

Performance Report

The New Zealand Portrait Gallery Trust
As at 31 December 2018



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THE NEW ZEALAND PORTRAIT GALLERY TRUST

INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

To the Trustees of The New Zealand Portrait Gallery Trust

Report on the Performance Report

We have reviewed the accompanying performance report of The New Zealand Portrait Gallery Trust which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2018, the statement of financial position as at 31 December 2018, and the statement of accounting policies and other explanatory information.

The Responsibility of the Trustees for the Performance Report

The Trustees are responsible on behalf of the Trust for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report which comprises;
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and

- (c) for such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the performance report. We conducted our review of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standard on Review Engagements (New Zealand) (ISRE (NZ)) 2400 (Revised), *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity*, and the review of the entity information and statement of service

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performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 Revised). Those standards require us to conclude whether anything has come to our attention that causes us to believe that the performance report, taken as a whole, is not prepared in all material aspects in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit). Those standards also require that we comply with ethical requirements.

A review of the performance report in accordance with ISRE (NZ) 2400(Revised) and ISAE (NZ) 3000 (Revised) is a limited assurance engagement. We will perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures selected depend on our judgement, including the areas identified where a material misstatement is likely to arise and includes performing procedures to obtain evidence and evaluating whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and ISAE (NZ) 3000 (Revised). Accordingly, we do not express an audit opinion on the performance report.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, The New Zealand Portrait Gallery Trust.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- (a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are not suitable;
- (b) the performance report does not present fairly, in all material respects,
 - the financial position of The New Zealand Portrait Gallery Trust as at 31 December 2018, and its financial performance, and cash flows for the year then ended; and
 - the entity information and its service performance for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).



ACCOUNTING FOR CHARITIES TRUST

9th of June 2019.

Wellington, NZ.



Entity Information

The New Zealand Portrait Gallery Trust For the year ended 31 December 2018

'Who are we?', 'Why do we exist?'

Legal Name of Entity

The New Zealand Portrait Gallery Trust

Entity Type and Legal Basis

Registered Charitable Trust registered under the Charities Act

Registration Number

Charities Register CC21606

Companies Office Certificate of Incorporation No. 467733

Entity's Purpose or Mission

The main objects of The New Zealand Portrait Gallery Trust, as set out in its Trust Deed, are:

- (1) to establish and maintain a multi-media national gallery for the portrayal of the peoples of New Zealand, their life styles and customs for the benefit of the New Zealand public.
- (2) to provide opportunities for increased public interest in, and knowledge of, the national identity of New Zealand by gathering material and mounting exhibitions which emphasise the people behind the written and oral history of New Zealand.
- (3) to encourage artists working in any media to exercise their talents in the portrayal of the peoples of New Zealand and to produce material of a high standard to assist succeeding generations to understand our times and the history of New Zealand.

Entity Structure

TRUST STRUCTURE

At year-end the Trust had eight Trustees who come from a wide range of professional backgrounds and constitute the governance board. The Board is currently looking to replace a Trustee who resigned during 2018. The Trustees elect their Chairperson, appoint all new Trustees, meet quarterly and are assisted in their responsibilities by an Honorary Treasurer, the Gallery Director, and a small Management Board. The annual work plan and priorities of the Gallery are overseen by four Committees (Finance, Administration, Development, Acquisitions and Programme) comprising Trustees, Management Board members, the Gallery Director and selected volunteers.

OPERATIONAL STRUCTURE

The Gallery is run by a team of three professional salaried staff including a Director, Registrar and Administrator, and a part-time Audience Engagement Coordinator. Volunteers including a Friends Committee provide additional support with activities throughout the year.



Main Sources of Entity's Cash and Resources

The Portrait Gallery's activities are funded by a mix of grants received from trusts, foundations and corporate sponsors and, since 2016, some funding from the Wellington City Council, as well as individual donations from members of the general public and supporters such as members of the Friends Association (who pay an annual subscription to finance their activities). In recent years a ticketed fundraising event has been held in the fourth quarter of the year.

