

Te Matatiki Toi Ora The Arts Centre

Annual
Report 2021



artscentre.org.nz

The
Arts
Centre



Te Matatiki Toi Ora

Part 1:

Review of 2021 by the Chair and Director

Fundraising report

List of supporters, in grateful acknowledgement

Part 2:

The Arts Centre of Christchurch Trust Board Audited Financial
Statements for the year ended 31 December 2021

Front cover image: OneOne Opening Night, Matariki 2021. Dancer Nancy Wijohn. Photographer Johannes van Kan.

Back cover image: Echo Celebration 2021. Artist Neil Dawson. Photographer Johannes van Kan.

2021: Year in review from the Chair and Director

Triumphs and Challenges

This year marked a mix of successes and complexities for Te Matatiki Toi Ora The Arts Centre. Rolling into the second year of the Covid-19 global pandemic, the organisation continued to bear the brunt of closed borders, reduced visitor numbers, decreased revenue, and a multitude of changing health regulations and guidelines.

The Arts Centre continued to face financial challenges. The work of the previous year via the restructure and significantly reduced budgets had helped, but it was crucial we stayed prudent, and budgets remained tight as we navigated yet another year of uncertainty.

With an entire city block of heritage buildings to maintain, The Arts Centre has never managed to balance the books. The challenge is the escalating costs of running, maintaining, and insuring this collection of heritage buildings, while still continuing the restoration and activating the site with arts, educational and cultural experiences.

After a valiant three-year lobbying campaign with local council and central Government, an opportunity arose. Christchurch City Council (CCC) created its draft Long Term Plan 2021-31, mapping the priorities and funding commitments for the next decade. This draft plan included a proposed capital grant for The Arts Centre and was the breakthrough we needed. After a strong campaign to encourage public submissions during the public consultation period, The Arts Centre was thrilled to receive a \$5.5 million capital grant to support building restoration. This lifeline would be distributed over three years; \$3.9 million in 2021/22 and \$0.8 million in 2022/23 and 2023/24. To source this financial commitment, CCC introduced a Special Heritage (Arts Centre) rate that is evenly distributed to all ratepayers across the district until June 2031.

We wish to acknowledge and thank the council and everyone who made a submission during the long term public consultation period.

The grant means we could continue restoring these beautiful buildings. It gave us the commitment we needed to pursue the penultimate lap of the restoration which will culminate in opening of The Observatory Hotel and Observatory Tower in 2022, and the creation of a Health Technology Centre in two of the four Engineering buildings along the centre of the site. Ultimately, it means 20 of the 22 Category 1 listed heritage buildings will be restored across the next two years. Funding was also secured

from the New Zealand Lottery Grants Board and a decision was made in November to temporary prop and mothball the other two Engineering buildings – Hydraulics and Mechanical Engineering on Worcester Boulevard.

Even with the onslaught of Covid related challenges our focus remained steadfast as we continued to prioritise restoring this unique architectural taonga for the people of Canterbury and its visitors. The restoration pushed forward, tracking on time and on budget, even with the lockdown and isolation requirements for staff who were close contacts, contracted or lived with those exposed to Covid-19.

Restoration highlights this year included the deconstruction and reconstruction of the Observatory Tower, the original circular staircase being craned back into place in February and the Townsend Teece Telescope base being installed along with the Observatory dome in December. The Observatory Tower was rebuilt in seven uplifts of concrete, with the exterior stonework being rebuilt over the last nine months of the year. The Townsend Teece Telescope itself was rebuilt by Graeme and Dale Kershaw for the University of Canterbury and will be installed in 2022 once the buildings are complete.

Unfortunately, once we complete the Physics, Biology and Observatory buildings we will have exhausted funds from our insurance payout and depleted any further finance for building restoration.

In future, we will be looking to grants, fundraising and ongoing central or local council support for restoration funding opportunities.

The Arts Centre also began working with a third party on a bold and ambitious proposal that would see the Student Union building restored and used once again as the Dux de Lux. There is much love and nostalgia associated with this building and a public fundraising campaign will be launched in the latter half of 2022 to pursue this vision.

In the shadow of Covid, we continued to orchestrate and deliver a creative arts programme across the year. This included our regular Great Hall Lunchtime Concert Series, a special Valentine's Day Outdoor Cinema, and Christchurch Heritage Festival 2021 where we presented the Wonderful Wizard of Christchurch exhibition, This Is Our Place Tūrangawaewae and the Woven Mats Of Welcome Ngā Whāriki Manaaki.

A significant achievement was the Arts Four Creative Residency programme which saw eight Aotearoa artists live and work onsite to develop their creative skills and talents. The Arts Centre welcomed Ana Iti, Claudia Jardine, Jo Burzynska and Julie Hill to the Creative Residencies for twelve weeks from May to July 2021, and AJ Fitzwater, Maria Gill, Matilda Fraser and Nathan Joe from August to October 2021. This residency was made possible with funding support from Creative New Zealand and the Stout Trust, managed by Perpetual Guardian.

In April, our regular weekly Sunday māketē went into hibernation, as it was not financially viable for us to run it anymore with the downturn of international visitors. Given its history and association with The Arts Centre we were adamant to keep some form of market so its future focused on themed event markets such as the Matariki Night Māketē held in July. Before long though, a third party took the reins and brought back the regular weekly Sunday market, enlivening Market Square once again.

The Matariki programme, although delivered in a smaller format, was one of the year's highlights. We

focused on ahunga nui (connection) through ngā toi (the arts) and between the 5-18 July delivered a range of events to celebrate the occasion. These included OneOne, a dance cinema and VR experience, the Matariki Night Māketē, Cousins playing at Lumière Cinemas, an artist presentation by Nigel Borell and many others.

In August, we were due to celebrate the 150th anniversary of Ernest Rutherford's birth (30 August 1871 – 19 October 1937), however lockdown delayed the programme by a few months. We commemorated his impressive life and achievements through Dr. Olga Suvorova's insightful talk about his Russian connections, a conversation with author Maria Gill on her latest project - a children's novel about his life, a special screening of 'The Apprentice' documentary and a Rutherford Photo Stand-in painted by local artist Maxine Burney.

To end the year, we had the annual Arts Centre Sculpture Festival showcasing beautifully crafted sculptural artworks. Inspired around the theme of wellbeing and selected by curator Koji Miyazaki once again, 40 well-known New Zealand artists with over 200 works were on display and available for purchase. The festival included a hive of activity during opening weekend with artist talks, artist demonstrations and creative workshops.

