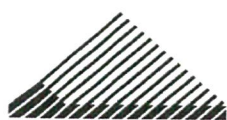


Southland Museum & Art Gallery Trust Board Inc

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



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 Comprehensive Revenue and Expense	4
Statement of Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Statement of Accounting Policies	8 - 14
Notes to the Financial Statements	15 - 21
Statement of Service Performance	22-25
Audit Report	26

Southland Museum & Art Gallery Trust Board Inc

ENTITY INFORMATION

Structure of the Trust's operations, including governance arrangements

The Trust comprised of a board of ten trustees who oversaw the governance of the Trust until this board was replaced by the initial board of four trustees in May 2022.

Chief Executive Officer Southland District Council
Chief Executive Officer Gore District Council
Chief Executive Officer Invercargill City Council

Chief Executive Officer Invercargill City Council
Duly elected representative of the four Rūnaka - Waihōpai
Rūnaka; Te Rūnaka o Awarua; Te Rūnaka o Ōraka Aparima;
Hokonui Rūnanga

Current Trustee(s) appointment

C McIntosh	<i>Appointed May 2022</i>
S Parry	<i>Appointed May 2022</i>
C Hadley	<i>Appointed May 2022 to 19 March 2023</i>
M Day	<i>Appointed March 2022</i>
E Cook	<i>Appointed May 2022</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 is 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

Southland Museum & Art Gallery Trust Board Inc ⁴

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2023 Budget \$	2022 \$
Revenue				
Grant - Invercargill City Council		20,000	20,000	72,769
Grant - Southland Regional Heritage Committee	1	1,244,661	1,246,667	1,221,691
Bequests		892		607
Interest revenue	1	10,781		3,104
Income from Sale Deaccessioned Items		808		-
Total revenue		1,277,142	1,266,667	1,298,171
Expenses				
Cost of providing services	2	1,334,759	1,256,667	1,225,103
Depreciation of property, plant, and equipment	7	1,831	2,268	2,037
Loss on Disposal of Fixed Assets	7	16,422		-
Audit fees	3	17,051	10,000	8,669
Total expenses		1,370,063	1,268,935	1,235,809
Surplus / (Deficit) for the year		(92,921)	(2,268)	62,362
Other comprehensive revenue and expenses				
		-		-
Total other comprehensive revenue and expenses for the year		-	-	-
Total comprehensive revenue and expense for the year		(92,921)	(2,268)	62,362
Surplus / (Deficit) attributable to:				
Owners of the parent entity		(92,921)	(2,268)	62,362
		(92,921)	(2,268)	62,362
Total comprehensive revenue and expense attributable to:				
Owners of the parent entity		(92,921)	(2,268)	62,362
		(92,921)	(2,268)	62,362

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 CHANGES IN EQUITY AS AT 30 JUNE 2023

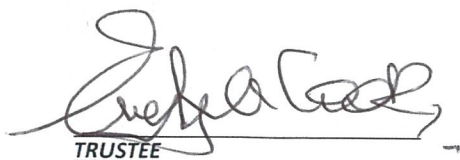
	Attributable to owners of the parent entity			Total equity \$
	Retained surplus \$	Restricted reserve \$	Special purpose reserve \$	
Balance at 1 July 2021	952,385	251,792	36,717	1,240,894
Surplus / (Deficit) for the year	62,362			62,362
Total other comprehensive revenue and expenses for the year	-			-
Transfers	30,962	(30,977)	15	-
Balance at 30 June 2022	1,045,709	220,815	36,732	1,303,256
Balance at 1 July 2022	1,045,709	220,815	36,732	1,303,256
Surplus / (Deficit) for the year	(92,921)			(92,921)
Total other comprehensive revenue and expenses for the year	-			-
Transfers	(7,729)	6,366	1,363	-
Balance at 30 June 2023	945,060	227,181	38,095	1,210,336

