

Clarke, David

LAKES DISTRICT MUSEUM

6

Other Comments

Would you like to comment on any other aspect of this draft 10 Year Plan?

See attached submission

Lakes District Museum Arrowtown 2015/16

Submission for Lakes District Museum for the Annual Plan and the 10 Year Plan.

On behalf of the museum board we continue to be extremely pleased with the support that the council continues to give the museum. This will enable the museum to continue with its important functions for the benefit of the Queenstown Lakes District. We continue to play a very valuable community role that requires, in our view, continued rate payer support. After struggling for a couple couple of years in the face of declining tourist revenue and skyrocketing costs, we have been fortunate that the last two tourist seasons have been strong and along with our restructuring, we have been able to consolidate funding in preparation for doing some significant projects.

As per other submissions in the past we submit the following key points in support of increased rate payer funding.

- We are not a council entity but a Charitable Society. We have over 400 members who elect the board each year. The board then hire the Director who hires all other staff.
- The Lakes District Museum has enjoyed some council financial support since 1972. For many years this was \$15,000. This increased to \$30,000 in circa 2004 and increased each year based on CPI. We were not required to apply each year as funding became part of the 10 year plan. Due to financial problems in 2012, the museum board met with the Mayor, CEO and CFO and discussed increasing the grant to \$80,000 PA and this was agreed. (This equates to about \$4 per rate payer across the district) This has given the museum stability and the ability to consolidate funds.
- Whilst we have consolidated funds, there is still a call on these funds and we continue to have rapidly increasing operating costs.
- Almost all communities the size of the QLDC have a museum. Support of museums is a core council function under the Local Government Act 2002
- The museum is almost unique in that it is one of only a few museums of its size in the country, that is not a council run entity.
- The Lakes District Museum is recognised by the profession as one of the best and most innovative small museums in the country. This has been achieved through volunteers giving huge amounts of time to fund raise and with some staff working considerable free hours.

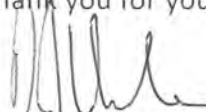
Community benefit comes from the museum comes in many forms:

- Over 600 hours of oral history recordings of the districts residents. This is an ongoing project that will be incredibly valuable in generations to come.
- The creation of an excellent archive facility with a database that has digitised our collection including our 10,000 photographs. (As you will know we had to make staff redundant from this facility as we could not afford the wages.)
- The museum has provided a public art gallery space showing an amazing array of changing exhibitions- both historical and art based.(this is 23 years old this year.)
- The museum employs a full time educator and two part time teachers to run a highly respected education programme. Every school in the QLDC area uses this programme.
- The museum runs the Arrowtown Post Office and Arrowtown's Information Centre.
- Museum staff have lobbied and undertaken continual work in the heritage sector both in Arrowtown and Wakatipu wide. We sit on Trusts to further heritage aims and undertake research work for council especially in the interpretation of the reserves and who they are named after and other property searches. We also protect council historical records that include the Minutes and Rate books.

In conclusion

The museum has been a highly valued institution since 1948. It functions, responsibilities and activities have expanded considerably and this needs to be recognised by council going into the future. Supporting the District Museum is a core function of council.

Thank you for your support.



David Clarke Director

How the Council Grant will be spent in 2015/16/17 years

Currently we still have a number of capital projects we are working on and this is the reason we are accumulating funds. Our financial year is 1 August-31 July.

They are:

- Seismic strengthening of the 1875 Bank building. We are about to move to the next phase of engineering drawings and specifications. The cost of this will be approx. \$7,500 plus GST. We already have indications from our engineers that the total cost of the work will be in the vicinity of **\$150,000-\$200,000**
- New storage capacity. The museum is woefully short of storage capacity. We are currently getting working drawings completed for a new lower level storage room. Expected cost including drawings, consents and construction is **\$150,000-\$200,000**
- New Geology and Maori displays. We have completed ½ this programme but wish to finish the remaining work over the next 2 years . Estimated cost **\$50,000.**
- Support of Danny Knudson Book on the History of Skippers **\$5000**
- Support of a short film about Lindsay Kennett. Glenorchy resident who became a famous fashion milliner. **\$5000**
- Oral History Project Programme. Interviewing residents about Queenstown 1960- present day first stage **\$5000**