In addition, the Trust receives income from occasional hire of its premises by outside entities, fees from touring exhibitions to regional galleries and museums, the sale of exhibition catalogues and other retail items from the Gallery shop, and interest on investments.

Admission to the Portrait Gallery is free. It is open daily 10.30 am - 4.30 pm, except on Christmas Day and Good Friday.

Main Methods Used by Entity to Raise Funds

The main fundraising activities are:

- an annual appeal for donations, made in February/March in conjunction with the release of the Annual Report and the Friends' annual subscription campaign
- occasional ad hoc appeals for purchase of capital equipment
- applications for grants
- occasional fundraising events
- encouraging bequests.

The Gallery premises are available for exhibition hire for about two months a year when it works with selected art partners to achieve the aims and values of the Gallery. The premises are also available for hire for breakfast and evening functions.

Entity's Reliance on Volunteers and Donated Goods or Services

The Gallery relies entirely on volunteers to run its governing body, oversight Committees and many supporting activities.

The Gallery has a small permanent collection of portraits which it displays on rotation in its small front Deane Gallery space. This is slowly being augmented by donations of portraits or by special extended loan arrangement with owners.

Most of our major exhibitions comprise portraits that are loaned from public and private collections in New Zealand.

From time to time suppliers contribute goods free of charge, eg TV screen signage, coffee and costumes for portrait and drawing sittings.



Additional Information

In 2010 we purchased a long-term lease on the current Gallery premises at Shed 11 on Wellington Waterfront with the assistance of:

- a government grant of \$750,000 through the Ministry for Culture and Heritage
- a donation of \$500,000 from an anonymous donor
- \$100,000 from Wellington City Council through its subsidiary Wellington Waterfront Ltd
- a grant of \$10,000 from the Nikau Foundation
- and \$120,000 raised by our friends and supporters.

The above contributions were used to prepay the Gallery's rental of Shed 11 for a period of 25 years commencing on 1 July 2010. The Trust's Accumulated Funds largely consists of this amount (\$957,000) which under the accounting rules are required to be allocated over the period of the lease. The annual rental allocation \$58,000 is shown in the financial statements under costs relating to providing goods or services.

The Trusts Reserves also includes the sum of \$100,000 allocated by the Trustees to a Leasehold Renewal Fund to provide for a new lease on the expiry of the current 25-year lease.

In 2012 Shed 11 was refurbished to improve its earthquake resistance and to provide enhanced gallery facilities. These improvements were made by Wellington Waterfront Ltd with the assistance of some additional generous contributions from individual donors.

Physical Address

Shed 11, 60 Lady Elizabeth Lane, Wellington Waterfront, Wellington, New Zealand

Postal Address

PO Box 25540, Wellington, New Zealand, 6011



Approval of Financial Report

The New Zealand Portrait Gallery Trust For the year ended 31 December 2018

The Trustees are pleased to present the approved financial report including the historical financial statements of The New Zealand Portrait Gallery Trust for year ended 31 December 2018.

APPROVED

AMU

Date 9/6/19.

YLS

Date 9/6/19



Statement of Service Performance

The New Zealand Portrait Gallery Trust For the year ended 31 December 2018

Description of Entity's Outcomes

In line with its objects, the Trust's 11 exhibitions in 2018 successfully portrayed a wide range of past and present New Zealanders, their life styles and customs and our evolving national identity. This included our biennial national portraiture competition which was judged by an international judge and attracted artists from throughout the country. The substantial prizes were donated. The Gallery's exhibitions featured the works of both established and emerging artists in a variety of media and contributed to a growing appreciation of the possibilities of portraiture as an art form and as an adjunct to national biography. The Portrait Gallery also toured two of its main exhibitions (including the finalists in the Adam Portraiture Award) to seven (7) galleries and museums in other regions, enhancing the national impact of the Gallery's educational role. The success of the Trust's efforts was also reflected in increases in the number of visitors to the Gallery and the number of organised visits by school and tertiary groups in 2018.