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

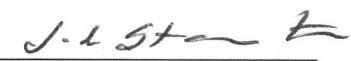
Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	4	125,214	205,383
Receivables	5	37,155	319,035
Other financial investments	6	214,604	209,370
Total current assets		376,973	733,788
Non-current assets			
Property, Plant and Equipment	7	850,416	868,669
Total Non-current assets		850,416	868,669
TOTAL ASSETS		1,227,389	1,602,457
Liabilities			
Current Liabilities			
Payables and accrued expenses	8	17,051	299,200
TOTAL LIABILITIES		17,051	299,200
NET ASSETS		1,210,338	1,303,257
Equity			
Retained surplus		945,060	1,045,709
Restricted reserve	9	227,181	220,815
Special purpose reserve	9	38,095	36,732
		1,210,336	1,303,256


TRUSTEE

25/09/2023


TRUSTEE 25/09/2023

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 2023

	<i>Note</i>	2023 \$	2022 \$
<i>Cash flows from operating activities</i>			
Receipts from grants		1,514,803	1,491,548
Receipts from sale of deaccessioned items		808	-
Interest receipts		9,092	1,764
Payments to suppliers		(1,602,909)	(1,495,480)
GST (net)		3,270	(995)
Net cash flows from operating activities		(74,936)	(3,163)
<i>Cash flows from investing activities</i>			
Receipts from sale of investments		209,370	207,821
Payments to acquire property, plant and equipment		-	(33,034)
Payments to acquire investments		(214,604)	(209,370)
Net cash flows from investing activities		(5,234)	(34,583)
Net increase/(decrease) in cash & cash equivalents		(80,170)	(37,746)
Cash & cash equivalents at the beginning of the financial year		205,383	243,129
Cash & cash equivalents at the end of the financial year	4	125,214	205,383

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 2023

REPORTING ENTITY

The reporting entity is Southland Museum & Art Gallery Trust Board Inc (the "Trust"). The Trust is domiciled in New Zealand and is a charitable organisation incorporated in New Zealand under the Charitable Trusts Act 1957 and Local Government Act.

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

The financial statements were approved and authorised for issue by the board of Trustees on .

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with NZ GAAP. They comply with Tier 2 PBE (RDR) accounting standards on the basis the Trust is not considered publically accountable or large with expenditure under \$30 million per annum. All available disclosure concessions have been applied.

The Trust included forecast financial information in its 2023 statement of intent which did not comply in full with the requirements of the Local Government Act 2002. As a result, the Trust presents forecast financial information with the historic financial statements that is limited to the statement of comprehensive revenue and expense.

CHANGES IN ACCOUNTING POLICIES

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

BASIS OF PREPARATION

The preparation of financial statements in conformity with Tier 2 PBE accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The financial statements have been prepared on the basis of historical cost, except for heritage assets and the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Heritage assets are valued as per Property Plant and Equipment, Heritage Assets policy.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The financial statements have been prepared on a going concern basis, and the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

New Zealand dollars are the Trust's functional and presentation currency.

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

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023

The following accounting policies which materially affect the measurement of results and financial position have been applied:

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Grants

Council, government, and non-government grants are recognised as revenue when the funding is receivable 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 on an accrual basis.

Revenue from providing services

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

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.

TAXATION

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

GOODS AND SERVICES TAX

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Trust's Statement of Financial Position when the Trust becomes a party to contractual provisions of the instrument. The Trust is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents (including bank overdraft), trade and other receivables, other financial assets, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

(1) Financial Assets

Financial assets within the scope of NFP PBE IPSAS 41 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit. The classifications of the financial assets are determined at initial recognition. Amortised cost and financial assets at fair value through other comprehensive revenue and expense.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The Trust's financial assets include: cash and cash equivalents, short-term investments and receivables.

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

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

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments or a derivative that is a financial guarantee contract.

(3) Amortised Cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, receivables transactions fall into this category of financial instruments.

(4) Financial assets at fair value through other comprehensive revenue and expense

These financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023

(5) Impairment of financial assets

The Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there are any objective evidence of impairment, the Trust first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

(6) Financial liabilities

The Trust's financial liabilities include trade and other creditors.

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

PROPERTY, PLANT AND EQUIPMENT

The Trust has the following classes of property, plant and equipment:

- (A) Land and buildings assets
- (B) Heritage assets

(A) LAND AND BUILDINGS ASSETS

Cost / Valuation

Property, plant and equipment are measured at cost 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.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when 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.