Each year we tag the Council grant to assist us with operating costs which are between \$350,00- to \$400,000 per annum i.e energy, telecommunications, insurance and personnel (wages costs). This past financial year the museum made a profit but if the council grant was removed that profit would disappear. Insurance has increased this year from \$23,000 to \$30,000. Energy costs in the winter are \$80 per day. Our wages are still quite low and need to increase. We need to employ an extra staff member to undertake the museology work that needs to be done, especially in the archives area which is a core function.

22 September 2014

The Board
Lakes District Museum Inc
49 Buckingham Street
Arrowtown 9302

QLDC
30 APR 2015
QUEENSTOWN

Dear Board

REPORT TO MANAGEMENT FOR THE YEAR ENDING 31 JULY 2014

We have recently completed the audit of the financial statements for the year ended 31 July 2014 and as part of our reporting obligations outlying by way of this letter no matters arising through the audit process.

1. Audit Qualification

You will note that we have qualified the accounts on the controls surrounding income prior to it being recorded within the financial statements. This is consistent with the previous year's audit and is common for organisations that receive income in cash. If you or the Board wish to discuss these qualifications, please do not hesitate to contact us.

2. Other Items:

- a. Prepaid insurance not adjusted – insurance was paid in July for the period July to September. The total payment was \$5,981.93 of which 2/3 relates to the next financial year.
- b. Asset Register in Xero – it may benefit the board to loan the fixed asset register into Xero and then it can run depreciation on a monthly basis for management report purposes.
- c. Invoice approval - invoices we have reviewed had no indication that these have been appropriately approved (however they were marked as "entered"). We understand that the Board approves all payments as part of its monthly meetings however it is best practice that each invoice be signed as approved by an appropriate authority within their delegation.
- d. Charities Commission annual return – I noted that the charities commission annual return for 2014 appears to have not yet been completed (it was due Jan 2014). I also noted within the minutes there were changes to board members and these may not have been updated on the register either.

If you have any further queries please do not hesitate to contact me.

Yours faithfully
ASHTON WHEELANS



Nigel Perkins
Partner



Appendix One – Audit Requirements

As required by the International Auditing Standards (NZ), we report the following matters to you.

1. The Audit Approach

We have documented and considered the Societies accounting processes and internal controls that impact to ensure that they are adequate in capturing the data necessary to accurately complete the financial statements. The audit report has been qualified where there is no practical audit procedure to identify the limitation of the limited internal control over the cash portion of income prior to it being recorded in the financial statements..

We have reviewed the financial statements themselves obtaining assurance of the figures by comparison to source documentation and completion of analytical review. We have reviewed the estimates and judgments made by the Board in the preparation of the financial report. We have conducted tests to satisfy ourselves that the figures are fair and reasonable with the exception of the audit qualification as noted.

2. System Weaknesses

The weaknesses in internal controls include the items that the qualification was issued over. The controls surrounding the recording of the cash receipts are lacking due to the small office environment. We understand that a lot of entities of similar nature and size lack resources in order to implement the effective recording of cash income.

3. Third Party Reliance of Financial Statements

Unless expressly approved in writing the audit has been completed for the board of the Lakes District Museum Incorporated and we cannot be held liable for any other parties relying upon our work.

4. Board Responsibilities

The Board is responsible for the presentation and information included within the financial Statements.

5. Dealings with Management & Staff

There have been no disagreements over accounting treatment with the Board or your accountant during the course of the audit. We wish to thank them for their assistance and co-operation during the course of the audit.

L. J. Reed
22-09-14

INDEPENDENT AUDITOR'S REPORT

To the Members of Lakes District Museum Incorporated

We have audited the special purpose financial statements of Lakes District Museum Incorporated on pages 1 to 4, which comprise the statement of financial position as at 31 July 2014 and the statement of financial performance for the year then ended and a statement of accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with special purpose reporting and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standard on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Boards preparation and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Lakes District Museum Incorporated.

