMBER 2016

6 DEBTORS AND PREPAYMENTS	Note	2016 \$	2015 \$
Donations - Invercargill City Council		3,515	1,648
GST - Inland Revenue		43,277	38,768
<i>Total Debtors and prepayments</i>		46,792	40,416
7 CREDITORS AND ACCRUED EXPENSES		2016 \$	2015 \$
Invercargill City Council.		240	-
Other payables		110	1,049
<i>Total creditors and accrued expenses</i>		350	1,049
8 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
The grant requires the Trust to spend the funds on the museum redevelopment project and has a "use or return" condition.			
9 TRUST FUNDS		2016 \$	2015 \$
Accumulated surpluses			
<i>Balance as at 1 July</i>		3,240,813	3,060,974
Total Surplus / (Deficit) for the year		(18,195)	234,511
<i>Balance at 31 December</i>		3,222,618	3,295,485
Reserves			
<i>Education Service Reserve *</i>		11,269	11,269
<i>Total trust funds</i>		3,233,887	3,306,754

* 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 SIX MONTHS ENDED 31 DECEMBER 2016

10 COMMITMENTS	2016	2015
	\$	\$
Commitments to receive services	1,740,422	1,531,357

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.

11 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 31 December 2016 (31 December 2015: nil).

12 POST BALANCE DATE EVENTS

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