Cost includes expenditure that is directly attributable to the acquisition of the assets. In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired through a non-exchange transaction, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Depreciation

Depreciation is calculated as detailed below:

Operational Assets	Rate
Buildings	2% SL
Fit-out	9 - 40% DV

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year incurred.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposals

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

(B) HERITAGE ASSETS

The Southland Museum & Art Gallery Trust Board owns an extensive collection of material and information relating to natural, cultural and scientific heritage.

Heritage assets are valued at cost at the date of acquisition and are not depreciated.

All assets acquired are recognised at cost at the date of acquisition. As a large number of the Heritage assets are donated or subsidised generally such cost will be nil unless they have been acquired as a result of a purchase by the Trust.

The bulk of the Trust's collection is represented by unrealisable or irreplaceable items and it is impracticable and cost prohibitive to value them on a "Market Based" or "Depreciated Replacement Cost" basis. As a consequence the Trust's collection is undervalued in these financial statements.

The result of this accounting policy means that the vast majority of the Museum's collection is effectively valued for accounting purposes at nil, or at historical cost for those few items purchased.

The primary function and purpose of the Southland Museum is the preservation and display of the extensive collection of heritage assets. These are the tasks that make up the bulk of the Southland Museum's activities.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023

This means that much of the collection is valued at nil, or very old historical cost for those few items purchased. The Board is confident that if the collection, however unlikely, was to be sold, its market value would be very substantial.

The fact that most of the collection has a nil, or low, value for accounting purposes in no way reduces the true value of the collection or the care that is exercised in its conservation and exhibition.

The collection is valued at \$10,380,000 as at 30 October 2022 for insurance purposes.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or established by the Trust.

Restricted reserves are subject to specific conditions. Expenditure or transfers from these reserves may be made only for certain specified purposes.

Special purpose reserves are reserves established by decisions made by the Trust. The Trust may alter them without reference to any third party. Expenditure or transfers to and from these reserves is based on established policy.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2023

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key Sources of Estimation Uncertainty

Judgements made by management in the application of Tier 2 PBE accounting standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Key Sources of Estimation Uncertainty include:

- Estimating the remaining useful life of various items of property, plant and equipment. If the useful life does not reflect the actual consumption of benefits of the asset, the Trust could be over or under estimating the depreciation charge recognised as an expense in the Statement of Financial Performance.

- Determining whether the conditions of a grant has been satisfied, to determine whether the grant should be recognised as revenue in the Statement of Financial Performance. This judgement will be based on the facts and circumstances that are evident for each contract.

Estimates and judgements are continually evaluated and are based on historical experience and other functions, including expectations of future events that are believed to be measurable under the circumstances.

Change in Accounting policies

This is the first year that the Trust has adopted the NFP PBE IPSAS 41 Financial Instruments: Recognition and Measurement. There are no material impact on the financial statement as a result of this change.

Key Assumptions

The Trust and its stakeholders have agreed to undertake a restructure of the Trusts' governance structure. The Council stakeholders are to contribute their views to the board on changes to the trust deed before the board agree the future structure. It has also been agreed to transfer the management of the museum operations, including future museum redevelopments, to the Invercargill City Council. A review has been completed and a new board will be coming in August 2023. The Trust will continue to operate as the guardians / owners of the collection. These changes are expected to be carried out in the 2023/24 year.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 REVENUE

For financial reporting purposes, Grant revenue received from Invercargill City Council & Southland Regional Heritage Committee plus Bequests revenue are considered non-exchange revenue. These amount to \$1,265,533 in 2022/23 (\$1,295,067 in 2021/22).

Interest revenue are considered exchange revenue and amount to \$10,781 in 2022/23 (\$3,104 in 2021/22).

2 COST OF PROVIDING SERVICES

	2023 \$	2022 \$
Operating costs	37,329	3,412
Grant Paid	52,769	-
Management Fee - Invercargill City Council	1,244,661	1,221,689
Total cost of providing services	1,334,759	1,225,101

In 2021/22 the Trust has recognised the fund from Invercargill City Council for the museum redevelopment project as income. This money was returned to the Council in 2022/23 by offsetting the management fee paid by the Council.