Basis for Qualified Opinion

Controls over the income received in cash prior to it being recorded are limited and there are no practical audit procedures to determine the effect of this limited control. There were no practical procedures available to us to confirm the completeness of this revenue, and accordingly, we were unable to obtain sufficient appropriate audit evidence in this regard. Consequently, we were unable to determine whether any adjustments to the amount of revenue received in cash were necessary.

Qualified Opinion

In our opinion, except for the effects described in the Basis for Qualified Opinion paragraph the financial statements on pages 1 to 4 present, in all material aspects, the financial position of the museum as at 31 July 2014 and the results of its operations for the year then ended in accordance with the accounting policies adopted. Without modifying our opinion, we draw attention to Note 1 which explains the basis of accounting. The financial statements are prepared to assist the Museum meeting the requirements of the Incorporated Societies Act and its constitution. As a result, the financial statements may not be suitable for another purpose.

Restriction on Distribution or Use

This report is made solely to the Members. Our audit has been undertaken so that we might state to the Board those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.


Chartered Accountants
Wanaka

concern assumption in preparing the Financial Statements for the year ended 31 July 2014. In reaching this conclusion, the Board has considered circumstances which they believe are likely to affect the society during the period one year on from the date the Board approve the Financial Statements. The Board has also considered circumstances that they know will occur after that date which could affect the validity of the going concern assumption.

Records

- The records maintained by Lakes District Museum Incorporated during the year were adequate for the preparation of the financial statements and in accordance with requirements of the IRD, and stakeholders where the Board has a responsibility.

Information Provided

- We have provided you with:
 - (a) All information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements;
 - (b) Additional information that you have requested from us;
 - (c) Minutes of the Board meetings or notes or recent meetings for which Minutes have not yet been prepared.
 - (d) Unrestricted access to those within the entity.
- All transactions have been properly recorded in the accounting records and are reflected in the financial statements.

Internal Controls

- The Board accepts that it is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Board has maintained effective internal control systems during the financial year and the systems have operated to generate accurate and reliable financial information.
- There have been no changes to or introduction of new information systems during the year that could adversely impact the completeness and accuracy of Board's information systems and underlying data.
- At all times during the year Lakes District Museum Incorporated have maintained sufficient internal controls to safeguard the Board's financial assets. There have been no reported instances where breaches of internal controls, guidelines or best practices have occurred that have not been brought to the Boards' attention.

Representations Made

- The Lakes District Museum Incorporated has not been directly represented by solicitors for the year ended 31 July 2014.
- We have no plans that may affect the carrying value or classification of assets and liabilities, including impairments of tangible or intangible assets.
- The net book value at which properties, plant and equipment are stated in the Statement of Financial Position were arrived at:
 - (a) After eliminating all amounts relating to items sold or scrapped;
 - (b) After providing for depreciation and obsolescence considered adequate to reduce the net book values of the assets to their residual value at the end of their economic lives.
 - (c) After ensuring any assets not in active use, are held for future use or sale, at their sale value.
 - (d) After considering any impairment in value.

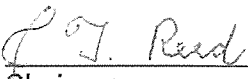
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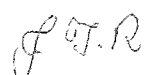
contractual obligations relating to this funding may result in it being repaid or taken in totality to the Statement of Financial Performance.

- We confirm there are no significant legal issues outstanding that are not recorded within the financial statements.
- We are aware of the need to address engineering issues in relation to the buildings as there is no earthquake cover on that site. We are taking all necessary steps to ensure the integrity of this asset will be maintained.
- Certain items disclosed within equity will be reclassified by the Board as retained earnings if it is found that the purpose of the reserve no longer exists.
- All grants have been spent in the year and none are considered unspent.

These representations are made at your request and to supplement information obtained by you from the records of Lakes District Museum Incorporated and to confirm information given to you orally.

