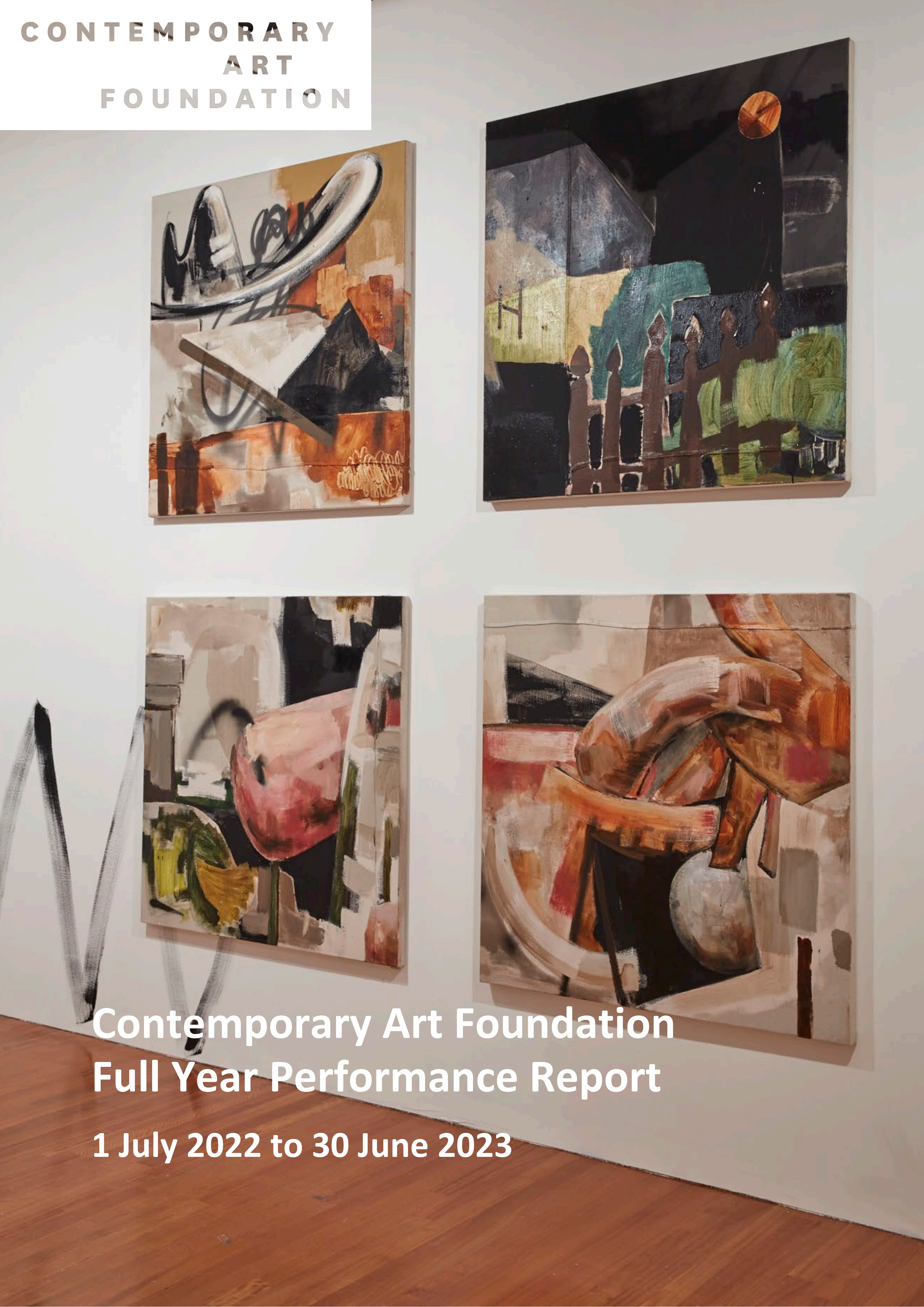
CONTEMPORARY ART FOUNDATION



Contemporary Art Foundation Full Year Performance Report

1 July 2022 to 30 June 2023

Contents

Directory

Trustees	Brenda Chappell Bernardine Vester James McCarthy Nicky Ryan Vincent Lipanovich Hamish Coney
Objective	To promote, encourage and support the arts within the Auckland Region
Charities Commission Number	CC21811
Date of incorporation	15 February 2001
Settlor	The Mayor, Auckland Council
Registered Office	Te Tuhi 13 Reeves Road Pakuranga Auckland
Auditors	BDO Auckland Level 4, 4 Graham Street BDO Centre Auckland 1010

Statement of service performance

ABOUT THE CONTEMPORARY ART FOUNDATION (CAF)

CAF is a Council Controlled Organisation under the Local Government Act 2002, established with the assistance of the former Manukau City Council, now Auckland Council and incorporated under the Charitable Trusts Act 1957 in September 2000.

The objects of CAF are to promote, encourage and support the arts within Auckland for the benefit and enjoyment of the Auckland Community and the public at large. The support, promotion and encouragement of the arts within Auckland may include without limitation:

- The purchase and/or lease of property within Auckland and the development of facilities on that property or properties that will enable the greater Auckland community and the public at large to enjoy and experience the arts.
- The provision of grants and/or loans either with or without interest, to any organisation, group or society within Auckland that is involved with the arts in any of their forms.
- Any other action, initiative or programme in relation to the arts that benefits the city and Auckland community and public at large.