3 REMUNERATION OF AUDITORS

	2023 \$	2022 \$
Audit fees for Financial Statements Audit	17,051	8,669
Total cost of providing services	17,051	8,669

The audit of the Southland Museum & Art Gallery Trust Board is Audit New Zealand on behalf of the Auditor-General.

4 CASH AND CASH EQUIVALENTS

	2023 \$	2022 \$
Westpac Cheque account	86,274	98,400
Westpac Redevelopment Account	-	70,382
Bank accounts		
- Bequest	11,340	11,100
- Baird Library	760	744
- Capital acquisition	26,840	24,757
Total cash and cash equivalents	125,214	205,383

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 2023

5 RECEIVABLES	2023 \$	2022 \$
GST - Inland Revenue	34,115	31,050
Accrued interest - Westpac	3,040	1,348
Other receivables	-	286,638
<i>Total Receivables</i>	37,155	319,036

All Receivables above are recognised as non-exchange transactions

6 OTHER FINANCIAL INVESTMENTS	2023 \$	2022 \$
<i>Available-for-sale at fair value</i>		
Term deposits (Bequest) Current	214,604	209,370
<i>Total Other financial investments</i>	214,604	209,370

7 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings Assets \$	Heritage Assets \$	Total \$
Cost amount at 1 July 2021	37,910	817,382	855,292
Accumulated depreciation amount at 1 July 2021	17,620	-	17,620
Carrying amount at 1 July 2021	20,290	817,382	837,672
<i>Additions</i>	-	33,034	33,034
<i>Disposals (net of accumulated depreciation)</i>	-	-	-
<i>Depreciation expense</i>	(2,037)	-	(2,037)
<i>Impairment loss</i>	-	-	-
Cost amount at 30 June 2022	37,910	850,416	888,326
Accumulated depreciation amount at 30 June 2022	19,657	-	19,657
Carrying amount at 30 June 2022	18,253	850,416	868,669
Cost amount at 1 July 2022	37,910	850,416	888,326
Accumulated depreciation amount at 1 July 2022	19,657	-	19,657
Carrying amount at 1 July 2022	18,253	850,416	868,669
<i>Additions</i>	-	-	-
<i>Disposals (net of accumulated depreciation)</i>	(16,422)	-	(16,422)
<i>Depreciation expense</i>	(1,831)	-	(1,831)
Cost amount at 30 June 2023	-	850,416	850,416
Accumulated depreciation amount at 30 June 2023	-	-	-
Carrying amount at 30 June 2023	-	850,416	850,416

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

8 PAYABLES AND ACCRUED EXPENSES

	2023	2022
	\$	\$
Audit fee	17,051	8,669
Other payables	-	290,531
<i>Total payables and accrued expenses</i>	<u>17,051</u>	<u>299,200</u>

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9 RESERVES	2023 \$	2022 \$
A) RESTRICTED RESERVES		
<u>Estate C F Broadley - Tuatara & Cultural History</u>		
Balance as at 1 July	17,943	50,180
Transfer to reserve	892	363
Interest revenue	447	314
Purchases	-	(32,914)
Balance at 30 June	19,282	17,943
<i>The bequest requires the Trust to spend the funds on Tuatara or Cultural History 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.</i>		
<u>Estate D I Alloo - Tuatara</u>		
Balance as at 1 July	37,678	37,444
Transfer to reserve	-	-
Interest revenue	934	234
Purchases	-	-
Balance at 30 June	38,612	37,678
<i>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.</i>		
<u>Estate D I Alloo - Natural History</u>		
Balance as at 1 July	165,194	164,168
Transfer to reserve	-	-
Interest revenue	4,093	1,026
Purchases	-	-
Balance at 30 June	169,288	165,194

