

The New Zealand Portrait Gallery Trust

Financial Report

For the year ended 31 December 2016

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Audit Report

To the readers of the financial statements of The New Zealand Portrait Gallery Trust

I have audited the financial statements on pages 4 to 7. The financial statements provide information about the past financial performance of the Charitable Trust and its financial position as at 31 December 2016. This information is stated in accordance with the accounting policies set out on page 6.

Board of Trustees responsibilities

The Board of Trustees is responsible for the preparation of financial statements which give a true and fair view of the financial position of the Charitable Trust as at 31 December 2016 and the results of its operations for the year ended on that date.

Auditors' responsibilities

It is my responsibility to express an independent opinion on the financial statements presented by Board of Trustees and report my opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Trustees in the preparation of the financial statements:
- whether the accounting policies are appropriate to the Charitable trust's circumstances, consistently applied and adequately disclosed.

I conducted my audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

I have obtained all the information and explanations I have required.

In my opinion the financial statements on pages 4 to 7:

- comply with New Zealand generally accepted accounting practice:
- give a true and fair view of the financial position of the Charitable Trust as at 31 December 2016 and the results of its operations for the year ended on that date.

My audit was completed on 15 February 2017 and my unqualified opinion is expressed as at that date.



J E Fokerd, CA
Wellington

Directory

Nature of business	The Trust is engaged in operating a portrait gallery situated in Shed 11, 41 Customhouse Quay, Wellington.
Incorporation	The Trust is incorporated under the Charitable Trust Act 1957.
Trustees	Dr Keith Ovenden (Chair) Mr Hugh Fletcher Ms Diane Morcom, CNZM, CVO Ms Elizabeth Stringer Ms Eve Wallace Ms Donna Nicoloff Mr Michael Curtis Mr David Shand (resigned 2 August 2016) Mr David Galler (appointed 5 December 2016) Ms Helen Kedgley (appointed 5 December 2016)
Directors	Ms Gaelen Macdonald, BVA, MFA, PGDip NFP Management
Treasurer	Richard Tuckey
Auditor	John Fokerd, CA

The New Zealand Portrait Gallery Trust

Statement of Financial Performance

For the year ended 31 December	Notes	2016 \$	2015 \$
Income			
Donations by individuals		99,071	125,598
Friends subscriptions		4,329	5,052
Grants: Trusts, Foundations, Corporates		135,000	92,330
Interest & gallery rental		29,493	46,252
Exhibition grants		58,806	34,511
Shop sales, touring fees & commissions		<u>28,735</u>	<u>13,948</u>
Total Income		<u>355,434</u>	<u>317,691</u>
Expenses			
Salaries & wages		153,728	129,893
Gallery operation		62,985	62,092
Lease annual cost	1	58,000	58,000
Office & publicity		32,155	29,279
Exhibition & shop costs		<u>103,170</u>	<u>59,595</u>
Total Expenditure		<u>410,038</u>	<u>338,859</u>
Operating Deficit		-54,604	-21,168
Uplift in value of Art Collection - reflecting recent donations	1	17,531	-
Surplus (-Deficit)		<u>-37,073</u>	<u>-21,168</u>

Statement in Movements in Equity

For the year ended 31 December	2016	2015
Accumulated Funds		
Gallery balance 1 January	1,401,647	1,492,709
Friends balance 1/1/2015		30,106
Less: Deficit	-37,073	-21,168
Less: Transfer to Reserves	<u>-17,531</u>	<u>-100,000</u>
Balance 31 December	1,347,043	1,401,647
Reserves		
Leasehold Renewal Fund	100,000	100,000
Art Collection Revaluation	1 <u>40,918</u>	<u>23,387</u>
	140,918	123,387
Total Equity	<u>1,487,961</u>	<u>1,525,034</u>

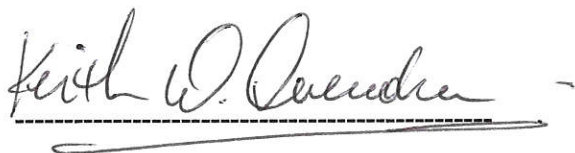
The notes on pages 6-7 form part of the financial statement.