We were grateful that two prominent artworks prior to the earthquakes had been reinstated this year. Well-known New Zealand artist Bing Dawe's sculpture, *From the Black Water* was restored and reinstated to its former glory in the Boys' High building. Originally commissioned by SCAPE Public Art for The Arts Centre in 2001, *From the Black Water* (Crossed Eels with Hoop) draws deeply on Dawe's River works and depicts two eels carved from kauri and a steel eel trap. Bing lovingly and generously repaired the wood and steel sculpture as a sign of support for The Arts Centre.

December saw the return of Neil Dawson's beautiful sculpture *Echo* to the North Quad. A bit of a crowd favourite, *Echo* is inspired by its surroundings as

the work 'echoes' The Arts Centre's Gothic Revival architecture. This artwork relies on traditional perspective drawing, which enables the form to change as viewers move beneath it. Depending on the viewer's position, it can look like a series of lines or a solid object. The original temporary *Echo* was created in 1981. It lasted for 9 months before it was accidentally damaged and removed. Due to its popularity, it was rebuilt and permanently installed in 1991. Then, in the 2011 Canterbury earthquake it was destroyed. The carbon fibre tubular structure is 3 metres high and suspended by thin stainless-steel wires 6 metres above the centre of the North Quad.

Our tenancies have been running at capacity across the year, with a couple of changes. Carmel Rowden who specialises in creative marketing and communications, took up an office space in the Registry Additions building. Documentary maker Frank Film moved offsite and we converted the Classics venue into a beautiful space for arts philanthropy coordinators, Brown Bread to lease. After a decade away artist Maxine Burney, who specialises in painting and pastels joined us back at The Arts Centre, and creative strategy and design agency Made Known made themselves at home in the Registry building.

A significant change this year, has been to our name. We decided to alter our name to Te Matatiki Toi Ora The Arts Centre to honour our Māori heritage and its connection to this special place. Te Matatiki Toi Ora means The Spring of Living Art which is meaningful given the site is above an aquifer providing life and sustenance for all those who have used this site for generations, but also speaks to our vision of fostering, promoting, facilitating, and encouraging the interest of art, culture, education and creativity.

This year saw various changes to the Trust board. In February, Edward Sparrow and Murray Dickinson were appointed as new Trustees. In July, we saw the Trustee appointment of Corban Te Aika (Ngāi Tahu) and in December, Maria Ryan-Young also progressed from Trustee Intern to Trustee. Also

that month, we acknowledged the retirement of Mike Rondel, Erin Jackson and Grant Dean, and appreciated all their hard mahi and commitment. Stella Ward and Clive Antony were appointed new Trustees, as well as a new Trustee Intern Lee-Ann Joy in the same December meeting.

In our final thoughts, we would like to acknowledge and thank our large community of loyal supporters:

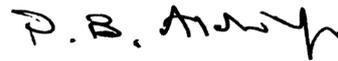
- Those who support us financially, our funders, sponsors, Cornerstone donors, regular givers, Friends of the Arts Centre, and everyone who has extended their hand of generosity to us, we are incredibly grateful.
- To all the city's residents and visitors, thank you for supporting your treasured Arts Centre, listening to a concert, enjoying our hospitality, purchasing a product or service, watching a movie, hiring a venue, staying in the residencies, joining an educational visit, coming to an event, or simply immersing yourself in the tranquil nature of these heritage buildings.
- Our creative practitioners, who let their imagination run wild by creating and inspiring us with their tremendous works of art or creative endeavours. You are so crucial to enlivening this place and essential for our wellbeing.
- Our tenants, who call this taonga home, you are the heart of this centre and breathe life into this picturesque landmark.
- Our suppliers and contractors, who partner with us to deliver such an astonishing world class restoration project.
- Our staff for their enthusiasm, creativity, and commitment to The Arts Centre. You are the heart and soul that keeps this place pumping.
- The Māori Arts Advisory Komiti for their dedication, creativity and mahi.
- To our Trustees, who provide governance and direction. We would not be in the position we are without your wisdom, support and guidance.

As we gaze into the future, we cannot help but get excited. The borders are opening, our offering is expanding, the restoration continues, and the arts are given their rightful position of centre stage to thrive once again in this truly unique home we all treasure.

Thank you for being loyal in supporting your Arts Centre. The future is bright, and we look forward to bringing you more artistic and creative works.



Felicity Price ONZM
Chair, Arts Centre of Christchurch Trust Board



Philip Aldridge ONZM
Director

FUNDRAISING

Despite the spectre of Covid, Te Matatiki Toi Ora The Arts Centre has continued to benefit from the generous support of funders, trusts, individuals and organisations during 2021 who have loyally supported our work. Grants and donations of all shapes and sizes have been gratefully received and put to immediate good use in both keeping the restoration project progressing and helping us run interesting programmes and activities onsite. Thank you to all who have enabled The Arts Centre to continue throughout another difficult year.

One enormous boost we received in June 2021 was from Christchurch City Council, who approved a new targeted rate that will be used to fund a \$5.5 million capital grant to help complete the remaining restoration work. We are immensely grateful to the ratepayers who are contributing to this heritage targeted rate and to the wide public support that was shown for The Arts Centre during the consultation period.

Despite a period of lockdown, the calendars were adjusted, and we were delighted to host several activities to honour and celebrate the 150th anniversary of the birth of Ernest Rutherford. Thank you to all who participated in this important milestone celebration.

The New Zealand Lottery Grants Board supported The Arts Centre in 2021 with a grant from the Lottery Environment and Heritage Fund to temporarily prop and make safe the Hydraulics and Mechanical Engineering buildings on Worcester Boulevard, until future funding can be secured. Thank you.

The Christchurch Heritage Festival 2021 went ahead citywide in October funded by Christchurch City Council with the theme "People and Place – our stories revealed", and The Arts Centre presented three events. The life and works of "The Wonderful Wizard of Christchurch" was highlighted in a fascinating exhibition of artefacts and photographs. Puamiria Parata-Goodall presented "This is our place – Tūrangawaewae", sharing the cultural narrative of the land where Te Matatiki Toi Ora The Arts Centre is built on, recognising the history of the land, traditions and knowledge of its indigenous people. There was also a session to meet the artists and the stories behind the Ngā Whāriki Manaaki "Woven Mats of Welcome" that have been specifically designed for The Arts Centre by Morehu Flutey-Henare and Reihana Parata.

