

Aratoi Regional Trust
Performance Report
30 June 2017

**Aratoi Regional Trust
Performance Report Contents
For the year ended 30 June 2017**

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Aratoi Regional Trust
Entity Information
For the year ended 30 June 2017

The entity's reliance on volunteers and donated goods or services

The Friends of Aratoi is a substantial support organisation in the Wairarapa. The Friends committee and its larger network continue to act as advocates for Aratoi, supporting programmes and events. Some members of The Friends are part of the network of daily volunteers at the museum.

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.

Additional information

Independent Auditor Moore Stephens Wairarapa Audit
40 Perry Street
Masterton

Banker Westpac Banking Corporation
239 Queen Street
Masterton

Solicitor Gawith Burridge
4 Church Street
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Contact information

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Twitter @AratoiM

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Aratoi Regional Trust
Statement of Service Performance
For the year ended 30 June 2017

Description of the entity's outcomes

STRATEGIC OUTCOME 1

Collect, hold, preserve and exhibit taonga Māori, artworks and heritage objects to the very highest museum standards.

STRATEGIC OUTCOME 2

Increase visitors from the Wairarapa region and elsewhere to Aratoi's exhibitions, events and activities.

STRATEGIC OUTCOME 3

Aratoi will be a hub for art, history and cultural activities within the Wairarapa.

STRATEGIC OUTCOME 4

Aratoi's partners are positive about, and support Aratoi's activities and directions.

STRATEGIC OUTCOME 5

Aratoi is artistically and financially well managed.

Description and quantification of the entity's outputs

	2017	2016
Major exhibitions for year	5	6
Smaller exhibitions for year	17	15
School holiday programmes	3	4
Visitor satisfaction	93%	93%

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Aratoi Regional Trust
Statement of Financial Performance
For the year ended 30 June 2017

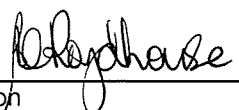
	Note	2017	2016
Revenue			
Donations, fundraising and other similar revenue	1	522,041	602,874
Fees, subscriptions and other revenue from members		-	-
Revenue from providing goods or services	1	348,769	334,285
Interest, dividends and other investment revenue	1	549	2,034
Other revenue	1	9,409	-
Total Revenue		880,768	939,193
Expenses			
Expenses related to public fundraising	2	324,000	324,000
Costs related to providing goods or services	2	214,342	305,414
Volunteer and employee related costs	2	272,093	291,802
Grants and donations made		-	-
Other expenses	2	28,006	29,751
Total Expenses		838,441	950,967
Surplus/(Deficit) for the year		42,327	(11,774)

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Aratoi Regional Trust
Statement of Financial Position
As at 30 June 2017

	Note	2017	2016
Assets			
Current Assets			
Bank accounts and cash	3	163,027	190,260
Debtors and prepayments	3	16,820	19,014
Inventory	3	5,628	6,012
GST receivable	3	-	4,167
Total Current Assets		185,475	219,453
Non-Current Assets			
Property, plant and equipment	5	206,099	222,827
Total Non-Current Assets		206,099	222,827
Total Assets		391,574	442,280
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	39,046	30,259
Employee costs payable	4	21,654	21,844
Unused donations and grants with conditions	4	49,283	157,100
GST payable	4	6,188	-
Other current liabilities		-	-
Total Current Liabilities		116,171	209,203
Total Assets less Total Liabilities (Net Assets)		275,404	233,077
Accumulated Funds			
Accumulated surpluses or (deficits)	6	275,404	233,077
Total Accumulated Funds		275,404	233,077

For and on behalf of the trustees:


Chairperson


Trustee

01.12.2017
Date authorised for issue

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Aratoi Regional Trust
Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017	2016
Cash flows from operating activities			
Cash was received from:			
Donations, fundraising and other similar receipts		414,224	669,224
Fees, subscriptions and other receipts from members		-	-
Receipts from providing goods or services		358,736	332,979
Interest, dividends and other investment receipts		549	2,034
Net GST		11,990	(980)
Cash was applied to:			
Payments to suppliers and employees		811,553	939,242
Donations or grants paid		-	-
Net cash flows from operating activities		(26,054)	64,015
Cash flows from investing & financing activities			
Cash was received from:			
Receipts from the sale of property, plant and equipment		-	-
Receipts from the sale of investments		-	-
Proceeds from loans borrowed from other parties		-	-
Capital contributed from owners or members		-	-
Cash was applied to:			
Payments to acquire property, plant and equipment		1,178	53,640
Payments to purchase investments		-	-
Repayments of loans borrowed from other parties		-	-
Capital repaid to owners or members		-	-
Net cash flows from investing & financing activities		(1,178)	(53,640)
Net increase/(decrease) in cash		(27,232)	10,375
Opening bank accounts and cash		190,260	142,970
Closing bank accounts and cash		163,027	153,345
This is represented by:			
Bank accounts & Cash	3	163,027	190,260

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Aratoi Regional Trust

Statement of Accounting Policies

For the year ended 30 June 2017

Basis of preparation

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

GST

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Specific Accounting Policies

Income Tax

Aratoi Regional Trust is a registered charitable entity under the Charities Act 2005, and accordingly is exempt from income tax under sections CW41 and CW42 of the Income Tax Act 2007.

