

Te Matatiki Toi Ora

## **Annual Report 2019**

### **Part 1:**

Review of 2019 by the Chair and Chief Executive

Fundraising report

List of supporters, in grateful acknowledgement

### **Part 2:**

Arts Centre of Christchurch Trust Board Audited Financial Statements for the year ended 31 December 2019

[www.artscentre.org.nz](http://www.artscentre.org.nz)



## **2019: Year in Review from the Chair and Chief Executive**

Activity at The Arts Centre Te Matatiki Toi Ora remains in two distinct parts: post-earthquake restoration (capital investment); and all those other activities that allow us to fulfil our mission to foster, promote and facilitate interest and involvement in arts, culture, creativity, the creative industries and education (operations).

Restoration work is funded through grants, donations and – substantially – the insurance settlements of 2012. During the next two years we will expend the last of the insurance funds and will complete as many buildings as possible given the limitations of funds available. This includes the Observatory Tower and the associated boutique hotel that will envelop it.

Our day-to-day operations, which activate the site, are funded through rental income, donations, partnerships and ticket sales. Two-thirds of The Arts Centre is already open. Of that, 85% is successfully tenanted, but this does not provide sufficient income to cover expenses. The cost of running such a significant collection of heritage buildings is high – too high even to pass on all costs to tenants. As a result, part of our operating costs must be met by the Trust. It is an unsustainable model without public funding.

The Arts Centre receives no ongoing operational funding from the Christchurch City Council or central government. Our representations to them have not yet produced tangible results. At the time of writing, in May 2020, Covid-19 has made our dire financial situation even worse and the future of the centre is, at best, uncertain.

Meanwhile, we remain eternally grateful to donors, supporters and Friends of The Arts Centre. Without you, we couldn't have survived for so long.

### **Restoration and re-opening**

While funds allow, The Arts Centre continues its journey of magnificent restoration and bringing spaces back to life. 2019 saw the opening of more earthquake-strengthened buildings repurposed from their previous uses to serve the vision of the Trust.

In March 2019 we opened the restored School of Art. Built in phases in 1878, 1893 and 1902, it was the original home of Christchurch Girls' High School (CGHS). The opening ceremony, attended by many CGHS old girls and Arts School alumni, was held on 15 March but was overshadowed by the horrific attack on the Muslim community. Al Noor Mosque is across Hagley Park from The Arts Centre and the nation's outpouring of support was movingly expressed by the vast number of tributes, messages and flowers that daily grew

opposite us, outside the Botanic Gardens. The Great Hall became a quiet shrine of contemplation honouring the victims.

The West Lecture building (1917) also re-opened in 2019, incorporating the Creative Residences for artists and creatives of all stripes. A new enterprise, Lumière Cinemas, with two screens and a beautiful boutique bar overlooking the gardens, takes up the balance of the building.

The School of Art building has become home to a dance school, offices for the cinema, Community Meeting Room and the Maker Workshop. The workshop is a dedicated space for messy creative pursuits. Equipped with an upright piano, easels, stools, benches, sinks and drying rack, it is a fitting use of one of the studios of the Art School and an example of the centre's commitment to community arts and supporting the work of creative practitioners.

The Art School is also home to a wonderful new wine bar, Cellar Door, which occupies the space that housed the much-loved Annie's Wine Bar. Annie Edmond gave the new venture her blessing but sadly died before it opened.

Her death was one of too many of the old guard during the year. We lost the Chair of the Friends, Graeme Wallis, who gave so much to the multitude of organisations he supported; and the magnificent designer David Thornley, who for many years lived in the residences. Tim Hogan has kindly stepped up as Chairman of the Friends and presented the centre with a gift of \$5,000 from their fundraising. Our thanks go to them all. Graeme's son Nathan carries the family baton on the Friend's committee while Nadja Gräbner-Thornley, daughter of David Thornley and Doris Gräbner, has also joyfully joined in 2020. Such continuity is a pleasure to welcome.