Christchurch City Council provided several other modest grants in 2021, including an Events and Festivals Fund grant to help support the exciting Matariki 2021 activities at The Arts Centre. The Strengthening Communities Fund also provided some much-needed operational funding for insurance, security and power.

The Friends of the Arts Centre hosted another fun and successful Quiz Night in the Great Hall with a lively auction, as well as hosting a sell-out crowd for a Fundraising Film evening at Lumière. These funds were raised specifically to reinstate the fireplace in Professor Scott's office in Electrical Engineering. We were particularly delighted to receive Helping Hands funding from Te Papa, facilitated by the Friends of The Arts Centre, to securely display the Rutherford medal board in Rutherford's Den. The Friends have continued to be generous with their time, volunteering at various public events during the year.

It was a delight to be able to share photographs of the rapid progress on the Observatory Tower to all "Be a star" donors, including amazingly satisfying images of the heritage wooden stairs being craned back in, and the new dome positioned on the top of the Tower. Thank you to all of our "Be a Star" donors.

Our most loyal individual donors are recognised as members of the Cornerstone Programme, and they are a wonderful group of generous people who provide financial leadership. We have offered this group various unique activities in 2021 to recognised ongoing support, particularly during the challenges of 2021.

The Arts Centre entered the School of Art in the Canterbury Heritage Awards 2021 and won the "Public Realm – Saved and Restored" category, receiving a trophy and certificate at the ceremony.

We have been sad to see the demise of cheques this year, with all banks and financial institutions withdrawing the use of cheques; many loyal donors have written cheques in support of The Arts Centre over the years, and do not have access to the required electronic means of continuing support. We sincerely thank you for your kindness over the years and wish you well.

Some of our generous donors in 2021 include:

- The Mainland Foundation provided a grant to restore and repair the metalwork and canvases of the māketē (market) stalls.
- The one-off Ministry for Culture and Heritage grant was received and will be used towards the fit-out of the Engineering Extension building.
- The Farina Thompson Charitable Trust, administered by Perpetual Guardian, provided year two funding of the multi-year grant for the Sculpture Festival.
- R & N Wait Charitable Trust, administered by Perpetual Guardian, funded the restoration of the heritage timberwork (dados, trusses, beams, ceiling) in the upper lecture room in the Electrical Engineering building.
- A grant from Rātā Foundation for Rutherford's Den outreach was used for a joint school outreach programme with UC.
- The Barbara and Robert Stewart Trust provided much needed funding towards the restoration project.
- The Mainland Foundation provided a grant towards flexible, relocatable professional-quality lighting equipment for both indoor and outdoor events around The Arts Centre.
- The Elizabeth Ball Charitable Trust provided funds for a new portable PA sound system and travel cases to be used at both indoors and outdoors events.
- A crowdfunding campaign via The Arts Foundation's Boosted platform raised \$6,000 to run Te Whare Tapere Māori Creative Space in the former Shopology space during the month of Matariki. Public donations of \$3,000 were matched dollar for dollar by Rātā Foundation as part of the Boost Ōtautahi programme. Thank you to all who participated!
- Rātā Foundation provided a grant to fund school holiday activities and programmes.
- Lady Barbara Stewart commissioned and funded the Echo sculpture to be re-created, and we were very excited to have this return to the North Quad in December 2021. Thank you, Lady Barbara and family.
- The Stout Trust, proudly managed by Perpetual Guardian, provided funds for developing an understanding of Mātauranga Māori (traditional knowledge of the Māori people of New Zealand) which can then be used to develop new educational content, to help create content for information boards, and to inform content for the Observatory Tower exhibition space.
- Daveron Scaffolding made a corporate donation in recognition of the effect the second Covid-19 lockdown had on The Arts Centre finances. We appreciate your thoughtfulness.
- The Music Commission provided several grants from the NZ Music Venue Infrastructure Fund, part of the COVID-19 NZ Music Recovery Support Package. Thank you.
- The Ministry of Education Te Tāhuhu O Te Mātauranga funded the Rutherford's Den education programme during 2021, enabling us to provide exciting learning experiences based on the discoveries of Ernest Rutherford for over 2,000 students each year.

The restoration project is continuing in 2022 with five buildings planned to be completed and re-opened, a huge challenge. We also have a lively programme of events and activities to bring to the people of Christchurch throughout the year that needs to be adequately funded. Please help support us in these efforts! Join us in funding the home for arts, culture and education in Christchurch. Find out how you can help at artscentre.org.nz/support.

THANK YOU TO OUR SUPPORTERS

FOUNDATION DONORS

The Aotearoa Foundation
Fletcher Building (New Zealand) Limited
Manatū Taonga Ministry for Culture and Heritage
John Griffin

FOUNDATIONS AND TRUSTS

Christchurch City Council
Christchurch Earthquake Appeal Trust
Creative New Zealand
Elizabeth Ball Trust
The Farina Thompson Charitable Trust, proudly administered by Perpetual Guardian
Kiwi Gaming Foundation
The Mainland Foundation
Ministry for Business, Innovation & Employment Hīkina Whakatutuki
New Zealand Lottery Grants Board
New Zealand Music Commission Te Reo Reka O Aotearoa
Rātā Foundation
Robert and Barbara Stewart Charitable Trust
The Stout Foundation, proudly administered by Perpetual Guardian
Te Papa Helping Hands National Services Te Paerangi

MAJOR DONORS

Friends of the Arts Centre
Walk Christchurch
Anonymous

CORNERSTONE PROGRAMME

Platinum supporters

The late Dorothy Maclean

Robert and Barbara Stewart

Gold supporters

The late Boris, Wira and Wasyl Bereza

Kathy Brown and Mark Wilson

Jen Crawford and Andy Mathers

Silver supporters

Charles Fleischmann and Carol Caldwell

Peter and Deirdre Cottrell

Drummond Inheritance Trust

In honour of Bill and Debbie Lipner

Robin and Annette Mann

Sally Page

Jill and Mark Todd

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Paddy and Gayle Cotter

Susan Doig

Dr Ian and Dr Lynne Lochhead

Virginia Nelson

Dr Sue Nightingale and Dr Stuart Wise

James Stringer

Supporters

Martin Hadlee

Henshaw Developments Trust

Monica Ryan

Dr Ian and Dr Lynne Lochhead

DONORS

Gabriella Albers-Greenway
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Neil Barber
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Alex Baxter
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Peter and Jessica Crothall
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Mary Lou Foate
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Christine Stewart
Rod and Pat Syme
Susanne Trim
Edith Tripp
Deborah Williams
Anne Wright
Anonymous x 3

IN MEMORY OF MRS PRUDENCE COTTER

Richard and Kate Burt
Beverley Cocks
Rob Davidson
Marianne Hargreaves
Prue Larnder
The Opera Foundation
Hilda Otleyin
Jennifer Pryor
Peter Pryor
Jo and Michelle Robin
Stratford Garden Club
Chris Waalkens

TAP TO DONATE

Thank you to our many donors who tapped their credit and debit cards in 2021!