The New Zealand Portrait Gallery Trust

Statement of Financial Position

As at 31 December	2016	2015
	\$	\$
Trust Equity	<u>1,487,961</u>	<u>1,525,034</u>
Represented by:		
Current Assets		
Cash at bank	266,587	257,831
Accounts receivable	11,584	8,177
GST	<u>2,132</u>	<u>620</u>
	280,303	266,628
Non Current Assets		
Prepaid lease	1 1,073,000	1,131,000
Art collection	1 133,812	116,281
Fixed assets	1,2 <u>29,071</u>	<u>38,956</u>
	1,235,883	1,286,237
Total Assets	<u>1,516,186</u>	<u>1,552,865</u>
Current Liabilities		
Accrued charges	10,316	685
Accounts payable	8,685	1,992
Deferred income	250	22,338
Other balances	<u>8,974</u>	<u>2,816</u>
	28,225	27,831
Net Assets	<u>1,487,961</u>	<u>1,525,034</u>

On Behalf of the Trustees:





The notes on pages 6-7 form part of the financial statement.

Statement of Cash Flows

For the year ended 31 December	2016	2015
	\$	\$
Operating activities		
All income	329,375	329,624
Pay employees	-144,162	-129,893
Pay suppliers	<u>-175,933</u>	<u>-135,248</u>
Cash from operating	<u>9,280</u>	<u>64,483</u>
Investing activities		
Purchase equipment	-524	-9,142
Acquire portraits	<u>-</u>	<u>-8,500</u>
Cash spent on investing	<u>-524</u>	<u>-17,642</u>
Net Cash flow for year	8,756	46,841
add: Cash at beginning of the year	257,831	210,990
Cash at year end	<u>266,587</u>	<u>257,831</u>

Notes to the financial statements

1 Statement of accounting policies

Reporting entity: The New Zealand Portrait Gallery Trust is registered under the Charitable Trust Act 1957. The financial statements of the entity have been prepared in accordance with the Financial Reporting Act 1993.

Measurement base: The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position are followed in the preparation of these financial statements, except for the revaluation of the Art Collection.

Differential reporting: In terms of the framework for differential reporting an entity is exempted from certain requirements of financial reporting standards if it satisfies the criteria in the framework; such an entity is called a qualifying entity. The New Zealand Portrait Gallery Trust is a qualifying entity for differential reporting by virtue of the fact that it has no public accountability and it is not large (as defined in the framework).

Accordingly, all relevant exemptions have been applied.

Non-current assets:

Prepaid Lease: During 2010 a prepaid lease of the Shed 11 Gallery was negotiated for a period of 25 years commencing 1 July 2010. The rent will be expensed over the period of the lease.

Art Collection: In the financial year ending 2012 the collection was valued at 40% of insured value. A similar calculation in December 2016 resulted in an increase of \$17,531 shown in the Statement of Financial Performance

Fixed assets: are valued at cost less depreciation.

Depreciation: all items are depreciated on a straight line basis at rates that will write off the cost over the life of the asset. The rates on significant items in use are:

Art storage unit 5%, Kitchenette 20%, Computers 30%.

Taxation:

The trust has a charitable status and is exempt from income taxation.

Goods and services tax:

The financial statements were prepared on a GST exclusive basis.

Accounts receivable:

Accounts receivable are recorded at net realisable values.

Donated services and artworks:

The trust is dependent on the voluntary services of many supporters of the Gallery the value of which is not recognised in the financial statements.

The Gallery's collection has increased in value by a number of artworks gifted.

Changes in accounting policies:

The accounts for The Friends of the Portrait Gallery have been included for both the 2015 and 2016 periods shown.

2. Depreciation

	Cost			Depreciation				Book Value	
	1/01/2016	Additions	Deletion	31/12/2016	1/01/2016	Charge	Deletion	31/12/2015	31/12/2016
Leasehold Improvements	22,930			22,930	5,011	1,665		6,676	16,254
Gallery Equipment	36,255	525		36,780	18,886	7,755		26,441	10,339
Office Equipment	4,738		-622	4,116	1,271	989	-622	1,638	2,478
	<u>63,923</u>	<u>525</u>	<u>-622</u>	<u>63,826</u>	<u>24,968</u>	<u>10,409</u>	<u>-622</u>	<u>34,755</u>	<u>29,071</u>

3. Cash at bank \$266,587

Includes \$100,000 allocated by the Trustees to the Leasehold Renewal Fund to provide for the replacement of the 25-year lease of premises.