The bequest requires the Trust to spend the funds on Natural History Gallery 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.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
B) SPECIAL PURPOSE RESERVES		
<u>Education Service Reserve</u>		
Balance as at 1 July	11,269	11,269
Transfer to reserve	-	-
Interest revenue	-	-
Transfer from reserve	-	-
Balance at 30 June	11,269	11,269
<i>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.</i>		
<u>Baird Library</u>		
Balance as at 1 July	743	743
Transfer to reserve	-	-
Interest revenue	16	-
Transfer from reserve	-	-
Balance at 30 June	759	743
<i>The Baird Library reserve comprises for funds to be used for the purchase of books for the museum's collection</i>		
<u>Collection acquisitions</u>		
Balance as at 1 July	24,720	24,705
Transfer to reserve	808	-
Interest revenue	539	15
Transfer from reserve	-	-
Balance at 30 June	26,067	24,720
<i>The Collection acquisitions reserve comprises for funds to be used for the purchase of items for the museum's collection</i>		
Total Reserves	Balance at 30 June	
	265,277	257,547

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

10 RELATED PARTY TRANSACTIONS		2023	2022
		\$	\$
<i>The Trust paid a management fee and other expenses to Invercargill City Council (throughout the year 4 trustees were part of the Invercargill City Council)</i>	Value for year Balance outstanding	(1,244,661) -	(1,225,074) (283,253)
<i>The Trust received revenue from providing services from Invercargill City Council (throughout the year 4 trustees were part of the Invercargill City Council)</i>	Value for year Balance outstanding	- -	(286,638) -
<i>The Trust received grants from Invercargill City Council (throughout the year 4 trustees were part of the Invercargill City Council)</i>	Value for year Balance outstanding	20,000 -	72,769 -
<i>The Trust received grants from Southland Regional Heritage Committee (2 trustees have been members of the Southland Regional Heritage Committee during the year)</i>	Value for year Balance outstanding	1,244,661 -	1,221,691 -

11 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows

	2023	2022
	\$	\$
Financial Assets		
Amortised Cost		
Cash & cash equivalents	125,214	205,383
Receivables	37,155	319,036
Other Financial investments		
Term Deposits	214,604	209,370
Financial Liabilities		
Payables and accrued expenses	17,051	299,200

A) Credit Risk

Financial instruments which potentially subject the Trust to credit risk principally consist of bank balances, short term deposits and accounts receivable. The maximum exposure to credit risk at balance date is the fair value for the financial instrument as stated in the Statement of Financial Position.

B) Fair Value

The fair value of financial instruments is equivalent to the carrying amount as stated in the Statement of Financial Position.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

C) Currency Risk

The Trust has no currency risk given that the financial instruments are transacted in New Zealand Dollars.

D) Interest Rate Risk

Interest rate risk is the risk that interest rate will change, increasing or decreasing the cost of borrowing or lending. The Trust's short term deposit is at a fixed rate with maturities not exceeding one year. Consequently the Trust is not exposed to significant interest rate risk.

E) Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Trust aims to maintain flexibility in funding by keeping committed credit lines available.

12 COMMITMENTS

There are no capital or operating commitments at 30 June 2023 (2022: Nil).

13 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 30 June 2023 (30 June 2022: nil).

14 SUBSEQUENT EVENTS

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

15 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Variance against the budget is primarily due to the return of the \$52,769 Invercargill City Council - Redevelopment Grant to the Council. This was recognised as revenue in 2022 due to the length of time the Trust held the unused balance. Additional recruitment costs for the appointment of the new board were also incurred this year.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2023

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

<p>The Collections: Caring for, developing, and researching collections.</p>	<p>Output</p>	<p>Strategies to achieve Output</p>	<p>2022/23 Outcome</p>	<p>2022/23 Target</p>	<p>2021/22 Outcome</p>
	<p>The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage</p>	<p>• Collection management policies are reviewed as required.</p>	<p>Collection Management Policy was approved by Board</p>	<p>One review annually</p>	<p>Collection management policy under review, including deaccessioning, and ko iwi takata</p>
		<p>New acquisitions are considered according to the Collection Management Policy. (Minimal acquisitions desired while museum building is closed).</p>	<p>25 donations were received during this period which complied with the Collection Management Policy. During this period the Museum accepted no donations which did not comply with the Collection Management Policy. However, the process to record the donations did not retain sufficient evidence to support the achievement of this outcome, for example a number of donors or their legal representatives have not confirmed the transfer of ownership by their written signatures in accordance with the clause 4.10 of the Collection Management Policy. Therefore not achieved.</p>	<p>100% of objects acquired are considered</p>	<p>Not achieved. Due to the backlog of new acquisitions still to be entered into Vernon Collection Management system, it can not be confirmed all new acquisitions are considered according to the Collection Management Policy.</p>