GREAT HALL CHAIR SPONSORS ROLL OF HONOUR

The Robert and Barbara Stewart Charitable Trust (20)

Paddy and Gayle Cotter (5)

Rosemary and Max Bradford (2)

Charley Fleischmann and Carol Caldwell (5)

In memory of Iris and Janice Campbell (2)

Ann and David Booth (2)

Richard and Kate Burt (2)

Prue and Pat Cotter (2)

Peter Foster (2)

Richard Johnstone and Karen Johnston (2)

Michael and Karyn Rondel (2)

Judith Ross (2)

Victoria Sinclair and Fred Grosse (2)

Philippa Bates

Reina Dornan

Kennedy and Marilyn Graham

Richard Hartshorn and Susie Mead

Joan Hazelhurst

Gillian Heald

Garry and Beverley Jeffery

Patience Kearns

Lyn and David Kennedy

Jennifer and Peter Lovatt

Marion Macbeth

Joy McKelvey

Sally Page

Rosemary Perry

Ted Perry

Michael and Lesley Petterson

Alan and Barbra Pullar

Rod and Pat Syme

Stephen and Elizabeth Tubbs

Walk Christchurch

Linda and Warwick Webb

CORPORATE SPONSORSHIP AND DONATIONS

Complete Asbestos Solutions

Daveron Scaffolding Ltd.

ENGEO Ltd.

Grant Thornton

Heritage Management Services

Holmes Consulting

Sheffield South Island Limited

Anonymous

Te Matatiki Toi Ora

The Arts Centre of Christchurch Trust Board

Financial Statements

For the year ended 31 December 2021

The Arts Centre of Christchurch Trust Board

Financial Statements

For the year ended 31 December 2021

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The Arts Centre of Christchurch Trust Board

Trust Directory

For the year ended 31 December 2021

Date of settlement:	31 December 1978
Date of Royal assent:	5 June 2015
Incorporation Act:	Arts Centre of Christchurch Trust Act 2015
Trustees:	Felicity Price (Chairperson) Erin Jackson (Deputy Chair) (retired 31 December 2021) Clive Antony Dr Rod Carr Grant Dean (retired 7 December 2021) Murray Dickinson Michael Rondel (retired 7 December 2021) Mark Russell Maria Ryan-Young Edward Sparrow Corban Te Aika Stella Ward
Bankers:	Bank of New Zealand Christchurch
Solicitors:	Anderson Lloyd Christchurch
Independent Auditor:	Grant Thornton New Zealand Audit Limited Christchurch
Accountants:	Ernst & Young Limited Christchurch
Director:	Philip Aldridge
Registered office:	Clock Tower Building 2 Worcester Boulevard Christchurch 8013
Charities Commission registration number:	CC21247

Independent Auditor's Report

To the Trustees of Arts Centre of Christchurch Trust Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Arts Centre of Christchurch Trust Board (the "Trust") on pages 4 to 23 which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive revenue and expenses, statement of movements in trust capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 in our capacity as auditor we have no relationship with, or interests in, the Trust.

Other Information Other than the Financial Statements and Auditor's Report thereon

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance on behalf of the entity are responsible for assessing the 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 Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited



M D Stewart

Partner

Christchurch

12/05/2022

The Arts Centre of Christchurch Trust Board

Statement of Financial Position
As at 31 December 2021

		2021	2020
		\$	\$
Current assets			
Cash and cash equivalents		710,267	1,502,998
Accrued interest from exchange transactions		93,193	193,276
Accounts receivable from exchange transactions		38,279	97,813
GST refund due		285,556	265,973
Prepayments		23,267	18,800
Inventories		142,302	186,218
Investments		<u>25,043,700</u>	<u>32,565,048</u>
		26,336,564	34,830,126
Non current assets			
Property, plant and equipment	4	422,633,626	392,914,962
Investments		-	2,000,000
		<u>422,633,625</u>	<u>394,914,962</u>
Total assets		<u><u>448,970,189</u></u>	<u><u>429,745,088</u></u>
Current liabilities			
Accounts payable		1,741,780	1,793,319
Income received in advance	3	105,005	94,383
Employee entitlements		172,111	120,922
Grants unspent	2	<u>3,520,558</u>	<u>2,513,968</u>
		5,539,454	4,522,592
Trust capital and reserves			
Accumulated comprehensive revenue and expenses		213,877,559	208,762,271
Buildings and land revaluation reserve		<u>229,553,176</u>	<u>216,460,225</u>
		443,430,734	425,222,496
Total trust capital and liabilities		<u><u>448,970,188</u></u>	<u><u>429,745,088</u></u>

For and on behalf of the Trustees who authorise the financial statements
for issue on:


Trustee

12 May 2022
Date


Trustee

12 May 2022
Date



The accompanying notes form part of these financial statements.