Bank accounts & Cash

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

Revenue from sale of goods

Revenue is recorded when the goods are sold. If the purchaser pays before they receive their goods, the trust records a liability. If the purchaser does not pay on receipt of the goods, the trust records a debtor.

Revenue from sale of services

Revenue is recorded based on the stage of completion of the service at balance date. Grants are recorded as revenue as received unless there is an explicit "use or return" condition attaching to the grant, in which case the amounts relating to unspent grants is recognised as a liability and released to income as the grant is spent.

Revenue from interest income

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

Inventory

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 from cost to net realisable value is recorded as an expense in the statement of financial performance.

Fixed Assets

Property, Plant and Equipment

Land and buildings owned by the Lands Trust Masterton are excluded from this Performance Report. The Aratoi Regional Trust's use of the land and buildings as "occupant" is based on the Lands Trust Masterton's 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 assets, current value at the date of receipt, less accumulated depreciation and impairment losses. Cost or current 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 statement of financial performance. 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).

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Aratoi Regional Trust

Statement of Accounting Policies

For the year ended 30 June 2017

General Collection (Heritage) Assets

The General Collection is a collection of heritage assets which have been acquired over many years by various means including purchase, donation, bequest, and sequestration. This collection, which does not include the Taonga Maori Collection or the Roy Steer Collection, is recorded in a Schedule of Assets at \$132,039 (2016: \$130,861). The basis of recording the general collection is consistent with prior years and consists of a notional cost for assets acquired prior to 2013 plus the actual cost of any assets acquired since that date. The General Collection is not depreciated.

This treatment of the General collection is a departure from the requirements of PBE SFR-A (NFP) which requires that Heritage assets are accounted for in the same manner as other property, plant and equipment (that is, at cost or if donated then at readily obtainable current values), and where current values are not readily available that the item is not recorded in the statement of financial position but is disclosed in the notes to the performance report.

The maximum effect of this departure is an overstatement of the statement of financial position of \$132,039 (that is if the General Collection was not recorded in the statement of financial position).

Depreciation

Depreciation is charged for all property, plant and equipment, except for the General Collection (Heritage) assets. Depreciation is charged to the statement of financial performance on a diminishing value basis.

The diminishing value rates used are:

Office Equipment	14.4 - 60.0%
Kitchen Equipment	26.4%
Exhibition Furniture and Equipment	12.5 - 48.0%
Collection Store - Leasehold Improvements	15.6%
Software	60.0%

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 statement of financial performance when incurred.

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

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

Employment Entitlements

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.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used throughout the period (2016 - Nil)

Aratoi Regional Trust
Notes to the Performance Report
For the year ended 30 June 2017

Note 1: Analysis of Revenue		2017	2016
Revenue Item	Analysis		
Donations, fundraising and other similar revenue			
	Little Jewels fundraiser	8,100	-
	Funding for Major exhibitions	106,662	222,375
	Funding for General exhibitions	39,804	24,000
	Bequests for Collection acquisitions	547	9,873
	Donations	42,928	22,626
	Building grant	324,000	324,000
	Total	522,041	602,874
Receipts from providing goods or services			
	Local Council funding	296,000	297,000
	Commissions received	11,439	3,010
	Touring exhibitions	1,160	-
	School holiday programme	3,880	4,340
	Retail sales & venue hire	36,290	29,935
	Total	348,769	334,285
Interest received		549	2,034
Other revenue			
	Other revenue	39	-
	Salary & Wages subsidies	9,370	-
		9,409	-
Total Revenue		880,768	939,193
Note 2: Analysis of Expenses		2017	2016
Expense Item	Analysis		
Expenses related to public fundraising			
	Building rental	324,000	324,000
Expenses related to providing goods or services			
	Major exhibitions expenses	49,139	181,877
	General exhibition expenses	35,280	8,886
	Advertising & marketing	6,948	10,607
	Collection expenses	1,698	4,234
	School holiday programme	3,552	4,847
	Retail purchases	10,433	9,429
	Administration expenses	72,583	69,766
	Property expenses	34,709	15,768
	Total	214,342	305,414
Volunteer and employee related costs			
	Salary & Wages	214,264	283,759
	Salary & Wages exhibitions	47,858	-
	ACC Levies	1,106	1,208
	Employee allowances	4,950	-
	Other staff related costs	3,915	6,835
	Total	272,093	291,802
Other costs			
	Trustee fees	4,800	4,200
	Audit fees	5,300	5,300
	Depreciation	17,906	20,157
	Loss on Disposal of Assets	-	94
	Total	28,006	29,751
Total Expenses		838,441	950,967