CAF delivers high quality contemporary art to the Auckland region through the Te Tuhi Contemporary Art Trust (Te Tuhi). Both CAF and Te Tuhi are registered charitable trusts and not-for-profit entities. Te Tuhi receives funds from CAF to deliver on the funding agreement with Auckland Council. Funding from Auckland Council amounts to approximately 40% of its annual running costs. Te Tuhi proactively raises its operational shortfall through a range of activities including grants, sales of Te Tuhi products, art classes and the hiring of spaces within the gallery complex. It also relies on the support of individuals and private organisations.

The joint delivery mechanism provides a dynamic model of financial viability, and enables Te Tuhi to be fleet footed and responsive to new opportunities as they arise. Te Tuhi is a related party of CAF by virtue of Te Tuhi holding the right to appoint up to 3 of CAF's trustees.

PERFORMANCE MEASURES

Measure	Target	2022-23***	2021-22*
Total number of visitors	150,000	119,636**	58,671
Number of exhibitions	12	16	16
Number of artists	15	60	103
Number of commissions	15	40	33
Number of public events	15	27	11
Number of school students participating in programmes	5,000	5,656	2,243
Number of workshops and classes	50	53	44

***Exhibition and Artist numbers for the year are high as a result of a year-long multi-project digital programme
**Visitor numbers are 71% of Te Tuhi's pre-covid average.
*As a result of the Auckland lockdown, Te Tuhi was closed between 18 August 2021 and 24 November 2021, significantly impacting visitor numbers. Te Tuhi re-opened its galleries to the public on 24 November, but the rest of its public activity did not resume until February 2022.

Performance measures for the year have come back strongly from covid and weather disruptions, but disruptions from the Eastern Busway construction will continue to impact for the next 3-4 years (refer to note 13 of the financial statements for further details).