The Arts Centre of Christchurch Trust Board

Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2021

	2021	2020
	\$	\$
Revenue from exchange transactions		
Property income		
General fees and other income	532,281	288,304
Rentals and parking	1,330,230	1,035,416
Tenancy operating recoveries received	771,214	454,188
Tenancy operating costs	<u>(1,364,344)</u>	<u>(853,360)</u>
Net tenancy operating recovery (over/(under))	<u>(593,130)</u>	<u>(399,172)</u>
Total property income	1,269,381	924,548
Interest received	343,344	1,013,824
Total revenue from exchange transactions	<u>1,612,725</u>	<u>1,938,372</u>
Revenue from non-exchange transactions		
Grants, sponsorship and donations	688,086	919,440
Depreciation recovered	34,814	9,042
Total revenue from non-exchange transactions	<u>722,900</u>	<u>928,482</u>
Total revenues	<u>2,335,625</u>	<u>2,866,854</u>
Expenses		
Administration	269,576	284,084
Audit fees	32,065	26,533
Depreciation	659,220	717,031
Property costs	560,593	679,171
Public relations	62,031	112,885
Staff costs	1,232,856	1,852,228
Other operating expenses	<u>279,225</u>	<u>147,768</u>
Total Expenses	<u>3,095,566</u>	<u>3,819,700</u>
Operational deficit before capital funding	<u>(759,941)</u>	<u>(952,846)</u>
Grants and donations received utilised for capital projects - non exchange transactions	5,875,229	239,917
Total surplus/(deficit) for the year attributable to the Trust Board	<u>5,115,288</u>	<u>(712,929)</u>
Other comprehensive revenue and expenses		
Revaluation of buildings and land	13,092,951	3,933,075
Total comprehensive revenue and expenses for the year attributable to the Trust Board	<u>18,208,239</u>	<u>3,220,146</u>

The accompanying notes form part of these financial statements.



The Arts Centre of Christchurch Trust Board

Statement of Movements in Trust Capital

For the year ended 31 December 2021

	Accumulated comprehensive revenue and expenses	Buildings and land revaluations	Total
	\$	\$	\$
Balance at 1 January 2021	208,762,271	216,460,225	425,222,496
Net surplus for the year	5,115,288	-	5,115,288
Other comprehensive revenue and expenses	-	13,092,951	13,092,951
Total comprehensive revenue and expenses	<u>5,115,288</u>	<u>13,092,951</u>	<u>18,208,239</u>
Balance at 31 December 2021	<u>213,877,559</u>	<u>229,553,176</u>	<u>443,430,734</u>

	Accumulated comprehensive revenue and expenses	Buildings and land revaluations	Total
Balance at 1 January 2020	209,475,200	212,527,150	422,002,350
Net loss for the year	(712,929)	-	(712,929)
Other comprehensive revenue and expenses	-	3,933,076	3,933,076
Total comprehensive revenue and expenses	<u>(712,929)</u>	<u>3,933,076</u>	<u>3,220,147</u>
Balance at 31 December 2020	<u>\$208,762,271</u>	<u>\$216,460,225</u>	<u>\$425,222,496</u>



The Arts Centre of Christchurch Trust Board

Statement of Cash Flows

For the year ended 31 December 2021

	2021	2020
	\$	\$
Operating activities		
Cash was provided from:		
Grants and donations received	7,378,873	3,615,087
Interest received	443,427	1,654,149
Receipts from customers	1,547,445	1,769,714
	<u>9,369,745</u>	<u>7,038,950</u>
Cash was applied to:		
Net movement in GST	36,601	265,200
Payments to suppliers and employees	2,348,025	3,305,284
	<u>2,384,626</u>	<u>3,570,484</u>
Net cash inflow (outflow) from operating activities	6,985,119	3,468,466
Investing activities		
Cash was provided from:		
Proceeds from the disposal of investments	9,521,348	8,171,217
Proceeds from the disposal of fixed assets and property improvement	96,717	10,330
	<u>9,618,065</u>	<u>8,181,547</u>
Cash was applied to:		
Purchase of fixed assets and property improvement	17,395,915	10,815,712
Net cash outflows from investing activities	(7,777,850)	(2,634,165)
Net increase (decrease) in cash held	(792,731)	834,301
Add opening cash brought forward	1,502,998	668,697
Closing cash and cash equivalents per statement of financial position	<u><u>710,267</u></u>	<u><u>1,502,998</u></u>



The accompanying notes form part of these financial statements.

The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

1 Statement of accounting policies

Reporting entity

The Arts Centre of Christchurch Trust Board ("the Trust") is a registered charity under the Charities Act 2005.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 12 May 2022.

Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand ("NZ GAAP") and the requirements of the Charities Act 2005. The Trust is a public benefit entity for the purpose of financial reporting. The Trust is eligible to report in accordance with Tier 2 Not-for-Profit PBE IPSAS because it does not have public accountability and it is not large.

The financial statements of the Trust comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities.

The Board of Trustees has elected to report in accordance with Tier 2 Not-for-Profit PBE IPSAS issued by the New Zealand Accounting Standards Board and in doing so has taken advantage of all available Reduced Disclosure Regime ("RDR") disclosure concessions

Measurement base

The financial statements have been prepared on a historical cost basis, except for certain property assets that have been measured at fair value. The financial statements are presented in New Zealand dollars which is also the functional currency and all values are rounded to the nearest dollar (\$).



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Going concern

The Trustees are of the opinion that the Trust is a going concern. They have resolved that they will not commit to preservation and reconstruction activity unless they have secured adequate certainty of funds to pay for such work.

The Trust's activities are structured to responsibly manage operating costs and the Trust has adequate resources to fund these costs.

Impact of the Coronavirus (COVID-19) outbreak 2020 - 2021

The COVID-19 outbreak was declared as a pandemic by the World Health Organisation in March 2020. The New Zealand government response saw New Zealand close its' borders to non-citizens and use different levels of lock downs for the general population. These lock downs and the lack of tourists affected the operation activities of the Trust, resulting in a reduction in revenue from exchange transactions. This carried over into the 2021 year.

The impact of this was approx. \$84,708 in lost revenue occurring between 18 August and 7 September 2021 (2020: \$235,860), when tenancies had no or little access to their tenancies.

Investments totalling \$25,043,700 represents monies intended for the restoration and earthquake strengthening of The Arts Centre heritage buildings, however where the Trustees deem appropriate funds are able to be utilised for ongoing operational activities (2020: \$34,565,048).

The trustees confirm that they have considered all known impacts of the Covid-19 pandemic and the successful outcome of local council funding when preparing the financial statements and applying the going concern concept.

Changes in accounting policies

There have been no changes in accounting policies. All accounting policies have been applied on a consistent basis with those of the previous period.

Significant accounting policies

The following is a summary of the significant accounting policies applied by the Trust in the preparation of these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(b) Accounts receivable

Accounts receivable are classified in the loans and receivables category of financial assets. They are initially measured at fair value plus transactions costs (if any). Accounts receivable are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, if applicable. Trade receivables generally have 12 day terms.



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Bad debts are written off during the period in which they are identified. An impairment provision is recognised when there is objective evidence that the Trust will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

(c) Accounts payable

Accounts payable are initially recognised at fair value and subsequently carried at amortised cost, and due to their short term nature are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of goods and services. The amounts are unsecured and usually paid within 20 days of recognition.