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

<ul style="list-style-type: none"> New acquisitions are entered into Vernon Collection Management System (CMS) to the level of Stripped Stage 1. 	<p>Not achieved, given only 390 items have been assigned Vernon record numbers for the 2022/2023 period.</p>	<p>1,000 records</p>	<p>Not achieved. Backlog of material from 2019/2021 is still being processed.</p>
<ul style="list-style-type: none"> Existing CMS records are updated to Stage 1 (Full Documentation). <p>Stage 1 is designed to make the updated records searchable, identify key hazards, and ensure that the items ready for relocation.</p>	<p>5000 records were updated</p>	<p>2,400 records</p>	<p>Not achieved. Packing priorities have resulted in full documentation being repalced by skeletal record.</p>
<ul style="list-style-type: none"> Collections items to have digital images made. 	<p>44,000 digital items were captured from the Taoka Maori; Pasifika; International; Social History; 3D Art; Fine Art and Photography collections.</p>	<p>0 items</p>	<p>Maori/Pasifika 985 Objects/ 4817 Images Elmwood 5610 Objects/ 5610 Images Elmwood Diaries 2500 Objects/ 2500 Images Southland Times 8000 Objects/ 8000 Images Glass plates 3000 Objects/ 3000 Images Objects 70 Objects/ 70 Images</p>
<ul style="list-style-type: none"> (Photography will only be undertaken as required for the purposes of condition reporting, online presence, and the temporary gallery space.) 	<p>0 items</p>	<p>0 items</p>	<p>Maori/Pasifika 985 Objects/ 4817 Images Elmwood 5610 Objects/ 5610 Images Elmwood Diaries 2500 Objects/ 2500 Images Southland Times 8000 Objects/ 8000 Images Glass plates 3000 Objects/ 3000 Images Objects 70 Objects/ 70 Images</p>

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2023

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

The Collections Storage: Ensuring appropriate storage of collections			
Output	Strategies to achieve Output	2022/23 Outcome	2022/23 Target
The collection is prepared for removal from the building by 2022/23 (4 years)	<p>Pack items for storage and transportation.</p> <p>Stage 2a of the current Collection Relocation Plan involves packing and physically readying objects for relocation.</p> <p>Stage 2b of the current Collection Relocation Plan involves implementing a temporary transporting/packing solution for objects to be safely transported off-site.</p>	<p>In 2022/23 we have completed packing the following areas: Archaeology; Natural History; Geology; Pasifika; Oceania; framed Fine Art; Glass Plate negatives (excluding Campbell); 3D Fine Art; Daugerrototype collection; Textile collection. Partial packing of the Cultural History; International collection has been achieved.</p>	<p>2000 items across Stage 2a and 2b.</p> <p>Collection items continue to be packed for relocation beginning November 2023.</p> <p>Relocation Plan under construction as part of the Tisbury Story Facility development.</p>
<p>Collections are maintained in optimal conditions for their long term preservation</p>	<p>Storage space is kept at temperature of 19oC±1oC, percentage of time in range.</p>	<p>Not achieved. System required significant maintenance in late 2022</p>	<p>Minimal variance in conditions</p>
<p>Storage space is kept at humidity of 50%±5%, percentage of time in range.</p>	<p>Storage space is monitored for infestation by pests and moulds.</p>	<p>Not achieved. System required significant maintenance in late 2022</p>	<p>Storage spaces continue to be monitored with limited fluctuation</p>
<p>A procedure to minimise deterioration by light is followed.</p>	<p>A procedure to avoid loss or damage to objects in the collection or on loan is followed.</p>	<p>Weekly monitoring for pests and rodents. One identified rodent outside the building.</p> <p>Achieved. No identified deterioration as a result of light exposure</p>	<p>Achieved. Ongoing monitoring of all areas of the Museum. No recorded infestation.</p> <p>Achieved</p>
		<p>Achieved. No damage to any loaned objects. No objects in the collection have been damaged due to handling.</p>	<p>Achieved</p>