For and on behalf of Lakes District Museum Incorporated

 22-09-14
Chairperson



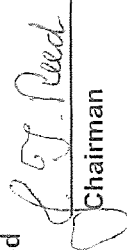
LESS CURRENT LIABILITIES

SUNDRY CREDITORS	\$80,640	\$113,081
GST PAYABLE	\$0	\$3,486
EDUCATION OFFICER GRANT	\$90,646	\$77,137
TOTAL CURRENT LIABILITIES	<u>\$171,286</u>	<u>\$193,704</u>

EXCESS ASSETS OVER LIABILITIES

<u>\$1,269,071</u>	<u><u>\$1,173,545</u></u>
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Approved


Chairman

22 September 2014

TOTAL EXPENSES - MUSEUM		<u>\$358,598</u>	<u>\$397,193</u>
NET PROFIT - MUSEUM		<u>\$86,525</u>	<u>\$119,987</u>
<u>MUSEUM POST</u>			
Gross Profit - Post - Stamps	\$21,448		\$29,480
Gross Profit - Post - Stationery	\$39,099		\$25,914
Mail Handling	\$28,760		\$28,304
Commission - TrustPower	\$369		\$423
Donations	\$4,314		\$4,805
Rent Received	\$7,686		\$0
Sundry	\$1,177		\$3,606
TOTAL INCOME - POST		\$102,853	\$92,532
Less Expenses			
Sales & Running Expenses	\$1,963		\$11,519
Personnel Expenses	\$81,414		\$82,319
Administration Expenses	\$7,985		\$9,234
Depreciation	\$2,490		\$1,947
TOTAL EXPENSES - POST		<u>\$93,852</u>	<u>\$105,019</u>
NET PROFIT (LOSS) - POST		<u>\$9,001</u>	<u>-\$12,487</u>
Net Profit - Museum		\$86,525	\$119,987
Net Profit (Loss) - Post		<u>\$9,001</u>	<u>-\$12,487</u>
TOTAL PROFIT		\$95,526	\$107,500

(a) Accounts receivable

Accounts receivable are stated at their estimated net realisable value.

(b) Inventory

Inventory is valued at the lower of cost and net realisable value on a first-in, first-out basis.

(c) Depreciation

Depreciation has been charged at the following rates:

Building - 1.25% sl to 2.5% sl & dv and Plant & equipment - 11.4 - 50% dv.

(d) Fixed Assets

Fixed assets are stated at cost (net of grants or donations received) less accumulated depreciation. Donated assets and artefacts are not valued or recorded for financial reporting purposes. Assets under construction are depreciated from the date the construction is completed. Certain assets are not considered depreciable and this is reflected in the depreciation schedule.

(e) Goods and Services Tax

These accounts have been prepared exclusive of Goods and Services Tax.

(f) Grants & Donations

Grants and donations will be treated as income when received unless they are received subject to a specified use or purpose. When grants and donations received are subject to conditions, the amount received will be recorded so as to offset the cost of the item or the service to be consistent with the conditions.

2 OTHER INFORMATION

There are no known commitments or contingent liabilities at year end (prior year - none).