## **Revitalisation**

As more of the buildings are restored, the focus can move to fulfilling the Trust's statutory objectives as a centre for creativity for the people of Ōtautahi Christchurch and its visitors.

To support this work, we were delighted to appoint Hannah Wilson as a Curator of Programmes. Hannah joined Chris Archer who provided maternity cover for Programmes and Partnerships Manager Olivia Egerton (thanks to Creative New Zealand for the secondment). Hannah and Chris have delivered an enhanced programme of activities.

The Matariki Festival was a definite highlight. This celebrated new beginnings and kai through kōrero, ngā mahi toi (art and creative making), waiata, kapa haka showcase, and whakangahau (entertainment). It incorporated *Mata Hou, New Beginnings*, a community arts exhibition curated by Tania Pohio-Pratten, Nathan Pohio and Hannah Wilson.

Other highlights of the year included *Hive*, a partnership with Movement Art Practice (choreographer Julia Harvie) & visual artist Stuart Lloyd-Harris. This was a challenging, immersive experience. It gave audiences a chance to look behind the construction fences, because the performances were in the Engineering Extension, the former Court 1 of the Court Theatre.

In 2019, we launched the Creative Residencies with a high-profile guest. The enigmatic singer-songwriter Bic Runga came to stay for a month during and she composed and worked with other artists. The residency culminated in a concert in the Great Hall, which was intimate and stylistically wide-ranging. She performed a new song written during the residency, then returned to run a national song-writing workshop in July.

The popular Leighs Construction Outdoor Cinema returned once more and attracted record numbers in December, January and February. Our sincere thanks to Leighs Construction for sponsoring this family-friendly series.

Other examples of our efforts to enable more people to participate in creative activities include the establishment of regular and diverse school holiday programming. Pūmanawa, the community exhibition space has made its mark in 2019 and is now firmly in high demand.

The acclaimed cellist Yo yo Ma came to Christchurch for an astonishing virtuoso concert of all six Bach cello suites. He joined us at The Arts Centre to rehearse with local singer Marlon Williams who then joined him on the stage of the Town Hall for an encore.

In 2019, we welcomed the delightful Custard Square Bookshop that inhabits a caravan outside Boys' High.

Before Covid-19 we began to prepare for the deluge of tourists expected to disgorge at The Arts Centre from the buses that would bring them from cruise ships when the deep-water berth in Lyttelton Harbour opens in 2021. We experimented with themed tours of the centre run by actors in character. The enduring one was Ernest Rutherford. With such tourism now a distant dream, however, this enterprise is on hold.

### **Uncertain times**

The Arts Centre Te Matatiki Toi Ora remains a story of two halves: a heritage restoration of majestic proportions; and rejuvenation as a community arts centre. 2019 was another year of advances, but this reflection is being written at a time of Covid-19 crisis.

The future – globally, nationally and locally – is uncertain, yet these times highlight the importance of the arts and creativity in our lives.

Our final words for this 2019 report are ones of thanks:

- To the many visitors who stop in;
- To the local Christchurch residents who come regularly to meet friends, have a drink, watch movies, take in concerts, attend exhibitions, shop and soak up the atmosphere;
- To the creative practitioners who develop, produce and present work at the centre;
- To the artisans and other business owners here who take such pride in offering quality local products and services every day;
- To the market stall holders who sustain a time-honoured Christchurch tradition by selling their wares each Sunday;
- To the project team from Holmes Consulting who oversee the restoration project.

But, in particular, a huge thank you to our trustees for attending diligently to their responsibilities, and to our staff for being such incredibly hard-working, talented and utterly delightful people.

Thank you all

Felicity Price ONZM – Chair, Arts Centre of Christchurch Trust Board

Philip Aldridge ONZM – Chief Executive

May 2020

## Fundraising, 2019

Thank you to the many funders, trusts, individuals and organisations who have generously supported our work at The Arts Centre Te Matatiki Toi Ora in 2019.

We receive donations of every shape and size, and each and every one is important to us – you have made a tangible difference and your fantastic support is most sincerely appreciated!

The Arts Centre is an independent charitable trust, and we operate on behalf of you – the people of Ōtautahi Christchurch. As we do not receive annual central or local government funding, we rely heavily on your donations, grants, sponsorships, bequests and goods-in-kind. You help to keep the doors open, enabling us to provide a programme of arts, culture and educational events and activities, as well as keeping the chisels chipping away at the restoration project.

The **Lottery Grants Board** was again very supportive in 2019 and awarded a Significant Projects Fund grant this year for \$2.59 million towards the restoration of the School of Engineering. This is the large group of buildings behind the chain link fence facing onto Worcester Boulevard, which are in dire need of both seismic strengthening and heritage restoration. This generous funding from the Lottery Grants Board is truly transformative and gives us confidence to begin the expensive but necessary restoration. We also received a grant from the Lottery Grants Board Environment and Heritage Fund, aimed at restoring specific heritage features on the Engineering Extensions building. Thank you to the committees of both funds.

The **Cornerstone Programme** recognises our most loyal donors who make significant gifts or notified legacies to The Arts Centre. This wonderful group of generous individuals provide financial leadership and help The Arts Centre be part of the future of arts, culture and education in the heart of the city. Members of this group, including our committed monthly regular donors, are recognised through various unique benefits. We are extremely grateful for their ongoing support.

We take this opportunity to mark the passing of one of our most kind and regular donors over the years. **Dorothy Maclean** loved The Arts Centre, attending events here regularly, and she was the first platinum supporter in the Cornerstone Programme. She particularly enjoyed musical concerts and was a cello player herself. Thank you, Dorothy - our thoughts go out to Dorothy's extended family.

Some of our generous donors in 2019 include:

- **The Stout Trust administered by Perpetual Guardian** gave a grant towards the restoration of the Observatory Tower. Thank you.

- **Christchurch Earthquake Appeal Trust** has earmarked a sizeable grant to fund the purchase of the new astronomy dome and associated mechanism to top the Observatory Tower.
- **Rātā Foundation** helped fund materials and equipment for running the Rutherford’s Den education programme in 2019.
- **The Lion Foundation** helped furnish the Maker Workshop in the School of Art, making it ready for all types of creative activities.
- **The Ministry of Education Te Tāhuhu O Te Mātauranga** is funding the Rutherford’s Den education programme to the end of 2021, providing exciting learning experiences based on the discoveries of Ernest Rutherford for over 2,000 students each year.
- **Creative New Zealand** gave two Arts Grants in 2019, one of which helped fund Bic Runga’s creative residency here and the second was to fund Nathan Pohio in a 2020 arts residency to further his exciting work. As part of her residency, **Bic Runga** performed a wonderful fundraising concert in the Great Hall to an appreciative audience.
- **Walk Christchurch**, the organisation that provides the popular guided walking tours of Christchurch, donated the proceeds from their tickets sales.
- **The Barbara and Robert Stewart Trust** provided some much-needed funding towards the restoration project.
- **The Friends of the Arts Centre** have continued to support The Arts Centre through various activities and made a sizeable donation at their AGM. The Friends also facilitated a grant from **Te Papa Helping Hands** towards new people-counting technology.
- **Christchurch City Council Strengthening Communities** helped bring the Matariki 2019 festivities to The Arts Centre, helping fund lectures, traditional crafts and kapa haka.
- **The Enliven Places Project Fund from Christchurch City Council** also helped underpin the Sunday Market (Māketete) during the winter months, allowing our stall holders to continue to offer a destination in the central city.
- **Christchurch City Council** also funded six exciting heritage activities at The Arts Centre as part of the Christchurch Heritage Festival 2019.
- **Leighs Construction** once again sponsored the Leighs Construction Outdoor Cinema series in the North Quad, providing fun outdoor movies for all over the summer months. Thank you.
- **Mainland Foundation, Southern Trust and Concerts for Christchurch** as well as various individual donors generously provided funding towards the repair, restoration and restringing of the Steinway piano in the Great Hall. Pianist **Michael Endres** donated a fabulous fundraising concert to demonstrate the wonderful sound that this piano now produces.