Statement of comprehensive revenue and expenses

	Note	2023 $	2022 $
REVENUE			
Revenue from non-exchange transactions			
Auckland Council Grant	7	628,861	604,673
		628,861	**604,673**
Revenue from exchange transactions			
Interest Revenue		3,108	824
Project Grants		-	57,140
Other Income		40,068	9,383
Rental Revenue		75,849	78,972
		119,024	**146,319**
TOTAL REVENUE		**747,885**	**750,992**
EXPENSES			
Operating Expenditure			
Audit and Accounting Costs		11,605	8,900
Consultancy Fees		1,345	2,760
Administration & Overhead Costs		35,431	24,806
Repairs & Maintenance		-	261
Interest Expense	7	15,185	8,087
		63,566	**44,794**
Activity costs			
Funding of Te Tuhi Contemporary Art Trust	7	623,861	604,673
Rental Expense		16,792	24,495
Project Expenditure		41,500	69,123
		682,152	**698,291**
Depreciation			
Depreciation	5	220,907	217,716
		220,907	**217,716**
TOTAL EXPENSES		**966,625**	**960,801**
Surplus/(Deficit) for the year		**(218,740)**	**(209,808)**
Other comprehensive revenue and expenses		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		**(218,740)**	**(209,808)**

These financial statements are to be read in conjunction with the notes on pages 9 to 17

Statement of financial position

	Note	30/06/23 $	30/06/22 $
ASSETS			
Current Assets			
Cash and Cash Equivalents		57,025	58,770
Short Term Investments		80,000	80,000
Accounts Receivable		3,802	(8,825)
Total Current Assets		**140,827**	**129,945**
Non-Current Assets			
Property, Plant & Equipment	5	6,406,706	6,602,882
TOTAL ASSETS		**6,547,533**	**6,732,827**
LIABILITIES			
Current Liabilities			
GST Payable		2,359	1,361
Loan from Te Tuhi Contemporary Art Trust	8	268,107	238,191
Accounts Payable		-	68
Sundry Creditors		10,935	8,335
Total Current Liabilities		**281,400**	**247,954**
TOTAL LIABILITIES		**281,400**	**247,954**
NET ASSETS		**6,266,133**	**6,484,872**
EQUITY			
Revaluation Reserve		4,145,526	4,145,526
Held Funds		-	2,535
Accumulated Revenue & Expense		2,120,607	2,336,811
TOTAL EQUITY		**6,266,133**	**6,484,872**

Approved for and on behalf of the Board of Trustees:

Trustee

Date 25 September 2023

Trustee

Date 25 September 2023

These financial statements are to be read in conjunction with the notes on pages 9 to 17

Statement of changes in net assets/equity

	Revaluation Surplus	Accumulated Revenue & Expense	Held Funds	Total Equity
	$	$		$
Balance as at 1 July 2022	4,145,526	2,336,811	2,535	6,484,872
Total comprehensive revenue & expenses for the year	-	(218,740)	-	(218,740)
Transfer from reserves	-	2,535	(2,535)	-
Balance as at 30 June 2023	4,145,526	2,120,606	-	6,266,133

	Revaluation Surplus	Accumulated Revenue & Expense	Held Funds	Total Equity
	$	$		$
Balance as at 1 July 2021	4,145,526	2,544,120	5,035	6,694,681
Total comprehensive revenue & expenses for the year	-	(209,809)	-	(209,809)
Transfer from reserves	-	2500	(2,500)	-
Balance as at 30 June 2022	4,145,526	2,336,811	2,535	6,484,872

These financial statements are to be read in conjunction with the notes on pages 9 to 17

Cash flow statement

	2023 $	2022 $
Cash Flows from Operating Activities		
Grants Received	660,928	671,196
Rent Received	73,203	78,972
Interest Received	2,349	824
Payments to suppliers	(727,992)	(725,675)
Interest Paid	-	14
Net GST paid / received	(233)	5,874
Net cash flows from operating activities	**8,255**	**31,205**
Cash Flows from Financing Activities		
Repayment of loan	(10,000)	(10,000)
Net cash flows from financing activities	**(10,000)**	**(10,000)**
Net increase/(decrease) in cash and cash equivalents	**(1,745)**	**21,205**
Cash and cash equivalents at beginning of year	58,770	37,565
Cash and cash equivalents at the end of year	**57,025**	**58,770**

These financial statements are to be read in conjunction with the notes on pages 9 to 17

Notes to the financial statements

1. REPORTING ENTITY

Contemporary Art Foundation ("the Trust") is a charitable trust registered under the Charitable Trusts Act 1957 and a charity registered under the Charities Act 2005. The Trust is domiciled in New Zealand. The Trust is controlled by Auckland Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the majority of members of the Board of Trustees. The Trust is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

This performance report is presented in accordance with Public Sector PBE Standards.