3 RELATED PARTY TRANSACTIONS

LAKE DISTRICT MUSEUM INC
DEPRECIATION SCHEDULE
MUSEUM

FOR THE YEAR ENDED 31 JULY 2014

	COST PRICE	DEPR RATE	DEPR METH.	ACCU DEPR 31.7.13	BOOK VALUE 31.7.13	AQJ	ADDITIONS	DISPOSALS	DEPR FOR YEAR	ACCU DEPR 31.07.14	BOOK VALUE 31.07.14
Bank Building	57,821	0.0125	sl	27,301	30,440				723	28,104	29,717
New Wing	204,972	0.025	sl	156,473	48,499				5,124	161,597	43,375
Extensions Stairs	60,912	0.025	sl	30,055	30,857				1,523	31,378	29,334
Extension Lane	64,023	0.025	sl	32,019	32,004				1,601	33,620	30,403
Extension Stage 3	162,236	0.025	sl	73,176	89,060				4,056	77,232	95,004
Street Scene	180,512			0	180,512				0	0	180,512
Street Scene Grant	-189,800			0	-189,800				0	0	-189,800
Staff Room & Archives	346,146	0.025	dv	18,274	328,872				2,611	20,885	327,261
Furniture	45,219	0.15	dv	41,202	4,017				603	41,805	3,414
Computers	28,848	0.48	dv	28,355	493				237	28,592	256
Community Artworks			n/a	0	775				0	0	775
New Lighting Gallery	9,196	0.15	sl	9,196	0				0	9,196	0
Plant	43,532	0.15	dv	41,342	2,190				820	42,162	1,370
Speaking of Change	19,634	0.15	dv	18,653	1,181				177	18,830	1,004
Carpets	16,025	0.15	dv	15,700	325				40	15,749	276
Carpet - Gallery/Reception	11,155	0.25	sl	11,155	0				0	11,155	0
Amplifier	1,912	0.15	dv	1,820	92				57	1,877	35
Laminator	1,394	0.15	dv	1,272	122				10	1,280	104
Photocopier	24,615	0.15	dv	21,610	3,005				1,805	23,415	1,200
CD Writer	750	0.15	dv	659	91				14	673	77
Audio Visual	27,058	0	n/a	0	27,058				0	0	27,058
Computer-Archives	2,014	0.4	dv	2,011	3				3	2,014	0
Heating System	31,197	0.12	sl	12,488	18,709				2,245	14,733	16,464
Land	130,000	0	n/a	0	130,000				0	0	130,000
Land PO	75,124	0	n/a	0	75,124				0	0	75,124
Rees Tea Set	8,889	0	n/a	0	8,889				0	0	8,889
Rees Tea set donations	-8,889	0	n/a	0	-8,889				0	0	-8,889
Medal display	3,556	0.025	dv	261	3,295				82	3,377	3,213
Strongroom display - net	14,101	0.025	dv	1,032	13,069				327	1,359	12,742
Display - Gold	16,495	0.025	dv	1,009	15,486				387	1,396	15,089
Display - Chinese	15,111	0.025	dv	560	14,551				364	924	14,187
Light Fixtures	6,257	0.20	dv	2,252	4,005				801	3,053	3,204
Notice Board	1,213	0.13	dv	294	919				119	413	800
Bench Seat	705	0.2	dv	133	572				132	265	530
Ottoman	500	0.2	dv	33	467				93	126	374
Archives lighting	2,371	0.2	dv	119	2,252				450	569	1,802
Gallery lighting	1,517	0.2	dv	76	1,441				208	364	1,153
Toilet Upgrade	40,830	0.025	dv	85	40,745		17,856		977	1,062	57,624
Computers - 3		0.5	dv				4,097		1,024	1,024	3,073
Geology & Music display		0.2	dv				3,211		54	54	3,157
Videos for display		0.4	dv				1,800		180	180	1,620
TOTALS	1,668,216			540,695	919,521	0	26,964	0	25,815	575,640	919,540

SCHEDULE OF DEPRECIATION - MUSEUM POST

Post Office Building	50,000	0.025	sl	22,500	27,500				1,250	23,750	26,250
Shelving	1,836	0.15	dv	1,771	65				10	1,781	55
Cash Register	1,734	0.15	dv	1,524	210				32	1,556	179
Reserve	17,267	0	n/a	0	17,267				0	0	17,267
New Floor	10,306	0.25	sl	10,306	0				0	10,306	0
Sorting Room	13,618	0.04	sl	7,622	5,996				545	8,167	5,451
PO Retail Space	3,138	0.25	sl	3,138	0				0	3,138	0
Heaters	2,140	0.114	dv	1,335	805				92	1,427	713
Gardens	3,639	0	n/a	0	3,639		755		433	433	866
Computer		0.5	dv				1,289		6	6	577
Carpet		0.13	dv				583		122	122	7,216
Heatpump		0.2	dv				7,338		2,490	50,686	62,967
TOTAL	103,678			40,196	55,482	0	9,975	0	29,434	636,325	982,509
TOTAL	1,571,854			596,891	975,003	0	36,939	0	29,434	636,325	982,509

Insurance building reinstatement value excluding land

Rating Valuation \$ 4,577,120
Museum \$3,000,000
PO \$370,000

The accompanying notes on page 3 form part of this financial report.

28/07/14