Description and Quantification of the Entity's Outputs

Financially Quantifiable Outputs	2018	2017
Total number of exhibitions presented in Main Gallery (5), smaller adjoining Deane Gallery (5) and collaborated with external partners to present other exhibitions (1) at Shed 11 in Wellington	11	8
Total number of visitors to Gallery exhibitions in Wellington	36,819	35,630
Total number of students visiting in organised school groups	675	696
Total number of students visiting from tertiary groups	165	126
Total number of public events held to support exhibitions, promote an understanding of portraiture or the work of the Gallery	31	28
Number of other galleries or museums in New Zealand to which NZPG exhibitions toured	7	5
Number of entries received for biennial Adam Portraiture Award.	278	0
Number of portraits acquired for permanent collections (all by donation)	3	2
Number of members of Friends' Association at year-end	580	545
Number of recipients of monthly e-newsletter	1,860	1,650



Additional Output Measures

All three of the Gallery's professional staff were recruited between July 2018 and January 2019. They adapted quickly to their roles and successfully maintained the Gallery's programme.

Thanks to the generous support of a private donor, the Gallery continued its curatorial internship programme in 2018. The successful graduate, chosen by a competitive process, curated two innovative and well-received exhibitions in the Deane Gallery in the second half of the year. The programme provided him with valuable hands-on professional experience. The Gallery hopes to continue to offer this opportunity to young graduates as funds permit.

Following a successful appeal, the Gallery purchased and installed a new, much improved lighting system throughout the exhibition space in Shed 11. It also moved its manual accounting and payroll systems to new cloud-based accounting software systems, expanded the merchandise available for sale in the Gallery shop and initiated work to upgrade its website.

A highly successful tour of private art collections in Wellington was held as a fundraiser in November 2018. It attracted a number of new supporters as well as additional funds to the Gallery, thanks to the generosity of the collectors who opened their homes for the event.

Additional Information

The Gallery organised a number of events as its contribution to Wellington's city-wide **KM 130 Festival**. This was a programme of events and performances held between July and October 2018 to celebrate Katherine Mansfield's 130th birthday.



Statement of Financial Performance

The New Zealand Portrait Gallery Trust For the year ended 31 December 2018

	NOTES	2018	2017
Revenue			
Donations, fundraising and other similar revenue	1	331,984	305,552
Fees, subscriptions and other revenue from members	1	7,844	7,071
Revenue from providing goods or services	1	80,157	86,694
Interest, dividends and other investment revenue	1	1,912	528
Total Revenue		421,897	399,845
Expenses			
Expenses related to public fundraising	2	1,660	6,070
Volunteer and employee related costs	2	201,193	162,388
Costs related to providing goods or service	2	272,517	229,884
Total Expenses		475,369	398,342
Surplus/(Deficit) for the Year		(53,472)	1,503

This statement should be read in conjunction with the attached Review Engagement.



Statement of Financial Position

The New Zealand Portrait Gallery Trust

As at 31 December 2018

	NOTES	31 DEC 2018	31 DEC 2017
Assets			
Current Assets			
Bank Accounts		304,545	344,536
Debtors and prepayments	3	5,315	2,321
Inventory	3	6,135	-
Total Current Assets		315,994	346,857
Non-Current Assets			
Property, Plant and Equipment	5	61,927	26,447
Art Collection		133,812	133,812
Shed 11 Prepaid Rent		957,000	1,015,000
Total Non-Current Assets		1,152,739	1,175,259
Total Assets		1,468,733	1,522,116
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	18,592	10,468
Unspent Grants		12,104	20,469
Other current liabilities	4	2,045	1,715
Total Current Liabilities		32,741	32,652
Total Liabilities		32,741	32,652
Total Assets less Total Liabilities (Net Assets)		1,435,992	1,489,464
Accumulated Funds			
Capital contributed by owners or members	6	1,333,339	1,331,836
Accumulated surpluses or (deficits)	6	(53,472)	1,503
Reserves	7	156,125	156,125
Total Accumulated Funds		1,435,992	1,489,464

This statement should be read in conjunction with the attached Review Engagement.