The primary objectives of the Trust are to promote, encourage and support the Arts within Auckland.

2. STATEMENT OF COMPLIANCE

The performance report of the Trust has been prepared in accordance with the requirements of the Local Government Act 2002 and the Charities Act 2005, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards, as appropriate for Tier 2 public sector public benefit entities.

The Trust has opted to report under the Tier 2 standards and is eligible to do so because it has annual expenditure of less than $30 million.

3. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of this performance report as set out below have been applied consistently to both years presented in this performance report.

The Trust adopted two new accounting standards for the first time in this performance report as set out below:

PBE FRS 48 Service Performance Reporting
PBE FRS 48 is effective for annual periods beginning on or after 1 January 2022, therefore it was effective for the Trust for the year ended 30 June 2023 (with comparatives required). This standard establishes principles and requirements for presenting service performance information useful for accountability and decision making purposes. There are limited changes for the Trust as it already presented service performance information. Some changes to disclosures have been made to ensure compliance with the new standard.

PBE IPSAS 41 Financial Instruments
PBE IPSAS 41 supersedes PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Trust has adopted PBE IPSAS 41 retrospectively (as allowed by the standard) from 1 July 2021. Due to the nature of the Trust's financial instruments, there have been no significant impacts due to the adoption of the standard.

Notes to the financial statements

3.1 Basis of measurement
The financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of land and buildings.

3.2 Functional and presentation currency
The financial statements are presented in New Zealand dollars which is the Trust's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

• It is probable that the associated future economic benefit or service potential will flow to the Trust, and
• Fair value is reliably measurable.

The following specific recognition criteria in relation to the Trust's non-exchange transaction revenue streams must also be met before revenue is recognised.

Donations
Donations are recognised as revenue upon receipt and include donations from the general public, and donations received for specific programmes or services.

Grant revenue
Grant revenue includes grants given by Auckland Council and charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. If there are no conditions attached to the Grant, it is recognised when the money is received.

Revenue from exchange transactions

Rental revenue
Rental income is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease
All other exchange revenue is recognised as it is earned by the Trust.

Notes to the financial statements

3.4 Finance income and costs

Finance income
Finance income comprises interest income on financial assets. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs
Finance costs comprise interest expense on financial liabilities. Interest expense is recognised as it accrues using the effective interest method.

3.5 Financial instruments

Recognition and initial measurement
Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. At initial recognition, short-term receivables and payables may be measured at the original invoice amount if the effect of discounting is immaterial.

Classification and subsequent measurement

Financial assets

All of the Trust's financial assets meet the definition of financial assets at amortised cost. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:
• it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Trust's financial assets comprise cash and cash equivalents, short term investments, and accounts receivable.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of three months or less. Short term investments are those with an original maturity of more than three months.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Notes to the financial statements

Financial liabilities

All of the Trust's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

The Trust's financial liabilities comprise payables and loans.

Impairment of financial assets

The Trust recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:
• the borrower is unlikely to pay its credit obligations to the Trust in full, without recourse by the Trust to actions such as realising security (if any is held); or
• the financial asset is more than 90 days past due.

3.6 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment (except land and buildings) are subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to initial recognition, land and buildings is measured using the revaluation model. Under the revaluation model, land and buildings are measured at fair value, less accumulated depreciation on buildings and impairment losses recognised since the date of the last revaluation.

The fair value of land and buildings is their market value as determined by a registered valuer.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The valuation cycle for revalued asset classes is normally two to three years.