(d) Inventories

Inventories 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 less estimated costs necessary to make the sale.

(e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement of financial assets the Trust classifies its instruments into one category:

- Loans and receivables

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive revenue and expenses. The losses arising from impairment are recognised in the statement of comprehensive revenue and expenses in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to cash and cash equivalents, accounts receivable from exchange transactions and accounts receivable from non-exchange transactions, along with investments in term deposits.

The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

The Trustees have decided to separately present accrued interest on the statement of financial position in the current year as this is not compounded. The Arts Centre does not enter into derivative contracts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. Removed from the Trust's statement of financial position) primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Trust assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications:

- That the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments
- The probability that they will enter bankruptcy or other financial reorganisation, and
- Observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Trust first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Trust determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive revenue and expenses. Interest income (recorded as interest income in the statement of comprehensive revenue and expenses) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Trust. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive revenue and expenses.

The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities includes trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. The Trust has no financial liabilities at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive revenue and expenses.

Other liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive revenue and expenses. This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification. This is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive revenue and expenses.



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

(f) Property, Plant and Equipment

Property, plant and equipment is measured initially at cost.

Land

Land is subsequently measured at fair value representing market value relative to the land's highest and best use, adjusted to reflect limitations on development in recognition of the heritage constraints associated with the site. Revaluations are performed with sufficient frequency to ensure that the book value of the asset does not differ materially from its fair value. The effective date of the revaluations is 31 December 2021. The valuation of the land was prepared by CVAS (Chc) Limited (trading as Colliers), who are independent valuer.

The direct comparison approach (more commonly referred to as the comparable sales approach) was applied to assess the fair value of The Arts Centre land. Where there is a reasonable volume of comparable sales evidence, it is regarded as the most appropriate valuation methodology.

Assumed no easements, rights of way or encroachments except those shown on the Records of Title or in the valuation. A current survey has not been sighted. The valuation is made on the basis that there are no encroachments by or upon the property.

As at 31 December 2021, the valuer has noted that largely as a result of significant central bank monetary stimulus intended to ease the economic impact of the COVID-19 pandemic, the residential and commercial property sectors has escalated to unprecedented levels. And there were now some indicators which may suggest the market is at, or approaching, some form of cyclical peak and as such there is increasing uncertainty as to how the future might play out.

While their market valuation reflects the sentiment at that point in time and the value on the day, the valuer has urged recipients of their report to give due consideration to the future capital performance of the asset, in particular, the risk of the market softening.

Land is not depreciated.



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Buildings

Heritage buildings

Heritage buildings are subsequently measured at fair value. Revaluation is performed with sufficient frequency to ensure that the book value of the assets does not differ materially from the fair value. The Board has determined that the collection of heritage buildings has an indefinite future life and accordingly no depreciation will apply.

The fair value of heritage buildings are determined by the depreciated replacement cost. The valuation is performed and/or reviewed annually by an independent expert.

The method of valuation of buildings recognises the obligations of the Trust to preserve the original stone buildings of the site in perpetuity and to further recognise the maintenance and conservation practices that the Board adopted under The Arts Centre Asset Management Plan 2008.

Non-heritage buildings

Non-heritage buildings are subsequently measured at cost less accumulated depreciation.

Portable buildings

Portable buildings are carried at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis over the estimated useful lives of buildings. Depreciation methods, useful lives and residual values are reassessed at each balance date.

The following methods of depreciation have been applied: straight-line (SL) and diminishing value (DV).

	Rate	Method
Portable buildings	8.0% - 13.5%	SL
Non-heritage buildings	0.0%	DV

The electrical, plumbing and drainage are an integral part of the original heritage stone buildings and they are maintained in the same manner as the building structure and therefore not depreciated.

The heating and ventilation, fire services and fitout of all buildings are depreciated using the following rates:

	Rate	Method
Heating and ventilation	4.5%	SL
Fire services	2.3%	SL
Fitout	5.0%	SL



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Plant and equipment

Plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment.

Depreciation methods, useful lives and residual values are reassessed at each balance date. The depreciation rates used are:

	Rate	Method
Motor vehicles	8.0% - 30.0%	DV
Plant and equipment	8.0% - 67.0%	DV
Furniture and fittings	1.0% - 60.0%	DV
Computer equipment	13.0% - 67.0%	DV
Leasehold improvements	2.0% - 11.4%	DV

Artwork

Artwork is subsequently measured at cost less impairment. Where artwork has been donated it is initially recorded at fair value.

Artwork is not depreciated.

Revaluation of Buildings and Land

The Arts Centre accounts for revaluation on a class of asset basis.

The revaluation surplus is recorded in other comprehensive revenue or expenses in the statement of comprehensive revenue and expenses and credited to an asset revaluation reserve. Except to the extent that it reverses an impairment of the same asset previously recognised in surplus or deficit in the statement of comprehensive revenue and expenses, the increase is recognised in other comprehensive revenue or expenses.

An impairment is recognised in surplus or deficit, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve, in which case the decrease is recognised in surplus or deficit.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Impairment of Property, Plant and Equipment (except for revalued buildings)

For the purpose of assessing impairment indicators and impairment testing, the Trust classifies all property, plant and equipment as cash generating assets.

At each reporting date, the Trust reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For cash generating assets, value in use is determined using fair value method.

Assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(g) Equity

Equity is measured as the difference between total assets and total liabilities. It is made up of the following components:

Accumulated comprehensive revenue and expenses

Accumulated comprehensive revenue and expenses is the accumulated surplus or deficit since the formation of the Trust, adjusted for transfers to and from specific reserves.

Buildings and land revaluation reserve

This reserve is for the revaluation of buildings and land items that are measured at fair value after initial recognition. The affected properties are all buildings where the revaluation method is applied.

(h) Taxation

Income Tax

The Trust is exempt from income tax due to its charitable status.

Goods and Services Tax (GST)

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



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions

Donations, grants and sponsorships

Revenue from non-exchange transactions is recognised when the Trust obtains control of the transferred asset (cash, goods, services, or property) and the transfer is free from conditions that require the asset to be refunded or returned if the conditions are not fulfilled. If there are conditions attached that give rise to a requirement to repay the grant or return the asset, deferred revenue is recognised. In this situation, revenue is recognised once the Trust has satisfied the conditions.

Revenue from exchange transactions

Interest received

Interest revenue is recognised as it accrues and is recorded using the effective interest rate.

Property income

Rental revenue is recognised on a straight line basis over the lease term. Outgoings and power recovered are recognised on an accrual basis. At balance date there were 27 active leases and 10 active licenses in place with the minimum term of 1 year and the maximum term of 10 years.

Due to the Covid 19 pandemic lockdowns in August and September 2021, all tenants at The Arts Centre were provided rental concessions, which depending on lease wording was either at 100% or 80% in Level 4 due to having no access to their tenancies.

(j) Leases

Operating lease rentals are expensed on a straight line basis over the term of the lease.

(k) Employee entitlements

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Significant accounting judgements, estimates and assumptions

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

Revaluation and impairment of property, plant and equipment are based on judgements provided by Rhodes & Associates, an independent external quantity surveying company and reviewed by an independent external valuer, CVAS (Chc) Limited (trading as Colliers) (see Note 4 for additional details).

The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Quadrangle Holdings Limited is currently non trading, therefore there is a nil result and the Trustees have decided not to consolidate the company.

2	Grants unspent	2021	2020
		\$	\$
	New Zealand Lotteries Grants Board	2,173,053	2,340,087
	Ministry for Culture & Heritage	1,250,000	-
	Roger Wait & Norah Emerson Wait Charitable Trust	41,000	-
	Rata Foundation	10,000	10,000
	Creative NZ	15,063	55,755
	Elizabeth Ball Charitable Trust	1,359	-
	Mainland Foundation	83	66,126
	The Stout Trust	30,000	42,000
		<u>\$3,520,558</u>	<u>\$2,513,968</u>

Grants are taken to revenue and recorded in the year in which they are recovered unless there is an explicit return obligation. In this instance unspent grants or the unspent portion thereof are not taken to revenue and are recorded as current liabilities.

3	Income received in advance	2021	2020
		\$	\$
	Income received in advance	<u>105,005</u>	<u>94,383</u>

Majority of this is Venue hire. Venue hire income is received in advance for the hirer to confirm an event. It is then recognised as revenue at the time of the event taking place.



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

4	Property, plant and equipment	Land	Motor vehicles	Plant and equipment	Computers	Furniture and fittings	Leasehold Improvements	Artworks	Heritage Buildings	Non-heritage Buildings	Total
	Cost										
	At 31 December 2020	34,240,000	254,114	1,678,879	770,104	954,661	94,269	23,437	381,631,399	1,475,401	421,122,264
	Additions	-	-	45,195	3,924	-	-	19,939	17,280,959	-	17,350,017
	Disposals	-	(2,609)	(48,021)	-	-	-	-	-	(46,087)	(96,717)
	Revaluations	2,485,000	-	-	-	-	-	-	5,620,951	-	8,105,951
	At 31 December 2021	<u>\$36,725,000</u>	<u>\$251,505</u>	<u>\$1,676,053</u>	<u>\$774,028</u>	<u>\$954,661</u>	<u>\$94,269</u>	<u>\$43,376</u>	<u>\$404,533,309</u>	<u>\$1,429,314</u>	<u>\$446,481,515</u>
	Depreciation and impairment										
	At 31 December 2020	-	145,588	1,364,972	690,204	662,257	55,985	-	25,237,670	50,626	28,207,302
	Depreciation	-	16,765	54,070	35,406	40,628	1,692	-	505,711	4,948	659,220
	Less: 2020 impairment	-	-	-	-	-	-	-	(23,520,000)	-	(23,520,000)
	Add: 2021 impairment	-	-	-	-	-	-	-	18,533,000	-	18,533,000
	Disposals	-	(2,380)	(14,687)	-	-	-	-	-	(14,566)	(31,633)
	At 31 December 2021	<u>-</u>	<u>\$159,973</u>	<u>\$1,404,355</u>	<u>\$725,610</u>	<u>\$702,885</u>	<u>\$57,677</u>	<u>-</u>	<u>\$20,756,381</u>	<u>\$41,008</u>	<u>\$23,847,889</u>
	Net Book value										
	At 31 December 2020	\$34,240,000	\$108,526	\$313,907	\$79,900	\$292,404	\$38,284	\$23,437	\$356,393,729	\$1,424,775	\$392,914,962
	At 31 December 2021	<u>\$36,725,000</u>	<u>\$91,532</u>	<u>\$271,698</u>	<u>\$48,418</u>	<u>\$251,776</u>	<u>\$36,592</u>	<u>\$43,376</u>	<u>\$383,776,928</u>	<u>\$1,388,306</u>	<u>\$422,633,626</u>



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

Valuation

Heritage buildings

The Trust has engaged the use of expert advice of qualified and experienced engineers, quantity surveyors and valuers in determining the fair value of heritage buildings. The valuation of heritage buildings was prepared by Rhodes and Associates Limited and reviewed by CVAS (Chc) Limited (trading as Colliers), who are both independent experts. The effective date of the revaluations is 31 December 2021.

The depreciated replacement cost model was applied to assess the fair value of The Arts Centre buildings. Where depreciated replacement cost is somewhat limited in its ability to provide an estimate of fair and current value, it is regarded as the most suitable approach as it incorporates the obligations placed on the Trust.

In repairing and conserving these buildings the Trust is obliged, under its commitment to the principles of the ICOMOS (1) charter, to use (where possible) construction methods, techniques and materials that are the same as those that were used originally in the late nineteenth or early twentieth century.

This original approach to repair and conservation work can be as much as three or four times more expensive, on a cost per square metre of building basis, than the cost incurred when applying currently available construction methods, techniques and materials.

Using an original approach to value the heritage buildings on the site results in a carrying value for these buildings (pre-impairment) in the order of \$403.6 million (2).

Extensive works that have been undertaken over the last financial period in repairing and strengthening earthquake damage on-site in a manner that aligns with the obligations on the Trust to conserve the heritage buildings and their associated historic values, has been taken into consideration when determining fair value.

Building Impairment

The heritage buildings on The Arts Centre site were extensively damaged by the series of earthquakes that have affected the Canterbury region during both the 2010 and 2011 financial periods.

It is estimated (3) the cost to repair those buildings as a consequence of those events, less repair work carried out since 2011, is in excess of \$18.5 million.

During the 2021 year, approximately \$17.1 million was spent on repair work to the buildings (2020: \$10.7 million). This amount has been capitalised to buildings in the statement of financial position as the costs are part of the capital restoration of The Arts Centre's heritage assets.

(1) ICOMOS New Zealand Charter - for the Conservation of Places of Cultural Heritage Value. Revised 2010.

(2) Based on a rebuild cost estimate - original construction prepared by Rhodes and Associates Limited effective 31 December 2021 and reviewed by CVAS (Chc) Limited (trading as Colliers) effective 31 December 2021.

(3) Based on observations and plans prepared by Holmes Construction Group, as consulting structural engineers, and cost estimates prepared by Rhodes & Associates Limited, as quantity surveyors.



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

5 Capital Restoration Project	2021	2020
	\$	\$
BA Engineering Extensions		
Less than one year	4,808,928	2,960,000
1 -2 years	-	2,000,000
	<u>4,808,928</u>	<u>4,960,000</u>
BB Electrical Engineering		
Less than one year	2,222,376	2,192,500
1 -2 years	-	69,000
	<u>2,222,376</u>	<u>2,261,500</u>
BC/BD Hydraulics and Mechanical Engineering		
Less than one year	1,833,079	1,200,000
1 -2 years	-	300,000
	<u>1,833,079</u>	<u>1,500,000</u>
FA-FC Observatory, Biology, Physics		
Less than one year	9,522,254	21,336,558
1 -2 years	-	4,426,966
	<u>9,522,254</u>	<u>25,763,524</u>
Total Capital Budget Remaining	<u>\$18,386,637</u>	<u>\$34,485,024</u>

This amount represents the remaining budget approved by the Trust Board, however, \$13,531,772 (2020: \$31,252,829) of this is contractually committed to and therefore represents capital commitments at year end.

6 Operating lease commitments	2021	2020
	\$	\$
At balance date, the Board of Trustees had entered into the following non-cancellable operating leases:		
Operating lease commitments		
Less than one year	7,852	7,068
1 -2 years	15,050	14,136
3 - 4 years plus	5,890	12,958
Total operating lease commitments	<u>\$28,792</u>	<u>\$34,162</u>



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

7 Related parties

Dr Rod Carr is a trustee of The Arts Centre of Christchurch Trust Board. He was the Vice-Chancellor of the University of Canterbury until February 2019. The University of Canterbury is a tenant of The Arts Centre and leases the EA Chemistry building. This lease was negotiated on commercial terms in October 2014, which was prior to Dr Rod Carr joining the Board in February 2017. The outstanding amount at year end from University of Canterbury is \$3,903 (2020: \$6,881). Dr Rod Carr is also a trustee on the Christchurch Earthquake Appeal Trust, which has approved a grant of \$283,000 towards the restoration of the Observatory tower dome. This grant was drawn down in full in March 2021.

Dr Rod Carr also purchased surplus reclaimed building materials and a used shipping container from The Arts Centre in July 2021, at the cost of \$8,344 (2020: \$nil).

Mark Russell is a trustee of The Arts Centre of Christchurch Trust Board. He purchased surplus reclaimed timber from The Arts Centre in June 2021, at the cost of \$30 (2020: \$nil).

Erin Jackson was a trustee of The Arts Centre of Christchurch Trust Board in 2021. She booked a venue at The Arts Centre which took place in July 2021. The cost to Erin Jackson for this was \$759 (2020: \$nil).

The Arts Centre owns 100% of the 100 shares in the company Quadrangle Holdings Limited. This company is not currently operational and has no assets or liabilities. Felicity Price and Murray Dickinson are the current directors.

Murray Dickinson is a trustee of The Arts Centre of Christchurch Trust Board. He is also the Chief Financial officer at Naylor Love Enterprises Limited. Naylor Love Enterprises Limited purchased surplus portable buildings from The Arts Centre in December 2021, at the cost of \$28,750 (2020: \$nil).

Corban Te Aika is a trustee of The Arts Centre of Christchurch Trust Board. He is also employed by the University of Canterbury as Kaiarahi at the College of Engineering. The University of Canterbury is a tenant of The Arts Centre and leases the EA Chemistry building. This lease was negotiated on commercial terms in October 2014, which was prior to Corban Te Aika joining the Board in July 2021. The outstanding amount at year end from University of Canterbury is \$3,903 (2020: \$6,881).

Stella Ward is a trustee of The Arts Centre of Christchurch Trust Board. She is also a director of the company AskMe Limited. AskMe Limited provided consultancy services to The Arts Centre in January 2021, the total of AskMe Limited fees were \$5,175 (2020: \$nil).

8 Key management personnel compensation

Key management personnel of the Trust include the Trustees and the Senior Management Group.

As per the Arts Centre Act, Trustees can be remunerated. In 2021, one trustee elected to be paid \$5,500 (2020: \$6,000).

They are also entitled to receive an expense allowance once a year (see note 10).

The Senior Management Group includes the Director and Managers (not Trustees). The total remuneration of key management personnel, on a full-time equivalent (FTE) basis, receiving remuneration from the Trust are:



The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2021

	2021	2020
	\$	\$
Senior management group (7 FTE)	<u>742,650</u>	<u>747,650</u>

9 Contingent assets and liabilities

A deposit of \$125,957 is currently being held with the solicitors in relation to the planned hotel lease. The deposit will be released to the Trust upon the meeting of certain criteria by the lessee which are contingent upon a future event (2020: \$125,854).

10 Trustee reimbursements

Trustees are partially reimbursed for their personal administration costs associated with their role. These are not attendance fees. Trustee reimbursements during the year total \$4,800 (2020: \$4,800). No amounts were outstanding at balance date.

11 Donations/Koha

Donations paid during the year were \$2,458 (2020: \$650).

12 Events occurring after balance date

There have been no significant events occurring after balance date.

13 Categories of Financial Assets and Liabilities

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

	2021	2020
	\$	\$
Financial assets		
Loans and Receivables:		
Cash and Cash Equivalents	710,267	1,502,998
Receivables from exchange transactions	38,279	97,813
Accrued interest from exchange transactions	93,193	193,276
Investments	<u>25,043,700</u>	<u>34,565,048</u>
	<u>\$25,885,439</u>	<u>\$36,359,135</u>
Financial liabilities		
Trade and Other Creditors	<u>1,741,780</u>	<u>1,793,319</u>
	<u>\$1,741,780</u>	<u>\$1,793,319</u>





Annual Report 2021

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