

**Mangawhai Artists Inc**  
**Commentary to accompany Financial Statements for year ended 31/3/20**  
**Presented to AGM dated 20/6/20**

**Statement of Performance (Profit and Loss Statement)**

The surplus for the year ended 31/3/20 was \$113,510 compared to \$31,591 in 2019. This positive result reflects the highly successful fundraising campaign for the *Art Workspace Extension* launched in Feb 2019 and concluded in the 2020 financial year, together with maintaining Business as Usual at levels similar to 2019. While the **income** from the *Art Workspace Extension* fund-raising campaign is included in the **Profit and Loss Statement**, the **costs** of constructing the *Art Workspace Extension* are included in the **Balance Sheet** as the building improvements are treated as an 'asset' rather than an operating expense.

In reviewing this year's result of \$113,510 the commentary looks at

Summary	2020	2019	Var \$	Combined
Business as Usual	5,126.79	6,424.86	-1,298.07	
Net Sale of Artworks	0.00	-1,940.40	1,940.40	
Art Workspace Project	108,383.54	27,106.61	81,276.93	135,490.15
	113,510.33	31,591.07	81,919.26	135,490.15

**Business as usual (BAU)**

When income and costs relating to the *Art Workspace Extension* project and *Net Sale of Artworks* are removed from the Statement of Performance the '**Business as Usual**' trading result for 2020 is \$5,127, similar to that in 2019 of \$6,425.

**BAU Income** was \$30,462 compared to \$24,154 in 2019. The majority of the +\$6,307 increase in income in 2020 relates to:

- an increase in Grant income of \$1,111 relating to workshops
- an increase in Membership Subscriptions Income of \$1,395
- an increase in Kaipara Art Awards (KAA) Income of \$7,001, reflecting entry fees, grants, and sponsorship, largely offset by an increase in KAA costs noting that in 2020:
  - MAI hosted the KAA on behalf of MAI and Dargaville Arts Association and
  - the KAA event was break even
- lower general Donations (-\$1,879) and Sponsorship (-\$2,000) reflecting that donations were largely directed towards the *Art Workspace Extension* project.

**BAU Expenses** were \$25,335 compared to \$17,729 in 2019, an increase of +\$7,606. The major variances year on year were:

- A decrease in advertising (-\$2,111) in 2020 reflecting a reduction in paid advertising
- An increase in Art Trail Expenses (+\$714) reflecting printing and brochure costs
- An increase in Design costs (+\$2,875) relating to the development of new branding for MAI, with part of this (\$575) funded by a specific donation.
- A reduction in community project expenses (-\$2,765) as no project was held due to the focus on the *Art Workspace Extension* project
- An increase in Workshop and class expenses (+\$1,823) offset by an increase in Workshops income (+\$555) and the grant (+\$1,111) referred to above
- Kaipara Art Awards (+\$6,641) reflecting increased value of prizes and other expenses funded through additional KAA sponsorship and grants

**Business as usual**

	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>Var \$</u></b>
Gallery Bookings	4,602.00	4,540.93	61.07
Grants Income - excluding Art Workspace	1,110.88		1,110.88
Membership Subscriptions income	8,690.00	7,295.00	1,395.00
FOMA Donations Income	955.00	1,695.00	-740.00
Art Trail Income	1,025.00	920.00	105.00
Kaipara Art Awards income	8,230.82	1,230.00	7,000.82
MSF Recovery	368.77	0.00	368.77
Commission Income	552.50	64.00	488.50
Donations Received	1,453.02	3,331.86	-1,878.84
Sponsorship received	0.00	2,000.00	-2,000.00
Workshops Income	670.00	115.00	555.00
Fundraising Income	2,708.14	2,947.55	-239.41
Interest income	95.38	14.81	80.57
<b>Total BAU Income</b>	<b><u>30,461.51</u></b>	<b><u>24,154.15</u></b>	<b><u>6,307.36</u></b>
AGM Expenses	77.38	58.75	18.63
Advertising Expense	764.75	2,876.20	-2,111.45
Art Trail Expense	1,541.60	827.80	713.80
Bank Charges	60.00	75.00	-15.00
Design	2,875.00	0.00	2,875.00
Electricity	1,019.47	1,084.61	-65.14
Gallery Expenses	372.54	685.27	-312.73
EFTPOS expense	828.00	656.21	171.79
MSF expense	385.88	0.00	385.88
Insurance Expenses	1,179.26	717.84	461.42
Website Expense	270.03	363.69	-93.66
Hospitality	192.14	682.99	-490.85
FOMA expenses	912.22	657.99	254.23
Accounting Software Expense	540.50	471.50	69.00
Office Supplies Expenses	616.45	220.74	395.71
Community Project Expense	0.00	2,764.93	-2,764.93
Workshop and Class expense	1,823.35	0.00	1,823.35
Photocopying expense	264.75	562.06	-297.31
Rent expense	1,077.87	1,638.00	-560.13
Repairs & Maintenance	709.71	125.01	584.70
Sundry Expenses	346.00	421.50	-75.50
Kaipara Art Awards Expense	8,230.82	1,590.00	6,640.82
Other Expenses	0.00	102.20	-102.20
Depreciation Expense	1,247.00	1,147.00	100.00
<b>Total BAU Expenses</b>	<b><u>25,334.72</u></b>	<b><u>17,729.29</u></b>	<b><u>7,605.43</u></b>
<b>Net BAU Surplus</b>	<b><u>5,126.79</u></b>	<b><u>6,424.86</u></b>	<b><u>-1,298.07</u></b>

### Net Sale of Art works

The Mangawhai Artists Gallery is a place for member artists to exhibit and sell their artwork. The proceeds from sales and the cost of sales should match. The difference in 2019 (-\$1,940) reflects a timing difference with pay-outs covering sales made at the very end of the previous financial year. Art Trail sales were made through the EFTPOS facility available at the shared Art Trail space at the Historic Village.

<u>Sales of Art Works</u>	<u>2020</u>	<u>2019</u>	<u>Var \$</u>
Art Trail Art Sales	6,757.00		6,757.00
Artwork Sold	45,955.50	35,551.60	10,403.90
Total Artwork Sold	<u>52,712.50</u>	<u>35,551.60</u>	<u>17,160.90</u>
Artists Pay-out Cost of Sales	45,955.50	37,492.00	8,463.50
Art Trail Pay-out Cost of Sales	6,757.00	0.00	6,757.00
<b>Total Artwork Cost of Sales</b>	<b><u>52,712.50</u></b>	<b><u>37,492.00</u></b>	<b><u>15,220.50</u></b>
<b>Net Sale of Artworks</b>	<b><u>0.00</u></b>	<b><u>-1,940.40</u></b>	<b><u>1,940.40</u></b>

### Art Workspace Extension project

Fundraising for the **Art Workspace Extension** was spread across the 2019 and 2020 financial years, with net income from both years of \$135,490 contributing to the funds available for the build. It was a very successful campaign, reflecting not only support from members but also tremendous community support.

Income for the **Art Workspace Extension** was made up of grants, the Pledge Me campaign (both through the Pledge Me platform and through donations to MAI) and an art auction. The income was offset by fundraising costs including the cost of the art auction event, cost of Pledge Me rewards and commission paid to Pledge Me. The nominal amount raised through Pledge Me was \$110,625. This was made up of the total recorded as Pledge Me campaign plus a portion of the Art Auction proceeds. Commission of 6.5% was paid for donations received through Pledge Me.

As noted above expenditure relating to the construction of the **Art Workspace Extension** is recorded in the Balance Sheet as Building Improvements.

MAI expresses its sincere appreciation to all who have contributed to the **Art Workspace Extension**, whether through donations, pledges, grants or by way of discounted or donated goods and services. Our appreciation is expressed more fulsomely in the Chair's Annual Report.

<u>Art Workspace Project</u>	<u>2020</u>	<u>2019</u>	<u>Var \$</u>	<u>Combined</u>
Grants Income	27,960.60	3,569.00	24,391.60	31,529.60
Pledge Me campaign	90,611.70	9,413.10	81,198.60	100,024.80
Art Auction	0.00	16,945.00	-16,945.00	16,945.00
<b>Total Income</b>	<b><u>118,572.30</u></b>	<b><u>29,927.10</u></b>	<b><u>88,645.20</u></b>	<b><u>148,499.40</u></b>
Art Auction Expense	0.00	2,090.05	-2,090.05	2,090.05
Fundraising Expenses	2,998.14	730.44	2,267.70	3,728.58
Pledge Me Commission Expense	7,190.62	0.00	7,190.62	7,190.62
<b>Total Expenses</b>	<b><u>10,188.76</u></b>	<b><u>2,820.49</u></b>	<b><u>7,368.27</u></b>	<b><u>13,009.25</u></b>
<b>Net</b>	<b><u>108,383.54</u></b>	<b><u>27,106.61</u></b>	<b><u>81,276.93</u></b>	<b><u>135,490.15</u></b>

<b>Detail of Grants Income - Art Workspace Project</b>		<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>Var \$</u></b>	<b><u>Combined</u></b>
Chisholm Whitney Charitable Trust	Roofing and ceiling	20,000.00		20,000.00	20,000.00
Opportunity Factory Trust	Toilet		3,569.00	-3,569.00	3,569.00
Opportunity Factory Trust	Kitchen	4,500.00		4,500.00	4,500.00
Pub Charity Ltd	Windows	3,460.60		3,460.60	3,460.60
		<u>27,960.60</u>	<u>3,569.00</u>	<u>24,391.60</u>	<u>31,529.60</u>

### Balance Sheet

The Balance Sheet shows that Mangawhai Artists Inc has **Total Equity** of \$168,672. This is reflected by:

		<b><u>2020</u></b>
Cash and Bank balances		38,703.03
Accounts Receivable	From Sculpture in Garden	2,708.14
Prepayments	Rent and Insurance	1,137.09
Accounts Payable	Electricity & Grant refund	-545.35
Subs paid in Advance	2020 subs	-495.00
Gallery Bookings in Advance	2020/2021 exhibitions	<u>-4,250.00</u>
<b>Working Capital</b>		<b>37,257.91</b>
Furniture and fittings	Includes Container	7,562.99
Building Improvements	Art Workspace	<u>123,850.62</u>
<b>Total Net Assets</b>		<b><u>168,671.52</u></b>

### Impact of COVID-19

In relation to the 2020 financial year, there were two direct impacts of COVID-19:

- The exhibition due to commence on 26 March 2020 was cancelled.
- Construction of the **Art Workspace Extension** halted in late March with the introduction of COVID-19 Alert Level 4. Construction recommenced post balance date in late May with the move to COVID-19 Alert Level 2.

The primary financial impact of COVID-19 will be felt in the 2021 financial year.

Ends