Notes to the financial statements

A revaluation surplus is recorded in other comprehensive revenue and expense and credited to the asset revaluation reserve in equity. A revaluation deficit is recognised in surplus or deficit, except to the extent that it offsets an existing surplus on the same asset class recognised in the asset revaluation reserve.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. Ongoing repairs and maintenance is expensed as incurred.

Depreciation is charged on a straight line basis over the useful life of the asset, except for land which is not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Sculpture	5%
Land	0%
Buildings & Improvements	1.5% - 8.3%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

While the Trust makes accounting losses due to depreciation, it has sufficient funds to maintain the buildings in line with its maintenance plan. Auckland Council has accepted the Statement of Intent of the Trust which indicates the level of income and on-going investment into fixed assets.

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows from the remaining service potential 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.

The Trust's property, plant and equipment is all classified as non-cash generating assets.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

Notes to the financial statements

3.8 Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

3.9 Income Tax

Due to its charitable status, the Trust is exempt from income tax.

3.10 Goods and Service Tax

All amounts in the financial statements are recognised net of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition
All applicable conditions attached to revenue received have been satisfied in the period for which revenue is recognised.

Statement of service performance
The measures included in the Trust's statement of service performance are based on the measures included in the Trust's Statement of Intent, agreed with Auckland Council.

Notes to the financial statements

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment
The Trust engaged an independent valuation specialist to assess fair value as at 30 June 2021 for land and buildings. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The Trustees consider the carrying value of the land and buildings at 30 June 2023 materially aligns with its fair value at that date.

Useful lives and residual values.
The building is situated on the land which is leased from Auckland Council until 15 September 2029, with a further right of renewal of ten years in the Trust's favour. The Trustees believe that the lease will be renewed beyond this and hence are depreciating the building and improvements over its estimated useful life.

5. PROPERTY, PLANT & EQUIPMENT

	Buildings	Sculpture	Total
Cost or valuation			
Balance as at 1 July 2022	**6,783,293**	**149,207**	**6,932,500**
Additions	24,731	-	24,731
Balance as at 30 Jun 2023	**6,808,024**	**149,207**	**6,957,231**
Accumulated depreciation & impairment			
Balance as at 1 July 2022	**210,256**	**119,362**	329,618
Depreciation	213,447	7,460	220,907
Balance as at 30 Jun 2023	**423,703**	**126,822**	**550,525**
Net book value			
As at 30 Jun 2022	6,573,037	29,845	6,602,882
As at 30 Jun 2023	**6,384,322**	**22,384**	**6,406,707**

Valuation of buildings
The land use and building assets were last valued at $6,745,000 on 30 June 2021 by an independent valuer, this value was adopted as at 30 June 2021 and the revaluation surplus of $1,432,018 was transferred to Building Revaluation Reserve. The valuation was performed by Bayleys Valuation Limited and completed under the PINZ Valuation and Property Standards as well as International Valuation Standards (IVS) 2017 IVS400 and NZVTIP 2 and IPSAS17. The fair value reflects the Valuer's assessment of highest and best use of the property.

Notes to the financial statements

6. COMMITMENTS

As at the reporting date, the Board of Trustees has entered into the following non-cancellable agreements:

	2023	**2022**
	$	**$**
Within 1 Year	14,438	15,501
2-5 Years	4	14,209
5+ years	2	7

A Memorandum of Lease exists between the Trust and the Auckland Council which governs the land on which the buildings rest. The lease expires initially on 15 September 2029. Annual rental is $1 plus GST, payable if demanded in writing by the Lessor.

A 2-year Licence to Occupy exists between the Trust and Auckland Transport for use of the Parnell Train Station building. The licence expires in May 2024. Annual rental is $15,500.

7. RELATED PARTY TRANSACTIONS

Auckland Council

The Trust is controlled by the Council and receives a significant amount of grant from the Council to deliver its objectives as specified in the Trust Deed.