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2023

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

The Community: Be the facilitator, connector, activator, conductor and co-creator working with community			
Output	Strategies to achieve Output	2022/23 Outcome	2021/22 Outcome
Maintain strong relationships with iwi over issues relating to the collections.	Iwi Liaison Komiti (representing the four Murihiku rūnaka; Waihopai, Ōraka-Aparima, Hokonui, Awarua) meets regularly.	Five meetings were held by the Iwi Liaison Komiti	Five meetings were held of the Iwi Liaison Komiti
Promote displays of the collection.	Provide outreach to museums and related organisations in the region, community and nationally for items to be displayed.	Through the SRHC, we continue to provide support to colleagues throughout Southland, including Waikawa; Rakiura Museum; Bluff Maritime Museum; Te Hikoī and Invercargill Public Art Gallery; as well as Marae. Through He Waka Tuia we make available a number of key objects for exhibition, which includes the 250th Tāmatea exhibition. A number of long terms loans continues to be supported regionally.	Partnership with IPAG in showcasing Art and Artefact through He Waka Tuia. Support for Bluff Maritime Museum, Te Rau Aroha Marae; Rakiura Museum; Te Hikoī; Fiordland Museum Trust and the Southland Regional Heritage Committee.

Independent Auditor's Report

To the readers of Southland Museum and Art Gallery Trust Board's financial statements and statement of service performance for the year ended 30 June 2023

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

We have audited:

- the financial statements of the Trust Board on pages 4 to 21, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows, and statement of accounting policies for the year ended on that date, and the notes to the financial statements that include other explanatory information; and
- the statement of service performance of the Trust Board on pages 22 to 25.

Opinion

Qualified opinion on the financial statements

In our opinion, except for the effect of the matter described in the *Basis for our opinion* section of our report, the financial statements of the Trust Board on pages 4 to 21:

- present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 Reporting Standards Reduced Disclosure Regime.

Unmodified opinion on the statement of service performance

In our opinion, the statement of service performance of the Trust Board on pages 22 to 25 presents fairly, in all material respects, the Trust Board's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust Board's objectives for the year ended 30 June 2023.

Our audit was completed on 25 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the fact that a comparison of forecast financial statements to historic financial statements is not presented for all financial statements. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

Financial statements: Non-recognition of certain heritage assets

As explained in the heritage assets section of the statement of accounting policies on page 12 to 13 and note 7 on page 17, the Trust Board has not recognised certain heritage assets in the statement of financial position or donated asset revenue in the statement of comprehensive revenue and expense. These are departures from Public Benefit Entity International Public Sector Accounting Standard 17: *Property, Plant and Equipment*, which generally requires assets to be recognised, and the fair value of donated assets to be included as revenue.

There are no practical audit procedures that we have been able to apply, to quantify the effect of these departures from the accounting standards. It is our opinion that the heritage assets make up a significant proportion of the Trust Board's total assets. Our audit opinion for the year ended 30 June 2022 was modified for the same reason. As a result, the comparative information in the financial statements should be read in light of this fact.

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.

Emphasis of matter - Comparison of forecast financial statements with historical financial statements

Without further modifying our opinion, we draw attention to the Statement of Accounting Policies on page 8, which outlines that the Trust Board presented forecast financial information with the historical financial statements that was limited to the statement of comprehensive revenue and expense.

Responsibilities of the Trustees for the financial statements and the statement of service performance

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

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

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

The Trustee's responsibilities arise from the Local Government Act 2002 and the Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 statement of service performance.

For the budget information reported in the financial statements and the performance targets reported in the performance information, our procedures were limited to checking that the information agreed to the Trust Board's statement of intent.

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 statement of service performance, 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 Board's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- We evaluate the appropriateness of the reported performance information within the Trust Board's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees 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 Board'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 statement of service performance 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 Board to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees 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.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included on page 3 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

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

A handwritten signature in blue ink that reads "Yvonne Yang". The signature is written in a cursive, flowing style.

Yvonne Yang
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand