

ARATOI REGIONAL TRUST

ANNUAL REPORT

For the twelve months from
1 July 2011 to 30 June 2012



OUR VISION

To celebrate the unique natural, cultural and artistic heritage of the Wairarapa in a dynamic environment and to make use of all possible resources in creating partnerships to tell the stories of who we are, where we came from and where we might go.

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TRUST BOARD MEMBERSHIP

Kristy McDonald	Chair (From Dec 2011)
Stephanie Turner	Rangitane o Wairarapa
Ian Grant	
Barbara Roydhouse	
Frazer Mailman (from June 2012)	

STAFF

Nick Banks	Exhibitions Manager
Bronwyn Reid	Collections Manager
Sharon Higgins	Finance Manager
Haami Te Whaiti	Curator Māori
Anthea Birch	Visitor Services Coordinator
Adam West – Watson	Visitor Services
Taren Wood	Visitor Services
Kirsty Gardiner	Exhibitions Technician

Nga Iwi o Wairarapa

Aratoi recognises Ngati **Kahungunu ki Wairarapa** and **Rangitaane o Wairarapa** as having jurisdiction over the Wairarapa rohe. The contribution of knowledge and support received from iwi is vital to the overall operation of Aratoi and its ability to present a balanced presentation of Wairarapa Art and History, both past and present.

THE FRIENDS OF ARATOI

Chair	Penny Bunny
Vice Chair	Stephanie Kirby
Treasurer	Janet Avery & Gill Carroll
Secretary	Robyn Harker
Committee	Ann Atkinson Jo Beetham Donna Burkhart Sandra Debney Jeremy Howden Dave Morgan Debbie Te Whaiti Geoff Walker

FRIENDS

'The Friends of Aratoi' is a substantial supportive organisation in the Wairarapa. The Friends committee and its larger network continue to act as advocates for Aratoi, supporting programmes and events, providing weekend volunteers, increasing membership, and generally helping to 'spread the word' about the institution. The support provided by the Friends is an invaluable contribution to the operation of Aratoi.

THE ARATOI FOUNDATION

Chair – Secretary	Bob Francis
Treasurer	Leanne Southey
Committee	Mena Antonio Jane Terpstra Donna Heginbotham David Kernohan Felicity Warren

FOUNDATION

The Aratoi Foundation was established in 2002 after the opening of the new complex. Its purpose is to raise funds to supplement the Aratoi acquisitions and special projects budget. The Chair, Bob Francis, and the Board members have continued to increase the profile and activity of the Foundation. With several fundraising projects now completed, and a major sculpture initiative underway late 2012, the end results will provide long term benefits to Aratoi, the collection and the community.

ACKNOWLEDGMENTS

The operation of Aratoi would not be possible without Masterton Trust Lands Trust's commitment to annual operational funding and the provision of facilities.

The Aratoi Regional Trust acknowledges continued generous operational support from Masterton District Council, Carterton District Council and South Wairarapa District Council.

The following organisations made significant and invaluable contributions towards the funding of Aratoi:

- Masterton Trust Lands Trust
- Trust House
- Prime Community Trust
- The Aratoi Foundation
- The Friends of Aratoi

The Wairarapa Cultural Trust would like to thank the following organisations for assistance with the exhibition programmes this past year.

- Wairarapa Archive
- The Museum of New Zealand Te Papa Tongarewa
- Sarjeant Art Gallery
- The Rutherford Trust
- Exhibition Services

Chairs' Report to the Aratoi Regional Trust 2012 AGM

The Board of the Aratoi Regional Trust (ART) has achieved a great deal in the last twelve months. Some of the more significant strategic achievements are listed:

The Wairarapa Cultural Trust has been renamed the Aratoi Regional Trust to reflect Aratoi's Wairarapa-wide responsibilities in the art and cultural sector.

As ART Chair I worked with Sir Ron Carter and Sir Selwyn Cushing to make sure The Rutherford Trust Collection remains at Aratoi. Making these works more widely available to the Wairarapa and visiting public will become a priority.

Further contact has been made with the Arts Culture and Heritage Minister and the Ministry to encourage recognition of Aratoi as a regional gallery of national significance. The Rutherford Trust Collection is key to that recognition.

The Board successfully negotiated the return of the Phoebe Maunsell Collection from Te Papa Tongarewa as well as securing an increase in the annuity paid from the Maunsell Trust. These cultural taonga from European settlers in the Wairarapa add a new richness to the Aratoi collections.

A Statement of Intent has been signed by ART, the Friends of Aratoi and The Aratoi Foundation. The reinstatement of regular meetings between the Chairpersons of ART, the Foundation and the Friends will result in improving communications between the three sectors.

Additional grants from the Masterton District Council and Masterton Trust Lands Trust have been secured, the first increases for a number of years. The Board thanks these principal stakeholders for their continued generous support and will work to ensure they are aware and proud of the way their money is spent.

The Board has established an Audit and Risk committee to ensure proper stewardship of public and grant monies.

Staff salary increases, the first for several years, have been implemented.

The Board anticipates the adoption of new and more appropriate ways of measuring Aratoi's performance; these are being developed in conjunction with Aratoi's key funders.

Rob Robinson and Paul Melser left the Board during the year: they are thanked for their contributions. Paul Melser had been a Board member for many years. Rob Robinson, with his strong governance and management background, initiated a number of reforms and contributed at a very high level until other national and international responsibilities demanded his attention.

In addition 2012 saw the departure of Director Marcus Boroughs, who after more than seven years with Aratoi, accepted the position of head of public programmes at Auckland Museum. The Board congratulated Marcus on the appointment and thanked him for his contribution to Aratoi. Of particular importance was the high standard of exhibitions and the role he played in reaching out to local iwi. Haami Te Whaiti (Aratoi's Curator Māori), Stephanie Turner (ARTs iwi representative) and a number of other tangata whenua travelled to Auckland to participate in Marcus's welcome pōwhiri.

The Board thanks the staff members for their continuing expertise: they have worked successfully to make Aratoi the beautiful place it is.

As Chair I want to thank my Board members most sincerely. Members of the Board have put in many constructive hours of hard disciplined work these last twelve months and an informed public will benefit greatly from the improvements resulting from their efforts.

The Board's long-term vision is to create a "cultural precinct" enhancing Aratoi's capacity and reputation as one of New Zealand's leading provincial museums of art and history.

We look forward to the appointment of new members to bring fresh ideas, apt expertise, and the energy to enhance the long term vision.

Kristy McDonald
November 2012

Director's Report to 2012 AGM

Overview

The 2011 - 2012 year has been another successful year for Aratoi as the museum developed its position locally, regionally and nationally. Aratoi's growing reputation was strengthened through the continued delivery of high quality exhibitions and public programmes.

After now being open officially for 10 years the state of the art facilities continue to be maintained to a high standard. New retail shelving was donated by the Friends to enable a more effective, and aesthetically pleasing, retail space.

The total number of visitors to the Aratoi facility for the period from September 2011 – June 2012 was 39,132. Note that the counter was out of service during July and August 2011, hence the part year tally.

Building Aratoi's role within the community has been achieved in a number of ways including through professional support, development and display of the Collection, Exhibitions and the Public Programme. Achievements in each area are outlined in detail below.

Professional support

Aratoi continued its role as supporter and advisor to the numerous smaller museums and heritage institutions in the region, including providing a National Services workshop in August 2011.

Two works that are held at Aratoi on long term loan underwent conservation treatment. The first was a portrait of Manihera Rangitekaiwaho and the other a portrait of Angus McMaster

Christen McAlphine, a new Collection volunteer from the Massey University, Museum Studies programme, commenced work.

Retired Te Papa textile conservator Valerie Carson visited the Collection store and gave some advice on storage of items such as the Masonic banner, which is one of only two held in NZ museum collections.

The Collection

The 2011 – 2012 year was a busy one for the Collections Manager with a number of new acquisitions as well as exhibitions drawn from the Aratoi, Rutherford and Prior Collections.

There were four tours of the Collection store during the year. Members of Edmonds family visited to view the Edmonds Collection of Taonga Maori and a descendant of the Collins's of Worksop Farm visited to view the Barraud painting. In addition two groups of sixteen St Matthew's art students also visited the Collection store to draw selected Collection items.

Collection Exhibitions 2011-2012

In addition to Collection tours the Aratoi Collections were used in a number of Exhibitions during the year:

- 5 works from Rutherford Trust Collection were on display at Aratoi.
- 6 Collection items were on display in the 10th birthday exhibition.
- Mechanical Mind, curated from the Aratoi, Prior and Rutherford Collections, was developed and exhibited during the year.

Collection Loans 2011-2012

During the year forty seven works from the Aratoi Collection were loaned for exhibition at other museums including:

- Augustus Caves' waistcoat was exhibited at Te Papa as part of the Oceania exhibition,
- 24 works were loaned to the Tairāwhiti Museum from the Prior Collection, for exhibition in Gisborne.
- The exhibition Rockers & Rollers, 22 prints from the Aratoi and Rutherford Trust Collections, were exhibited at Expressions Gallery in Upper Hutt in February/March 2012. This was the exhibition's 4th touring venue.

Collection Acquisitions 2011-2012

2011-2012 saw a large number of new Acquisitions transferred into the Collection:

- A work by Carterton potter Paul Melser was purchased by the Friends of Aratoi for the Collection.
- The Phoebe Maunsell Collection, which has been housed at Te Papa since the 1980s while awaiting a suitable facility in Masterton, was returned. The Collection consists of 7 paintings, 17 ceramic/ glass pieces, a top hat, 11 textile items and a number of other objects relating to Rathkeale homestead.
- 7 textile items were received from the Beetham family. The Collection consisted of 19th century garments, and a top hat, that had belonged to Hermance and William Beetham.
- 8 items were received from the Bunny family. The deposit of 19th century clothing included a boy's top hat and wedding suit.
- 26 Maori & Pacific textiles were received from the late M. Parsons (a descendant of the Jury family of Ponatahi).

Exhibitions

In addition to the semi-permanent history exhibition a total of 29 exhibitions were delivered during the year consisting of 5 large exhibitions, 11 medium sized exhibitions and 13 smaller exhibitions. These exhibitions included 6 social history exhibitions, 2 art history exhibitions, 2 craft exhibitions, 2 exhibitions curated from the Collection and 3 touring exhibitions.

The programme this year included work from local, national and international artists, both established and emerging. There was a mix of paintings, photography (both contemporary and historic images), drawings, sculpture, prints, glass, jewellery, ceramics, textiles, video and mixed media works.



H Carroll



ICAN

A brief synopsis of the 2011-2012 exhibitions programmes follows:

Long Term Exhibitions

Wairarapa whakaputa mohio – Settling the land A comprehensive long term exhibition illuminating the social history of the Wairarapa continued in the Gallery. It includes text, photographs, paintings and objects from the Collection.

Painting the View A Te Papa touring exhibition of watercolours drawn from the period when watercolour painting became established in England and reached its greatest sophistication in the genre of landscape painting. The exhibition featured over thirty works including coastal scenes, street scenes, and depictions of picturesque ruins and rural activities.

Bohemians of the Brush: James Nairn and the Pumpkin Cottage artists touring exhibition. A collection of 'open air' and impressionist paintings by artists who frequented Pumpkin Cottage, an artists' retreat led by James Nairn at Silverstream Upper Hutt in the 1890s. Artists featured include Nairn, Frances Hodgkins, Girolamo Nerli and Nugent Welch. The 'Pumpkin Cottage

artists' were noted for their bright, painterly and intimate images, which were a radical departure from the grand romantic landscapes dominant at the time. The exhibition was drawn from Expressions Arts & Entertainment Centre's Pumpkin Cottage Paintings Collection and from public and private collections.

Haunts of Dickens, from the Dunedin Public Gallery, was a collection of almost 60 watercolours painted by British artist Paul Braddon (1864-1937). The exhibition was part of Charles Dickens' 200th birthday celebration and contains scenes from Dickens' novels, ranging from *Great Expectations* to *The Old Curiosity Shop*.

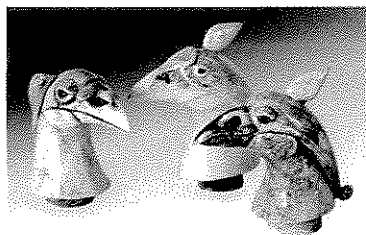
That was then. This is now was an exhibition of past, and recent, work by skilled carver and self-taught artist Harry Watson. Harry created animal, feathered and human protagonists (often based on real historical figures) that enact their dramas against the backdrop of a fledgling colonial society. Melding Māori and Pākehā techniques and traditions, Harry explores the social history and politics of Aotearoa in ways that are at once quirky and thought-provoking.



Painting the View



Stephen Duncan



Kirsty Gardiner

Portmanteau Local ceramicist Kirsty Gardiner created a new body of work which focused on birds and builds on her recent experiences working with Collections.

Small – medium term exhibitions

In the Fields by Deb Wardle & Amanda Dibley was a collection of cast glass, bronze and ceramics evoking the great outdoors.

Stephen Duncan. Local artist Stephen brought his unique blend of political/ social commentary into graphic colourful works in his first show.

We are all Transistors from Sydney's ICAN Gallery. This was a collaborative exhibition curated by the Institute of Contemporary Arts in Newtown (I.C.A.N.) Sydney, Australia. The show, featuring I.C.A.N.'s co-founding directors Carla Cescon, Scott Donovan and Alex Gawronski, broadly considered the role Modernism played in New Zealand and more specifically, how it eventually appeared in the localised context of Masterton.

Rise up to Release: A Critique of the Retreat by G. Bridle. Itinerant in its origins and variable in its methods of exhibition, like all good collections, the Retreat continues to develop over time. As an entity the Retreat remains

within an evolutionary process of expansion and, as we saw, the space it opens up is most definitely alive and well.

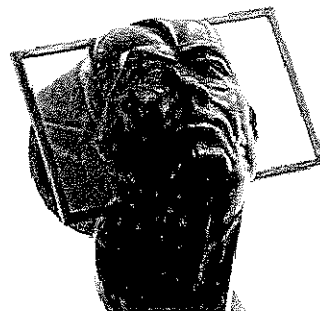
Shear Wairarapa was a social history exhibition from local photographer Geoff Walker. Geoff travelled extensively throughout the Wairarapa over 18 months photographing woolsheds and the people associated with them. This exhibition celebrated the sheds, the shearers and the rural environment they work in.

Ill Humour was a selection of videos by multimedia artist Ronnie Van Hout, featuring himself as the performer in various guises. "They are all dealing with the idea of the Abject...fear arising from the separation of the self from the other or...the separation of the object from the image," he said.

Masterquilters biennial exhibition **Between the Rivers**. A varied exhibition of work by members of Masterquilters Wairarapa, a group of quilting and crafting enthusiasts from throughout the region, established 23 years ago. Highlights of the exhibition included the results of a themed challenge called 'A Walk in the Park'; a display of group swapped quilting blocks and a work by people aged 18 years and under.



Ronnie Van Hout



ART Collection

Looking Back was an exhibition celebrating 40 years of the Wairarapa Art Centre and 10 years of Aratoi. The archives were raided for an exhibition tracing the history of Aratoi and its predecessor the Wairarapa Arts Centre. Photographs, text and archive materials took you through the circuitous path from humble beginnings to the contemporary arts facility that we now enjoy.

New Painting from Campbell Neale entitled **Black Temples Carved in Smoke**.

Unfleeced: A flock in 2D was an exhibition where local artists painted sheep as part of the Golden Shears programme.

Tony Nicholls' installation **Infrastructure** was erected in the southern end of the main gallery and investigated a very pervasive phenomenon in all our lives: audible and inaudible sound. "The viewer will enter a space filled with varying sound both audible and inaudible, see the results of energy transfer and a visualisation of wave forms" said Tony. His installation featured two

large 2.5m high steel hammerhead towers (pylons) connected by strings and other mechanisms made from wood, brass and carbon fibre.

The Wairarapa Embroiderers Guild **30th Anniversary Exhibition** celebrated its 30th anniversary with an exhibition of handmade work, which also showcased work by embroiderers from the wider Cook Strait region.

Rongomaiaia Te Whaiti & Terri Te Tau's **Caste** (painting & sculpture) was a collaborative exhibition that explored themes of whakapapa and mana wahine: a concept that embodies authority, power and influence of women in society. The exhibition explored the positioning of these concepts within the socio-political realities of today.



Geoff Walker

Wairarapa Review VII was a selected exhibition open to all artists living in the Wairarapa region. Jenny Neligan and Penney Moir, from the long established Bowen Galleries, selected artwork and allocated awards for this biennial exhibition. The review offered a premier award of \$2000.00 and two highly commended awards of \$1000.00 each. A people's choice award was announced at the close of the exhibition.

The Journey Carterton artist Annette Dunnage-Roy presented atmospheric acrylic landscapes inspired by "the desire to break free from the confines of the studio and re-experience working in the open air".

Taren Wood's **Okey Dokey** exhibition of new works in acrylic displayed intricate and exotic paintings with detail that amazed. Taren won the top prize at the New Zealand women's art exhibition in Gisborne in 2008.

Torrid Grey by Irene Fergusson was based on a paint colour made by Gamblin, colour made up from what is left of all the other colours. In her new works she wanted to push her subject matter beyond portraiture completely creating paintings that reflect the relationship between the ubiquitous nature of the photographic image and the traditional painterly space.

Mrs Edwards Presents British Paints by local artist Nick Banks, Mrs Edwards offered the results of her latest jaunt in primary entertainment. It is said that "God loves a tryer", but for a generation fixated on sustainability can an idea merit the effort required in execution? Mrs Edwards previous

renditions have produced collaborative art installations at the Institute of Contemporary Art, Newtown Sydney (2009) and Prime Community Art Space, Masterton 2006. This time Mrs Edwards exploits found 8mm film footage for use as a platform for primary entertainment. A space for the viewer was created incorporating DVD film, sculpture and 2D imagery.

Mechanical Mind was curated from the Collection and based on the concept that artists present a refined experience of their world. "Moving beyond appearance and using an idea, a system or a filter to process the information received by them and then outputting it into real form for others to see."

Mind to Mind by Masterton artist Carol Bauer were contemplative paintings on the theme of myths and beliefs, an extension of her 'Crystals' series.



Nick Banks



S Crawford

The Tin Drum. Highly skilled printmaker Anthony Davies explored Gunter Grass' novel *The Tin Drum*, in a series of silkscreen prints. English-born Davies trained at the Royal College of Art, London and was elected as a fellow of the Royal Society of Painters and Etchers in 1994, the same year that he moved to New Zealand.

King Streets **Ngati Arty** was the 15th Annual Exhibition featuring a unique and eclectic collection of artworks created over the last year by the King Street Artworks artists.

Mana Pride featured around 400 artworks, many of which were for sale, from embroidery, felt and craft, to paintings, woodwork and ceramics by people who attend the creative space in Masterton. King Street Artworks is a creative space for people who use (or have used) mental health services, their whanau, friends and the community.

Hélène Carroll exhibited **Thinking about Matisse** her most recent body of work.

Breadcraft 2011 Schools Art Aratoi curated the popular annual exhibition of art from primary and secondary schools throughout Wairarapa.

Public and Education programmes

Once again Aratoi produced a varied and exciting public programme with events ranging from a Powhiri, to welcome the Governor General, to an outstanding Opera performance by Chinese countertenor Xiao Ma. The events over the past year included:

- 220 children attended 27 school holiday programmes.
- 530 children (in classes) visited the Schools Art exhibition
- Powhiri to welcome Governor General and open "Shear Wairarapa".
- Public lecture & floor-talk by Vicky Robson, curator of "Painting the View" touring exhibition.
- Floor talk by artists Rongamaiaia Te Whaiti & Terri Te Tau.
- Floor talk by Tony Nicholls.
- Floor talk by Dick Frizzell on his new book & subsequent book launch.
- Public lecture & floortalk by the curator of Bohemians of the Brush touring exhibition.
- Public lecture by Hocken Curator Lynda Tyler on John Buchanan.
- Public lecture by Gareth Winter on Ruamahunga.
- Writers talk (x3) as part of NZ International Arts Festival.
- Performance "Meeting Karpovsky" by Helen Moulder and Sir Jon Trimmer.
- Opera performance by countertenor Xiao Ma.
- Ray Henwod read Haunts of Dickens.
- Aratoi Foundation Art Auction Fundraiser.
- Market-day at Aratoi, as part of Golden Shears.

Finance and Administration

In early 2012 Administration Manager Fiona Reid resigned from her role, after seven years, to take up a new opportunity. Julie Shakespeare, from MDC, ensured that everything was kept in order during the recruitment process.

The audit for 2011-2012 was completed and the Annual Financial Report, with the qualified audit report and management letter, is attached to this report. This year, as a result of increased internal controls implemented during the year, one of the "standard" audit qualifications has been removed. The remaining qualification relates to the industry standard issue of the valuation of the Collection.

In addition to the financial audit an external Operational Review was undertaken. All recommendations have subsequently been implemented

ARATOI REGIONAL TRUST INCORPORATED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED

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This statement should be read subject to the attached audit report.

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Statement of Comprehensive Income
For Year Ended 30 June 2012**

	Notes	2012	2011
Consolidation Statement:			
Exhibitions & Public Programme Collection			
Income			
Masterton District Council Grant	10	243,000	240,000
Carterton District Council Grant	10	13,500	12,000
South Wairarapa District Council Grant	10	25,000	18,000
Masterton Trust Lands Trust - Exhibition Grant	10	20,000	20,000
Masterton Trust Lands Trust - Operating Expenses Grant	10	4,731	4,404
Other grants and donations	2	88,582	217,844
Other income	3	54,828	35,969
Non Cash Grants			
Masterton Trust Lands Trust - Concessional Rental	10	163,600	163,600
Masterton Trust Lands Trust - Operating Expenses Grant	10	55,269	47,596
Total income		<u>668,510</u>	<u>759,413</u>
Expenditure			
Operating expenditure - Exhibitions & Public Programme		399,370	492,417
Operating expenditure - Collection		274,235	256,527
Total expenditure		<u>673,605</u>	<u>748,944</u>
Net surplus/(deficit)		<u>(5,095)</u>	<u>10,469</u>

This statement is to be read in conjunction with the notes to the financial statements and subject to the audit report

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Statement of Comprehensive Income
For Year Ended 30 June 2012**

	Notes	2012	2011
Exhibitions & Public Programme			
Income			
Masterton District Council Grant	10	133,990	132,336
Carterton District Council Grant	10	7,444	6,617
South Wairarapa District Council Grant	10	13,785	9,925
Masterton Trust Lands Trust - Exhibition Grant	10	20,000	20,000
Masterton Trust Lands Trust - Operating Expenses Grant	10	2,366	2,202
Other grants and donations	2	82,450	211,959
Other income	3	52,765	33,955
Non Cash Grants			
Masterton Trust Lands Trust - Concessional Rental	10	81,800	81,800
Masterton Trust Lands Trust - Operating Expenses Grant	10	27,635	23,798
Total income - exhibitions		<u>422,234</u>	<u>522,592</u>
Expenditure			
Exhibitions & Public Programme - direct costs		34,002	132,043
Concert expenses		1,261	139
Publicity & advertising		21,615	39,102
Staff costs		164,325	145,226
Administration costs		39,268	44,907
Concessional Rental - Masterton Trust Lands Trust	10	81,800	81,800
Property costs		40,968	31,633
Depreciation	4	15,986	14,256
Loss on disposal of fixed assets		145	3,311
Total expenditure -exhibitions		<u>399,370</u>	<u>492,417</u>
Surplus/(deficit) exhibitions		<u>22,864</u>	<u>30,175</u>

This statement is to be read in conjunction with the notes to the financial statements and subject to the audit report

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Statement of Comprehensive Income
For Year Ended 30 June 2012**

	Notes	2012	2011
Collection			
Income			
Masterton District Council Grant	10	109,010	107,664
Carterton District Council Grant	10	6,056	5,383
South Wairarapa District Council Grant	10	11,215	8,075
Masterton Trust Lands Trust - Operating Expenses Grant	10	2,366	2,202
Other grants and donations	2	6,132	5,885
Other Income	3	2,063	2,014
Non Cash Grants			
Masterton Trust Lands Trust - Concessional Rental	10	81,800	81,800
Masterton Trust Lands Trust - Operating Expenses Grant	10	27,635	23,798
Total income - collection		<u>246,276</u>	<u>236,821</u>
Expenditure			
Collection - direct costs		6,501	5,871
Staff costs		105,601	92,849
Administration costs		44,760	40,058
Concessional Rental - Masterton Trust Lands Trust	10	81,800	81,800
Property costs		33,652	33,997
Depreciation	4	1,776	1,584
Loss on disposal of fixed asstes		145	368
Total expenditure -collection		<u>274,235</u>	<u>256,527</u>
Surplus/(deficit) collection		<u>(27,959)</u>	<u>(19,706)</u>

This statement is to be read in conjunction with the notes to the financial statements and subject to the audit report

Audited by
RE Seyer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Statement of Financial Position**
For Year Ended 30 June 2012

	Notes	2012	2011
Total Equity		<u>231,930</u>	<u>237,025</u>
Represented by:			
Current Assets			
Cash and Cash Equivalents	5	49,384	42,609
Accounts Receivable	6	61,600	59,848
Prepayments		9,940	8,537
Inventories		3,198	3,404
		<u>124,122</u>	<u>114,398</u>
Current liabilities			
MTLT Unexpended Grant - Broughton Collection		-	1,639
Income Received in Advance	9	-	7,944
Accounts Payable	8	67,021	54,486
		<u>67,021</u>	<u>64,069</u>
Working Capital Surplus/(Deficit)		57,101	50,329
Non Current Assets			
Property, Plant and Equipment	7	174,829	186,696
Net assets		<u>231,930</u>	<u>237,025</u>



Finance Manager



Acting Chair

Date 16/10/12

This statement is to be read in conjunction with the notes to the financial statements and subject to the audit report

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Statement of Changes in Equity**
For Year Ended 30 June 2012

	2012	2011
Equity at the start of the year	237,025	226,556
Net Surplus/(Deficit) for the year	<u>(5,095)</u>	<u>10,469</u>
Total Recognised Income and Expenses	<u>(5,095)</u>	<u>10,469</u>
Equity at the end of the year	<u><u>231,930</u></u>	<u><u>237,025</u></u>

This statement is to be read in conjunction with the notes to the financial statements and subject to the audit report

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Statement of Cash Flows
For Year Ended 30 June 2012**

	2012	2011
Cash Flows From Operating Activities		
<i>Cash was provided from:</i>		
Grants and income	432,888	510,962
Interest	334	297
Payments received on behalf of artists	73,243	49,013
	<u>506,465</u>	<u>560,272</u>
<i>Cash was applied to:</i>		
Operating costs	420,238	505,157
Net GST paid/(refunded)	236	(1,023)
Payments to artists	73,324	48,894
	<u>493,798</u>	<u>553,028</u>
Net Cash Inflow/(Outflow) from operating	12,667	7,244
Cash Flows from Investing Activities		
Purchase of Assets and Collection	5,892	14,415
Net Increase/(Decrease) in Cash Held	6,775	(7,171)
Opening Cash and Cash Equivalents at the Beginning of Year	42,609	49,780
Cash and Cash Equivalents at the End of Year	<u>49,384</u>	<u>42,609</u>
<i>Closing Cash and Cash Equivalents At the End of Year:</i>		
Cash on hand	140	427
Westpac cheque account	17,668	8,595
Westpac saver account	11,516	12,527
Westpac call account	20,060	21,060
	<u>49,384</u>	<u>42,609</u>
Reconciliation to Net Profit		
<i>Cash Income:</i>		
Net Surplus/(Deficit)	(5,095)	10,469
Add back depreciation non cash expenditure	17,762	15,840
	<u>12,667</u>	<u>26,309</u>
<i>Movement in Working Capital</i>		
Decrease/(Increase) in Accounts Receivable	(3,158)	(32,821)
Increase/(Decrease) in Accounts Payable	12,535	15,207
Decrease/(Increase) in Inventories	206	605
Increase/(Decrease) in Income in Advance	(9,583)	(2,056)
	<u>-</u>	<u>(19,065)</u>
	<u>12,667</u>	<u>7,244</u>

This statement is to be read in conjunction with the notes to the financial statements and subject to the audit report


 Audited by
 RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012****1. Statement of Significant Accounting Policies****Reporting Entity**

The reporting entity is the Aratoi Regional Trust. The Trust is incorporated under the Charitable Trust Act 1957. The financial statements are prepared in accordance with the reporting requirements of the Financial Reporting Act 1993.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust, unless otherwise specified.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, represented by the New Zealand Equivalents to International Financial Reporting Standards as appropriate for an entity that qualifies for and applies differential reporting concessions. For this purpose the Trust has designated itself as a public benefit entity.

These financial statements are presented in New Zealand dollars.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Revenue**Grants**

Grants are recorded as income as and when they are received. Grants for the use of land and buildings are not received in cash by the Trust as they equate to the deemed expense for using the land and buildings which are owned by Masterton Trustlands Trust. Use of land and building grants are recorded as income in the period the Trust uses the land and buildings. Other grants are recorded as income as received unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to income as the conditions are fulfilled.

Donations

Donations are recorded as revenue when their receipt is formally acknowledged by the Trust.

Interest Income

Interest income on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012****b) Use of Land and Buildings Expense**

The property from which the Trust operates is owned by the Masterton Trust Lands Trust. The Trust use of the land and buildings as "occupant" is based on an agreement. The expense is based on an assumed market rental yield on the value of the land and buildings as used for rating purposes. This is a non-cash expense that is offset by the grant received from the Masterton Trust Lands Trust.

c) Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

e) Accounts Receivable

Accounts Receivable are stated at their net realisable value.

f) Inventories

Inventories are consumable items held for sale. They are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. The write down from cost to net realisable value is recorded as an expense in the income statement.

g) Fixed Assets**Property, Plant and Equipment**

Land and buildings owned by the Masterton Trust Lands Trust are excluded from these financial statements. The Trusts use of the land and buildings as "occupant" is based on the Masterton Trust Lands Trust capital contribution to the original project and valuation of the property.

Property, plant and equipment are recorded at cost or, in the case of donated asset, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$500, unless otherwise stated, are not capitalised, they are recognised as an expense in the income statement.

Gains and losses on disposals (i.e. sold or given away) are determined by comparing the proceeds received with the carrying amounts (i.e. the book value).

ARATOI REGIONAL TRUST INCORPORATED

**Notes to the Financial Statements
For Year Ended 30 June 2012**

General Collection

The General Collection is recorded in the Schedule of Assets at \$100,452. This represents the cost of the General Collection additions that have been purchased by the Trust since June 1996. The Trust has not commissioned a valuation to reflect the fair value of General Collections assets required by the New Zealand equivalent to International Accounting Standard 16 (NZ IAS16) *Accounting for Property, Plant & Equipment*.

The best indication of the value of the General Collection asset is obtained from a valuation completed for insurance purposes in June 2010 which valued the Collection at \$1,194,735. That value does not include the Taonga Maori Collection or the Roy Steer Collection. *(Please note the General Collection is not depreciated).*

Leased Assets

Leases where the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The leased assets and corresponding liability are recognised in the balance sheet and leased assets are depreciated over the period the Trust is expected to benefit from their use.

Depreciation

Depreciation is charged for all property, plant and equipment. Depreciation is charged to the income statement on a diminishing value basis. The General Collection is not depreciated.

The diminishing value rates used are:

Office Equipment	12.5 - 80.4%
Kitchen Equipment	26.4%
General Collection	0.0%
Exhibition Furniture and Equipment	12.5 - 48.0%
Collection Store	15.6%

h) Software

Software acquired by the Trust is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining software are recognised as an expense in the income statement when incurred.

Software with individual values under \$500 are not capitalised, they are recognised as an expense in the income statement when incurred.

Software is depreciated on a diminishing value basis. The depreciation charge for each period is recognised in the income statement.

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012*****i) Accounts Payable***

Accounts Payable represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Employment Entitlements – Salary Accruals

Salary accruals mainly reflect annual leave owing to staff and are recognised in respect of employees' services to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

k) Income Received in Advance

Income received in advance relates to grants received where there are unfulfilled obligations for the Trust to provide services in the future.

The Trust guarantees to hold sufficient funds to enable the refund of the grant should the Trust be unable to provide the services to which they relate.

l) Financial Instruments

The Trust's financial assets comprise cash and cash equivalents, accounts receivable, GST receivable and investments. All of these financial assets are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

The Trust's financial liabilities comprise accounts receivable and GST payable. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

m) Goods and Services Tax (GST)

The financial statements have been prepared exclusive of GST, with the exception of accounts receivable and accounts payable which are on a GST inclusive basis.

n) Budget Figures

No budget figures are included in the financial statements.

o) Income Tax

The Aratoi Regional Trust is exempt from income tax as the Inland Revenue Department has granted it charitable status for income tax.

p) Changes in Accounting Policy

There have been no changes in accounting policies from prior years. All accounting policies have been consistently applied.

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012****2. Income – Grants and Other Funders**

	2012	2011
Friends of Aratoi	9,264	10,270
Aratoi Foundation	15,000	16,000
Maunsell Bequest	3,000	1,500
Prime Community Trust	20,000	20,000
Trust House/Tararua Foundation	41,318	33,682
Eastern and Central Community Trust	-	15,000
Lotteries Commission	-	40,447
Kahungunu/Greater Wellington Regional Council	-	48,476
Wairarapa Moana Trust	-	32,469
	<u>88,582</u>	<u>217,844</u>

3. Other Income

	2012	2011
Commissions & Merchandise Sales	20,686	13,967
Exhibitions & Public Programmes	20,007	8,292
Sundry Income	14,135	13,710
	<u>54,828</u>	<u>35,969</u>

4. Depreciation

	2012	2011
Office Equipment	3,843	2,215
Kitchen Equipment	86	115
Exhibition Furniture and Equipment	9,519	8,398
Collection Store	4,314	5,112
	<u>17,762</u>	<u>15,840</u>

5. Cash and Cash Equivalents

	2012	2011
Cash on hand	140	427
Westpac cheque account	17,668	8,595
Westpac call account	20,060	21,060
Westpac saver account	11,516	12,527
	<u>49,384</u>	<u>42,609</u>

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012****6. Accounts Receivable**

	2012	2011
Debtors	766	14,453
Grant - Masterton Trust Lands Trust	23,716	20,000
Grant - Trust House Trust	35,000	-
Grant - Kahungunu/Greater Wellington Regional Council	-	19,166
GST receivable	2,119	6,229
	<u>61,600</u>	<u>59,848</u>

7. Property, Plant and Equipment

	Cost	Accumulated Depreciation	Net Book Value
2012			
Office Equipment	46,653	(39,628)	7,025
Kitchen Equipment	3,073	(2,834)	239
General Collection	100,452	-	100,452
Exhibition Furniture and Equipment	181,878	(138,106)	43,772
Collection Store	64,576	(41,235)	23,341
	<u>396,632</u>	<u>(221,803)</u>	<u>174,829</u>
2011			
Office Equipment	46,303	(35,786)	10,517
Kitchen Equipment	3,073	(2,748)	325
General Collection	98,713	-	98,713
Exhibition Furniture and Equipment	178,695	(129,209)	49,486
Collection Store	64,576	(36,921)	27,655
	<u>391,360</u>	<u>(204,664)</u>	<u>186,696</u>

8. Accounts Payable

	2012	2011
Creditors	32,993	30,757
Employee benefits – salaries accrual	23,228	16,229
Sundry accruals	10,800	7,500
	<u>67,021</u>	<u>54,486</u>

9. Income Received in Advance

	2012	2011
Grants received in Advance – Aratoi Foundation	-	-
Grants received in Advance – Trust House	-	6,318
Other	-	1,627
	<u>-</u>	<u>7,944</u>

This statement should be read subject to the attached audit report.

Audited by
RE Sayer (CA)

ARATOI REGIONAL TRUST INCORPORATED

**Notes to the Financial Statements
For Year Ended 30 June 2012**

10. Related Party Transactions

The Trust has the following related party transactions:

- a) In June 1998 the Trust signed a Memorandum of Understanding agreement with Masterton District Council and Masterton Trust Lands Trust there are certain conditions attached to the agreement for all parties involved in the agreement. The agreement states that Masterton Trust Lands Trust will provide a building for the new Arts and History Centre, on the understanding that the Masterton District Council pay a major share of the centre's operational costs. Other capital funders of the Centre are Masterton Licensing Trust and Tararua Foundation. The Carterton District Council and South Wairarapa District councils also provide ongoing operational funding. During the year the following funding was received from these related parties.

• Masterton District Council	\$243,000
• Masterton Trust Lands Trust – Exhibitions	\$20,000
• Masterton Trust Lands Trust – Operating Expenses Grant	\$60,000
<i>(of this \$60,000 - \$4,731 was received in cash the balance \$55,269 paid for the associated property expenses of maintaining the buildings)</i>	
• Trust House (Masterton Licensing Trust/Tararua Foundation)	\$41,318
• Aratoi Foundation	\$15,000
• Carterton District Council	\$13,500
• South Wairarapa District Council	\$25,000

- b) Masterton Trust Lands Trust owns the building which the Trust occupies. The Trust has a concessional rental which has been based on the Masterton Trust Lands Trust capital contribution to the original project. The concessional rental has been set at \$163,600 for the year.
- c) The Friends of Aratoi provide voluntary staff for weekend cover at the museum. They also pay some of the costs of exhibitions through out the year.

11. Other Operating Expenditure includes

	2012	2011
Trustee's fees	3,000	3,000
Audit fees	5,563	5,000

12. Rutherford Trust

There is an agreement between the Trust and the Rutherford Trust that the Rutherford Collection is stored and available for exhibition at Aratoi. This agreement is currently under review.

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012****13. Contingencies**

There are no contingent liabilities and no contingent assets as at 30 June 2012 (Contingent liabilities and assets at 30 June 2011: nil).

14. Commitments**(a) Capital Commitments**

As at 30 June 2012 there are no capital commitments (Capital commitments at 30 June 2011: nil)

(b) Operating Commitments

On the 19 November 2010 the Trust entered into an agreement with Fuji Xerox for the lease of a photocopier for a period of 5 years.

	2012	2011
No later than one year	4,583	4,583
Later than one year and no later than five years	13,749	18,332
Later than five years	-	-
	<u>18,332</u>	<u>22,915</u>

15. Managing Capital

The Trust's capital is its equity. The Trust does not actively manage capital but attempts to generate a small surplus from year to year.

16. Critical Accounting Estimates and Assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future in regard to asset lives and impairment of assets. None of these estimates and assumptions are considered critical by the Trust.

ARATOI REGIONAL TRUST INCORPORATED**Notes to the Financial Statements
For Year Ended 30 June 2012****Members of the Trust**

Name	Position	How position on Board gained	Occupation	Term expires
Kristy McDonald	Chair	Elected	Barrister	April 2013
Frazer Mailman	Acting Chair	Elected	Retired Principal	April 2013
Stephanie Turner	Trustee	Elected	Coordinator	Iwi Representative
Ian Grant	Trustee	Elected	Publisher	April 2013
Barbara Roydhouse	Trustee	Elected	Teacher	February 2014



INDEPENDENT AUDITOR'S REPORT

To the Members of the Aratoi Regional Trust Incorporated

I have audited the financial statements on pages 2 to 16, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanation information.

Board Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor Responsibilities

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (New Zealand). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 entity's 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other than in my capacity as auditor I have no other relationship with, or interests in, the Aratoi Regional Trust Incorporated.

Modified Opinion – Inappropriate accounting for general collection assets

As stated in the Statement of Significant Accounting Policies, item (g) Fixed Assets on pages 9 and 10, the Trust has not recognised the general collection assets owned by the Trust at valuation in the Statement of Financial Position nor an associated depreciation expense (if any) in the Statement of Comprehensive Income. This is a departure from applicable New Zealand International Accounting Standard No. 16 (NZ IAS-16): *Property, Plant and Equipment*, which requires all assets to be recognised and depreciated in the financial statements. There are no practical procedures that we have been able to apply to quantify the effect of this departure from NZ IAS – 16.

In my opinion, because of the effect of the inappropriate accounting for the general collection assets the financial statements of the Trust on pages 2 to 16:

- do not comply with generally accepted accounting practices in New Zealand; and
- do not fairly reflect:
 - the Trust's financial position as at 30 June 2012; and
 - the results of its operations for the year ended on that date

In my opinion, the financial statements on pages 2 to 16;

- fairly reflect cash flows for the year ended on that date.

If it was not for the failure to account for the general collection assets in the manner required by NZ IAS – 16 then, in my opinion, the financial statements of the Trust would have fairly reflected the financial position as at 30 June 2012 and the results of its operations for the year ended on that date.



RE Sayer (CA)
16 October 2012

2 Church Street
Masterton



REBECCA SAYER
CHARTERED ACCOUNTANT

**REPORT TO MANAGEMENT
ARATOI REGIONAL TRUST INCORPORATED FOR THE YEAR ENDED 30 JUNE 2012**

PURPOSE OF THIS REPORT

My report to management is provided in accordance with normal audit practice. The report contains comments on certain matters concerning your internal control and accounting practices.

- (a) The purpose of the audit was for the auditor to express an opinion on the financial statements;
- (b) The audit included consideration of internal control relevant to the preparation 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 internal control; and
- (c) The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.

This report has been presented in a formal manner and summarised in a less rigid way in the supporting appendix 2. This summary attempts to highlight a "scorecard of results" and things that you need to do or stop doing to improve in any areas I have formally reported on.

I have included all significant matters that my audit procedures highlighted. You will appreciate that my work is undertaken primarily to enable me to form an opinion on the compliance with generally accepted accounting practice and fair representation of the financial position and results of operations. Accordingly I have designed my tests and the evaluation of your systems only to the extent necessary to enable us to arrive at this opinion. You may find that a more exhaustive review of your systems may bring further matters to light.

Because of the test nature and the inherent limitations of an audit, together with the inherent limitations of any system of internal control, there is always unavoidable risk that some material misstatement, fraud or irregularity may not have been discovered. However, the audit procedures have been employed in such a way to attempt to eliminate those risks.

I recognise the work of the Board and staff in operating the Trust's accounting and management systems.

AUDIT ISSUES COVERED BY THIS REPORT:

Internal Controls and Accounting Systems

As a process of my audit I have established knowledge of your internal control procedures and accounting systems. Specific issues for attention have been detailed in appendix 1. I continue to encourage adherence to all procedures, vigilance and attention to detail to maintain the effective system you operate.

R.E. Sayer BBS CA

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Assessments of the Internal Control Environment

As part of my audit scope I am required to assess this aspect of the Boards activities. This relates to the effectiveness of the Board to monitor actual financial performance against budget expectation. I reviewed all these aspects and based on information obtained consider the Board

- Addresses strategic planning issues appropriately.
- Produces timely and accurate budgets.
- Receives reliable financial information on a regular and timely basis.
- Monitors performance to budget with explanation of increases.
- Ensures the Chair is actively involved in financial management and control.
- Closely maintains and approves by resolution all expenditure.

Financial Statements

I ensure that your financial statements have been prepared in accordance with generally accepted accounting practice. Appendix 1 identifies any specific issues arising.

Going Concern

The Trust recorded an operating deficit of (\$5,095) compared to an operating surplus of \$10,469 in the prior year. At balance date the working capital surplus was \$57,101 (as per the draft financial statements yet to be finalised) compared to the prior year's working capital surplus of \$50,329. This is an increase in working capital - the ability to meet the day to day operations of the Trust. I consider the Trust is a going concern.

Conclusion

I acknowledge the steps currently taken to adhere to existing internal procedures, thus creating an effective control environment, management and annual reporting information.

I encourage you to communicate to us your response to the issues raised in the attached appendix.

Report prepared by



RE Sayer (CA)
2 Church Street
Masterton

16 October 2012



REBECCA SAYER
CHARTERED ACCOUNTANT

REPORT TO MANAGEMENT
ARATOI REGIONAL TRUST INCORPORATED
YEAR ENDED 30 JUNE 2012

Appendix 1

Internal Controls and Accounting Systems

Observations / Recommendation:

I found evidence of your internal procedures creating a generally efficient and effective system and controls in the past twelve months. I certainly do not have any major concerns over the Board's management of the organisation, and feel they are doing an excellent job of ensuring the security of all funds held in their care for the benefit of those attending the Gallery via the systems in place.

1. Minute Book

The minute book is being used effectively to document meetings and the decisions made. I urge you to ensure that the minutes are kept with an independent reader in mind e.g. someone from the outside should be able to read the minutes of your meetings and know exactly what happened, what is happening and what decisions were made. Minutes should make it clear that "X" financial report was presented and it was moved to be accepted by the Board. The minutes from February onwards are certainly more complete and incorporate all the speakers' reports a lot better.

2. Time Frame For Audit

I am pleased to report that the annual reports were presented for audit on the 8 August 2012 just over one month from balance date.

3. Payment Authorisation

For security reasons please ensure when payments are authorised by a second signatory they are sighting and checking payments to source documents.

ISSUES CURRENT YEAR:

I make the following comments with regards to minor weaknesses found and recommendations to remedy them:

Observations – Payment Approval

- Only at some meetings were lists of payments presented to the Board for approval according to the minutes.

Recommendations:

- Lists of payments should be presented to the Board for approval at meetings. I noted in the latter part of the year a creditors list was being presented for approval from MYOB. This is certainly the recommended approach.

R.E. Sayer BBS CA

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Observations – AGM

- The financial statements have not been adopted at the AGM.

Recommendations:

- The audited financial statements need to be presented at the AGM and a formal motion to adopt them is also required. It was noted last year that these were not presented as they were received too close to the AGM to be circulated. It would have been appropriate to present a draft subject to audit.

Observations – Income

- It was difficult to test income transactions and trace them to bank statements and source documents. This may be due to the changes in admin/accounting staff and sometimes the lack of use of the un-deposited funds facility within your MYOB software.
We understand that when the admin/accounting position is permanently filled these issues will be resolved and full use of the accounting facilities will be implemented.

Recommendations:

- It would be helpful if a clearer trail was left when banking multiple cheques or income amounts. This would make the income testing process easier and more efficient. Deposits in MYOB should match with the amount and date on the bank statement.

Observations – School Holiday Program Payments

- Payments to Tina Carter are not going through the payroll system.

Recommendations:

- All contractors who do not present you with a certificate of exemption should have PAYE withheld from any payments, PAYE should then and paid to the IRD – i.e. the payments should be put through the payroll system.

Observations – Asset purchases

- During testing it was noted that not all significant fixed asset purchases were documented in the minutes as a resolution to buy. Most of these were within the jurisdiction of the Director.

Recommendations:

- This is a reminder that all major/significant spending outside of the jurisdiction of the Director such as the purchase of assets should be separately documented as approved in the minutes. It is my understanding that the Director can approve Capital Purchases up to \$3000 without prior Board approval.

Visitor Numbers

I advise that I have not completed any audit testing in respect of visitor numbers to the Museum and have no comment to make in respect to the procedures used to record the number of visitors to the Museum.

Financial Statements

Observations / Recommendation:

I detail my observations and recommendations regarding the financial statements.

A: Audit /Modification

I had no option but to issue a modified audit opinion for the annual reports to 30 June 2012 for the following reason:

1. The non recognition of the full value of the general collection of assets.

In previous year's you have had qualified audit opinions for this reason, and it should be no surprise to the Board that they have been included in this year's opinion also. The Board may like to consider ways to value the collection with the view to avoiding the audit qualification but this would be costly and impractical.

Removal of Qualification over Control of Cash

After some discussions with Sharon Higgins and Frazer Mailman I agreed to this year remove the qualification with regards to control over cash. It has been my policy as is the case with most auditors to qualify any audit where cash is handled regardless of its significance/materiality due to fact that there is always some reliance placed on the honesty of those handling the cash, irrespective of internal control systems put in place. This organisation is no exception. However, I have agreed in reluctance due to the acceptance that there are adequate controls in place around the handling of cash and the insignificance of total cash handled on an annual basis.



REBECCA SAYER
CHARTERED ACCOUNTANT

REPORT TO MANAGEMENT
ARATOI REGIONAL TRUST INCORPORATED
YEAR ENDED 30 JUNE 2012

Appendix 2

Audit Issues Scorecard:

Audit Issue	Applicable / Comment	Complied	Needs Attention
Audit Report Qualification	Yes		☹
Statutory Deadline Met	Yes	☺☺	
Is there absence of Strategic Planning	No issues identified	☺☺	
Legislative Compliance	Adoption of NZ IFRS	☺☺	
Financial Management (Operating and Working Capital Deficits)	Operating deficit of (\$5095) this year.	☺☺	
Probity (wasteful use of public funds)	No issues identified.	☺☺	
Weaknesses in Internal Control	Refer management letter	☹	
Procedures and Policies	Needs attention	☺☺	
Inherent Risk and Control Risk assessment	Low	☺☺	
Lack of efficiencies and effectiveness of operations	No issues identified	☺☺	
Governance and management disagreements	No issues identified	☺☺	
Integrity of management	High	☺☺	
Presentation / standard of financial reporting	Good	☺☺	

R.E. Sayer BBS, CA

2 Church Street, PO Box 125, Masterton 5840, New Zealand

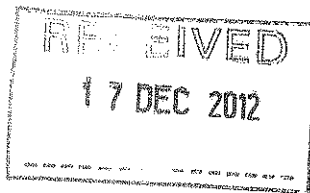
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Toi Wairarapa

Arts, Culture & Heritage Trust



14 December 2012

Dr Jack Dowd
c/- South Wairarapa District Council
Martinborough

Kia ora Jack

Please find enclosed 15 months audited accounts to 30 June 2012 for Toi Wairarapa,
for your records.

Naku noa, na

Mena Antonio
Coordinator

**Toi Wairarapa
Arts, Culture & Heritage Trust
Audit Report
For the Fifteen Months ended 30th June 2012**

We have audited the accompanying financial statements of Toi Wairarapa Arts Culture & Heritage Trust, which comprise the statement of financial position as at 30 June 2012, statement of financial performance, statement of movements in equity, and a summary of significant accounting policies and other explanatory information for the fifteen months ended 30 June 2012. The financial statements have been prepared by the Board based on the financial reporting provisions of the constitution of Toi Wairarapa Arts Culture & Heritage Trust.

Board' Responsibility for the Financial Statements

The Board are responsible for the preparation of these financial statements in accordance with the financial reporting provisions of the constitution of Toi Wairarapa Arts Culture & Heritage Trust and that fairly represent the matters to which they relate, and for such internal control as the board 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 Standards 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 entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, 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, Toi Wairarapa Arts Culture & Heritage Trust.

Opinion

In our opinion, the financial statements fairly represent the financial position of Toi Wairarapa Arts Culture & Heritage Trust as at 30 June 2012, and of its financial performance the period then ended and have been prepared in accordance with the financial reporting provisions of the Constitution of Toi Wairarapa Arts Culture & Heritage Trust.

Our Audit was completed on 26 September 2012 and our opinion is expressed as at that date.



Amy Kerr and Associates Limited
Chartered Accountants
Masterton

**Toi Wairarapa
Arts, Culture & Heritage Trust
Financial Reports
For the Year Ended 30th June 2012**

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**Toi Wairarapa
Arts, Culture & Heritage Trust
Directory
As at 30th June 2012**

Nature of Society

Promotion of the Arts, Culture & Heritage within the Wairarapa region.

Location

340 Queen Street
Masterton

Auditors

Amy Kerr & Associates Limited
Masterton

Bankers

Kiwibank
Masterton

**Toi Wairarapa
Arts, Culture & Heritage Trust
Statement of Financial Performance
For the Fifteen Months ended 30th June 2012**

<i>2011</i>		<i>2012</i>
<i>\$</i>		<i>\$</i>
	Operating Revenue	
39,530	Grants (Note 4)	55,245
200	Travel Recovered	-
2,447	Event Recoveries	3,586
100	Donations	-
42,277		58,831
	Less Expenses	
158	Accident Compensation Levy	258
-	- Advertising	843
-	- Audit	300
65	Bank Fees	84
359	Client Communications	335
1,984	Communications	2,302
-	- Computer expenses	121
11,792	Coordination Services	-
683	Conference & Training	1,354
-	- Consultancy	1,950
3,233	Event Management	-
89	General expenses	61
43	Meetings	245
120	Postage	126
-	- Programme Costs	11,500
105	Phone	73
497	Printing & Photocopying	839
100	Publications	-
4,244	Rent	5,217
126	Stationery	483
509	Travel Local	1,705
116	Venue Hire	-
36,561	Wages & Salaries	46,413
60,781		74,209
(18,504)	Net Deficit for the year	(15,378)

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements

**Toi Wairarapa
Arts, Culture & Heritage Trust
Statement of Movements in Equity
For the Fifteen Months ended 30th June 2012**

<i>2011</i>		<i>2012</i>
\$		\$
46,370	Equity at Start of Period	27,866
	Revenue Reserves	
(18,504)	Net Loss for the Year	(15,378)
(18,504)	Total recognised revenues & expenses	(15,378)
<u>\$27,866</u>	Equity at End of Period	<u>\$12,488</u>

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements

**Toi Wairarapa
Arts, Culture & Heritage Trust
Statement of Financial Position
As at 30th June 2012**

<i>2011</i>		<i>2012</i>	
\$		\$	\$
	Current Assets		
28,347	Kiwibank Business Edge account	8,940	
100	Petty Cash	150	
-	GST Refund Due	508	
<u>2,814</u>	Accounts Receivable	<u>3,345</u>	
<u>31,261</u>			<u>12,943</u>
31,261	TOTAL ASSETS		12,943
	Current Liabilities		
3,375	GST Due for payment	-	
<u>20</u>	Accounts Payable	<u>455</u>	
3,395	TOTAL LIABILITIES		455
<u>\$27,866</u>	NET ASSETS		<u>\$12,488</u>
<u>\$27,866</u>	Represented by; CLOSING EQUITY		<u>\$12,488</u>

This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements

**Toi Wairarapa
Arts, Culture & Heritage Trust
Notes to the Financial Statements
For the Fifteen Months ended 30th June 2012**

1 Statement of Accounting Policies:

Reporting Entity

Toi Wairarapa is a registered charity under the Charities Commission since April 2008 (Number CC45823). These financial statements have been prepared in accordance with generally accepted accounting practice.

Measurement Base

The principles recognised as appropriate for the measurement and reporting of financial position on accruals basis, are based on historical cost with the exception of specific accounting policies have been identified.

- i) The measurement base is historical unless stated otherwise.
- ii) The trust will continue in operation as a going concern.
- iii) Revenue earned and expenses incurred are matched in accordance with the principles of accrual accounting.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of earnings and financial position have been applied.

- a) **Statement of Financial Performance**
The trust is a not for profit organisation promoting the Arts, Culture & Heritage within the Wairarapa region. Financial support is by way of fundraising, donations and grants.
- b) **Investments**
Investments are recorded in the Statement of Financial Position at current market values.
- c) **Goods and Services Tax**
These accounts have been prepared on a GST exclusive basis, except for accounts receivable and accounts payable that are shown inclusive of GST.
- d) **Differential Reporting**
These financial statements have been prepared in accordance with the Framework for Differential Reporting issued by the Institute of Chartered Accountants of New Zealand. All applicable exemptions are applied.

Changes In Accounting Policies

There have been no significant changes in accounting policies. Accounting Policies have been applied on bases consistent with those used in previous years.

Toi Wairarapa
Arts, Culture & Heritage Trust
Notes to the Financial Statements
For the Fifteen Months ended 30th June 2012

2 Contingent Liabilities

There were no known contingent liabilities at balance date (last year: nil).

3 Related Parties

There were no related party transactions during the year under review (last year: nil).

4 Grants

Grants were received during the year as follows:

Masterton District Council	32,375
Carterton District Council	12,000
South Wairarapa District Council	10,000
Other	870
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 55,245

5 Balance Date

During the year the balance date was shifted from March to June consequently the current figures reflect fifteen months whilst the comparative figures reflect twelve months.