Statement of Cash Flows

The New Zealand Portrait Gallery Trust
For the year ended 31 December 2018

	2018	2017
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	285,645	-
Cash receipts from other operating activities	174,299	424,334
GST	(6,465)	-
Payments to suppliers and employees	(512,467)	(339,345)
Total Cash Flows from Operating Activities	(58,987)	84,989
Cash Flows from Investing and Financing Activities		
Cash flows from other investing and financing activities	18,996	(7,040)
Total Cash Flows from Investing and Financing Activities	18,996	(7,040)
Net Increase/(Decrease) in Cash	(39,991)	77,949
Bank Accounts and Cash		
Opening cash	344,536	266,587
Closing cash	304,545	344,536
Net change in cash for period	(39,991)	77,949

This statement should be read in conjunction with the attached Review Engagement.



Statement of Accounting Policies

The New Zealand Portrait Gallery Trust For the year ended 31 December 2018

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

The New Zealand Portrait Gallery Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.



Notes to the Performance Report

The New Zealand Portrait Gallery Trust For the year ended 31 December 2018

	2018	2017
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Donations (individual)	128,631	123,210
Exhibition Grants	68,645	59,122
Grants	144,708	138,300
Grants- Tagged and deferred	(10,000)	-
Total Donations, fundraising and other similar revenue	331,984	320,632
Fees, subscriptions and other revenue from members		
Subscriptions (Friends)	7,844	7,071
Total Fees, subscriptions and other revenue from members	7,844	7,071
Revenue from providing goods or services		
Art tour	9,360	13,696
Commissions / Touring (Revenue)	19,607	13,608
Gallery Event Hire	22,656	23,585
Shop Sales	26,903	19,865
Ticket Sales (Friends)	1,630	861
Total Revenue from providing goods or services	80,157	71,614
Interest, dividends and other investment revenue		
Interest Income	1,912	528
Total Interest, dividends and other investment revenue	1,912	528
	2018	2017
2. Analysis of Expenses		
Expenses related to public fundraising		
Fundraising Event Costs	286	1,551
Fundraising/Promotion	1,373	4,518
Total Expenses related to public fundraising	1,660	6,070
Volunteer and employee related costs		
Salaries	145,476	116,906
Wages	49,886	40,768
ACC & KiwiSaver	5,831	4,714
Total Volunteer and employee related costs	201,193	162,388
Costs related to providing goods or services		
Closing Inventory	(6,135)	-
Bank Fees	173	-
Cleaning (60209)	4,830	2,718
Collection costs	5,884	9,380
Commissions / Touring (Costs)	1,435	4,169
Computer Software	2,478	2,411



Computer Support	718	2,860
Depreciation - Gallery Equipment	3,899	6,255
Depreciation - Office Equipment	2,848	1,859
Depreciation - Leasehold Improvements	1,202	1,551
Electricity & Gas	16,649	15,586
Exhibition Costs	112,349	78,742
Gallery Materials	468	572
Gallery Subscriptions	3,209	3,668
Insurance	3,343	2,658
Maintenance (60204)	9,134	1,252
Office Expenses	3,366	3,173
Postage	472	2,717
Printing & Photocopying	5,503	3,669
Professional Fees	750	750
Publicity	16,146	4,502
Rates	5,256	5,001
Rent ex Prepaid	58,000	58,000
Security	1,855	2,288
Shop purchases	14,177	7,390
Staff Advertising	30	1,507
Telephone/Internet	3,162	2,639
Travel	1,159	3,518
Website costs	158	1,050
Total Costs related to providing goods or services	272,517	229,884

2018 2017

3. Analysis of Assets

Bank accounts and cash

BNZ Term Investment - Friends	-	25,000
BNZ Term Investment - NZPG	-	250,000
Friends BNZ Call	25,672	10,003
Friends BNZ Cheque	12,196	487
NZPG BNZ Call	141,534	46,021
NZPG BNZ Cheque	125,041	13,026
Petty Cash	102	-
Total Bank accounts and cash	304,545	344,536