Aratoi Regional Trust
Notes to the Performance Report
For the year ended 30 June 2017

Note 3: Analysis of Assets		2017	2016
Asset Item	Analysis		
Bank accounts and cash			
	Cash on Hand	140	197
	Bank account Cheque	17,317	42,914
	Bank account Savings	63,938	75
	Bank account Exhibitions	49,578	125,786
	Bank account Collections	32,056	21,288
	Total	163,027	190,260
Debtors and prepayments			
	Accounts receivable	7,335	7,829
	Prepaid expenses	9,484	11,185
	Total	16,820	19,014
Inventory		5,628	6,012
GST Receivable		-	4,167
Note 4: Analysis of Liabilities		2017	2016
Liabilities Item	Analysis		
Creditors and accrued expenses			
	Accounts payable	28,826	20,069
	Accrued audit fee	5,300	5,300
	Accrued other expenses	4,920	4,890
	Total	39,046	30,259
Employee costs payable			
	Annual leave accrual	13,009	14,618
	Salary & Wage accrual	4,240	-
	PAYE and other taxes owing	4,405	7,226
	Total	21,654	21,844
Unused donations and grants with conditions		49,283	157,100
GST Payable		6,188	-

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Aratoi Regional Trust
Notes to the Performance Report
For the year ended 30 June 2017

**Note 5: Property Plant & Equipment
This Year**

Asset Class	Opening carrying amount	Purchases	Sales/ (Disposals)	Current year depreciation	Closing carrying amount
Exhibition furniture & fixtures	51,604			8,781	42,823
Office equipment	27,372			7,094	20,278
Leasehold improvements	12,948			2,020	10,928
Kitchen equipment	42			11	31
General Collection	130,861	1,178		-	132,039
Total	222,827	1,178	-	17,906	206,099

Asset Class	Opening carrying amount	Purchases	Sales/ (Disposals)	Current year depreciation	Closing carrying amount
Exhibition furniture & fixtures	35,151	26,621		10,168	51,604
Office equipment	22,213	12,832	94	7,579	27,372
Leasehold improvements	15,341			2,393	12,948
Kitchen equipment	57			15	42
General Collection	116,582	14,279		-	130,861
Total	189,344	53,732	94	20,155	222,827

Significant donated assets recorded - General Collection (Heritage) Assets

The collection contains a number of donated assets for which values are not readily available. The basis of valuation of the general collection is consistent with prior years and consists of a notional cost for assets acquired prior to 2013 plus the actual cost of any assets acquired since that date.

**Note 6: Changes in Accumulated Funds
This Year**

Description	Accumulated Surpluses or (Deficits)
Opening Balance	233,077
Surplus/(Deficit)	42,327
Closing Balance	275,404

Description	Accumulated Surpluses or (Deficits)
Opening Balance	244,850
Surplus/(Deficit)	(11,773)
Closing Balance	233,077

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Aratoi Regional Trust
Notes to the Performance Report
For the year ended 30 June 2017

Note 7: Commitments		2017	2016
Commitment	Explanation and Timing		
Photocopier Lease	The photocopier lease expiring 6 June 2018 ceased in June 2017.		
	In the next year	-	4,613
	1 to 5 years in the future	-	4,613
	Total	-	9,226
	The trust has entered into a new 60 month photocopier lease expiring 23 June 2022. The monthly payment under the lease agreement is \$347.90+gst		
	In the next year	4,175	-
	1 to 5 years in the future	16,699	-
	Total	20,874	-
Commitment to provide loans or grants	None	-	-

Note 8: Contingent Liabilities

At balance date there were no known contingent liabilities (2016: Nil)

Note 9: Related Party transactions		2017	2016
Description of relationship	Description of transaction		
Transactions with trustees	Trustees were paid fees for services rendered	(4,200)	(4,200)
Transactions with funding providers			
Masterton District Council	Operations and exhibition grant	265,000	260,000
Carterton District Council	Operations and exhibition grant	6,000	12,000
South Wairarapa District Council	Operations and exhibition grant	25,000	35,000
Lands Trust Masterton	Exhibition grant	-	35,000
Aratoi Foundation	Exhibition grant	-	10,000
Friends of Aratoi	Exhibition grant	25,700	17,500
Lands Trust Masterton	Building rental grant	324,000	324,000

There are no amounts due from or to related parties at balance date (2016: Nil)

The Aratoi Regional 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 (now Lands Trust Masterton). There are certain conditions attached to the agreement for all parties involved in the agreement. The agreement states that Lands Trust Masterton will provide a building for the new Arts and History Centre for an indefinite period, on the understanding that the Masterton District Council pay a major share of the centre's operational costs. Other capital funders include the Masterton Licensing Trust and Tararua Foundation (now Trust House). The Carterton and South Wairarapa District Councils also provide on-going operational funding.

b) Aratoi Regional Trust occupies the building that Lands Trust Masterton owns. During the current financial year, Aratoi Regional Trust received from Lands Trust Masterton a Building Rental Grant of \$324,000 (2016: \$324,000). It is then paid back to Lands Trust Masterton on a monthly basis as Building Rental expense. This is a fixed amount based on the building's market value as set by an independent valuation.

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Aratoi Regional Trust
Notes to the Performance Report
For the year ended 30 June 2017

c) Volunteers provide daily front of house/security assistance to staff at the museum. Some of these volunteers are also members of Friends of Aratoi. The Friends provide funds towards the costs of exhibitions and openings throughout the year. During the year \$25,700 of funding was received from the Friends (2016: \$17,500).

d) The Aratoi Foundation's purpose is to raise funds to supplement the Aratoi acquisitions and special projects budget. During the year no funding was received from the Aratoi Foundation (2016: \$10,000).

e) The Friends of Aratoi, the Aratoi Foundation and Aratoi Regional Trust, although related, do not share governance bodies.

Note 10: Events after balance date

Except as noted below (Note 13), there were no events that have occurred after the balance date that would have a material impact on the Performance Report. (2016: Nil)

Note 11: Other disclosures

Goods and services provided to the trust in kind

The trust relies heavily of the generosity of the community both financially and with the amount of donated time from volunteers. Without our volunteers, our services may not be provided. The amount of volunteer time donated to the trust cannot be valued as there are no equivalent paid positions with the organisation.

Note 12: Assets used as security for liabilities

No assets have been used as security for liabilities at reporting date (2016: Nil)

Note 13: Ability to Continue Operating

On 29/9/17 the Aratoi Regional Trust entered into a Memorandum of Understanding with the Masterton District Council and Lands Trust Masterton specifying the level of financial support those two parties will make available to the Aratoi Regional Trust for the year ending 30th June 2018. Prior to June 2016 this form of Memorandum of Understanding had been prepared on the basis of three years of financial support to Aratoi. The current Memorandum is again only for 12 months but with a review clause stipulating that this be made by 30 June 2018 and cover a period of three years. The Trustees are satisfied that Aratoi can continue to operate for the next financial year on the basis of the commitments in the signed Memorandum of Understanding.

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Independent auditor's report

To the Trustees of Aratoi Regional Trust

Qualified Opinion

We have audited the accompanying performance report of Aratoi Regional Trust on pages 2 to 14, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2017, the statement of financial position as at 30 June 2017, and the statement of accounting policies and notes to the performance report.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable
- b) the accompanying performance report presents fairly, in all material respects:
 - the entity information for the year then ended
 - the service performance for the year then ended, and
 - the financial position of Aratoi Regional Trust as at 30 June 2017, and its financial performance, and cash flows for the year then ended

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

Basis for Qualified Opinion

As stated in the notes to the performance report, the trust has not accounted for General Collection (Heritage) assets at either cost or if donated, at a readily obtainable current value, and if a readily obtainable current value is not available, removed the assets from the statement of financial position. Nor has it used the revaluation method. This is a departure from both the PBE SFR-A (NFP) and PBE IPSAS 17. There are no practical audit procedures that we have been able to apply to quantify the effect of this departure.

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the performance report' section of our report.

We are independent of Aratoi Regional Trust in accordance with Professional and Ethical Standard 1 (Revised) 'Code of ethics for assurance practitioners' issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests in, Aratoi Regional Trust.

Board's responsibilities for the performance report

The Board is responsible for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance
- b) the preparation and fair presentation of the performance report on behalf of Aratoi Regional Trust which comprises:
 - the entity information
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and
- c) for such internal control as the Board determines is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board is responsible on behalf of Aratoi Regional Trust for assessing Aratoi Regional Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate Aratoi Regional Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the performance report is 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 conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the performance report, 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.
- 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 Aratoi Regional Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Aratoi Regional 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 performance report 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 Aratoi Regional Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Board 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.

Moore Stephens

Moore Stephens Wairarapa Audit | Qualified Auditors, Masterton, New Zealand
1 December 2017