Description	**2023** $ Value of transactions	**2022** $ Value of transactions	**2023** $ Amount Outstanding	**2022** $ Amount outstanding
Grant	628,861	604,673	-	-

Te Tuhi Contemporary Art Trust (TTCAT)

TTCAT is a related party by virtue of the fact that TTCAT appoints three of the trustees of the Trust. All grants from the Auckland Council are received by the Trust, which transfers these funds together with all other income (except for a discretionary allowance retained for depreciation and related costs) to TTCAT.

Description	**2023** $ Value of transactions	**2022** $ Value of transactions
Grants paid to TTCAT	623,861	604,673
Interest paid to TTCAT	15,185	8,087
Capital expenditure paid by TTCAT on behalf of the Trust	24,731	38,293
Rent (Reeves Rd) received from TTCAT	6,000	6000
Rent (Parnell) received from TTCAT	16,792	24,818
Other income received from TTCAT	2,500	545

There is also a loan balance (see note 8) owed to TTCAT. Other than the loan from TTCAT, there are no receivables from, or payables to, related parties at year-end (2022: nil).

Notes to the financial statements

8. LOAN FROM TE TUHI CONTEMPORARY ART TRUST

This loan is repayable on demand; however, TTCAT and the Trust have agreed to a repayment schedule. For 2020-21 $20,000 was paid with interest charged at 6% per annum. From 2021-22 $10,000 is to be paid annually by the Trust. Interest will be charged at 2% over the official cash rate.

	2023	2022
	$	$
Balance at 1 July	238,191	201,825
Add interest charged	15,185	8,073
Add additional loan amount	24,731	38,293
Less repayment	10,000	10,000
Balance at 30 June	268,107	238,191

9. CAPITAL COMMITMENTS

There were no capital commitments at the reporting date. (2022: $NIL).

10. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at the reporting date. (2022: $NIL).

11. EVENTS AFTER THE REPORTING DATE

The Board of Trustees and management is not aware of any matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Trust. (2022: $Nil).

12. GOING CONCERN

The financial statements have been prepared on the basis that the Trust is a going concern. This assumption is dependent on the continuous funding from Auckland Council and Te Tuhi Contemporary Art Trust (TTCAT) not demanding the full repayment of their loan. Council funding has been confirmed until 30 June 2024 (funding agreement dated August 2021) and TTCAT have indicated their loan will be repayable as indicated in note 8.

In the 2023 to 2027 period the Trust will be impacted by the construction of Auckland Transport’s Eastern Busway project, and the Reeves Road Flyover in particular. Construction, started in 2023 and continuing for an estimated 4 years, will have considerable impact on the ability of the Trust to maintain visitor numbers and to continue to raise 60% of its operational budget from commercial activity. The most significant impact on the Trust is expected from 2024. Auckland Council’s CCO Governance Unit has noted that the performance measures could be affected by the works.

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF CONTEMPORARY ART FOUNDATION'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Contemporary Art Foundation (the Trust). The Auditor-General has appointed me, Matthew Coulter, using the staff and resources of BDO Auckland, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 5 to 17, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenses, statement of changes in net assets/equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the performance information of the Trust on page 4.

In our opinion:

- the financial statements of the Trust on pages 5 to 17:
  - 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 Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

- the performance information of the Trust on page 4 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust'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. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for opinion

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.

Responsibilities of the Trustees for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust 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 performance information for the Trust.

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

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Trust for assessing the Trust'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 or to cease operations, or have no realistic alternative but to do so.

The Trustees' 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 performance information

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

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Trust'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 performance information, 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'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'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'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 performance information 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 to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information 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.

Independence

We are independent of the Trust 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* issued by the New Zealand Auditing and Assurance Standards Board.

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

Matthew Coulter
BDO Auckland
On behalf of the Auditor-General
Auckland, New Zealand