Debtors and prepayments

Accounts Receivable	5,315	2,321
Total Debtors and prepayments	5,315	2,321

Inventory

Stock on Hand	6,135	-
Total Inventory	6,135	-

Other non-current assets

Art Collection	133,812	133,812
Shed 11 Prepaid Rent	957,000	1,015,000
Total Other non-current assets	1,090,812	1,148,812



	2018	2017
4. Analysis of Liabilities		
Creditors and accrued expenses		
Accounts Payable	5,363	3,557
Payroll Deductions	-	4,383
Accruals	13,159	5,886
Business Visa	635	-
GST	(565)	(3,358)
Total Creditors and accrued expenses	18,592	10,468
Unspent Grants	12,104	20,469
Other current liabilities		
Subs in Advance - Friends	1,145	815
Refundable Deposit	900	900
Total Other current liabilities	2,045	1,715
	2018	2017

5. Property, Plant and Equipment

	2018	2017
Plant and Equipment		
Plant and machinery owned	61,927	26,447
Total Plant and Equipment	61,927	26,447
Total Property, Plant and Equipment	61,927	26,447

Significant Donated Assets Recorded

During 2018 the Gallery acquired three portraits gifted to its permanent collection by private individuals. These are listed in the 2018 Annual Report and were added to the Gallery's inventory of its permanent collection. An insurance valuation of the collection was made in December 2016. A 40% portion of the total valuation has been taken up in the Trust's accounts. No change has been made since then.

The Trust is dependent on the voluntary services of many supporters of the Gallery including in 2018, curatorial services provided by one of our Trustees to mount the end-of-year exhibition. The value of these voluntary services is not recognised in the financial statements.

Significant Donated Assets - Not Recorded

None

	2018	2017
6. Accumulated Funds		
Accumulated Funds		
Opening Balance	1,333,339	1,331,836



Accumulated surpluses or (deficits)		
Current year earnings	(53,472)	1,503
Total Accumulated surpluses or (deficits)	(53,472)	1,503
Total Accumulated Funds	1,279,867	1,333,339
Total Accumulated Funds	1,279,867	1,333,339
	2018	2017

7. Breakdown of Reserves

Reserves		
Acquisition - Friends	6,207	6,207
Life Members - Friends	9,000	9,000
Art Collection Revaluation	40,918	40,918
Leasehold Renewal Fund	100,000	100,000
Total Reserves	156,125	156,125

The Trust Reserves are shown separately in the Statement of Financial Position. These includes \$100,000 allocated by the Trustees to a Leasehold Renewal Fund to provide for a new lease on the expiration of the current 25-year lease.

The Combined Accumulated Funds and Reserves on the Statement of Financial Position equal \$1,435,992.

8. Commitments

There are no commitments as at 31 December 2018 (Last year - nil) apart from the lease commitment which has been prepaid.

9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 December 2018 Last year - nil).

10. Related Parties

There were no transactions involving related parties during the financial year.

11. Significant Grants and Donations with Conditions not Recorded as a Liability

There are no significant grants or donations with conditions that have not been recorded as a liability. A small portion of grant monies received in 2018 has been carried forward to cover expenses falling due in 2019

12. Goods or Services Provided to the Entity in Kind

In 2018 one of the Trustees provided curatorial services to mount the end of year exhibition as a voluntary donation in kind. The Trustees and members of the Management Board (as well as supporters who assist with events) also provide their services as voluntary donations in kind.

13. Assets Held on Behalf of Others

The Gallery holds 8 portraits under formal loan arrangements agreed with their owners who maintain appropriate insurance cover. The Gallery also holds a set of spotlights on loan from the Museum of New Zealand Te Papa Tongarewa and two television screens on loan from the Alexander Turnbull Library

14. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).



15. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.