In June, **Sir John Key** kindly hosted a fundraising evening on behalf of The Arts Centre at New Zealand House in London, which attracted an interested group of Kiwis and ex-pats who heard about the post-earthquake restoration progress. The ongoing Observatory Tower appeal was central to the evening, which also showcased New Zealand food, wine and music.



The “Be a Star” website, [stars.artscentre.org.nz](http://stars.artscentre.org.nz), attracted further donations from New Zealand and around the world, with people keen to support the huge Observatory Tower restoration project, particularly as the work becomes very visible onsite. We also had a special visit of support from the Pope’s Astronomer, **Brother Guy Consolmagno**, who viewed the progress on the Observatory Tower and spoke to some of our donors about his fascinating life as the Vatican astronomer and his passion for the universe.

A new fundraising initiative has been launched using Tap to Donate units around the site. These are a friendly way to make a modest fixed-amount donation from a bank card with a smart chip. As physical cash becomes less popular, we hope that these units will provide our visitors with an easy way to contribute.

Donors and supporters sponsored a range of activities at The Arts Centre in 2019, and a sincere thank you to those who funded the piano repairs, slates, Oamaru stone, specialised tools, and educational materials. Every donation, large or small, makes a difference.

When the doors to the School of Art opened in March, many donors and former Christchurch Girls’ High School ‘old girls’ were invited to attend the cutting of the ribbon. They were the first to see the stunning restoration and relive some memories.

Our donors also got the exclusive chance to be the first group to experience the new Lumière cinemas in July; it was a jam-packed, lively fundraising evening.

Stage 2 of the restoration project is formally underway. Work has started on the Observatory Tower now that funding has been mostly secured. There is still a long way to go to complete the seven large buildings included in Stage 2; our fundraising will continue.

The plan is to strengthen, restore and re-open both the block that contains the Observatory Tower, Physics and Biology buildings and the block of four buildings that comprise the School of Engineering on Worcester Boulevard. This requires generous grants, funding and donations to maintain the current momentum.

The current funding shortfall is \$32 million, and we continue to pursue central and local government funding, as well as corporate sponsorships, trusts and foundations and individual donations.

Please join us to ensure this huge project can be completed and secure a home for arts, culture and education for generations to come. Find out how you can help at [artscentre.org.nz/support](http://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

Creative New Zealand

The Lion Foundation

The Mainland Foundation

New Zealand Lottery Grants Board

Olivia Spencer Bower Foundation

Rātā Foundation

The Southern Trust

The Stout Trust administered by Guardian Perpetual

### **Major donors**

Concerts for Christchurch Foundation Trust

Friends of The Arts Centre

Michael Endres

Walk Christchurch

Anonymous

## **Cornerstone programme**

### **Platinum supporters**

Dorothy Maclean

### **Gold supporters**

Boris, Wira and Wasyl Bereza

Kathy Brown and Mark Wilson

Jen Crawford and Andy Mathers

Robert and Barbara Stewart Charitable Trust

### **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

Anonymous

### **Bronze supporters**

Margaret Austin

Paddy and Gayle Cotter

Susan Doig

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

## **Observatory Tower supporters and Be a Star**

Philip and Fenella Aldridge  
Mel Haskell and Chris Allen  
Cee Bennett  
MJ Blackie  
AM Brittenden  
Michael Brosnahan  
Peter and Deirdre Cottrell  
Reina Dornan and Bruce Graham  
Kaitlin Haines  
Gillian Heald  
In memory of Graeme Kershaw  
WR Lewis  
Sally Page  
Eddie and Annette Pedersen  
Felicity Price  
Gaia Rastelli  
Sandra Shaw  
BC Street  
Stephen Taylor  
Brett Versteegh  
Christine Whybrew  
Holly Wiseman

## **Restoration donors**

Mel Haskell and Chris Allen  
Gillian Archbold  
Chris Archer  
Margaret Austin  
Colin Averill  
Julie Bain  
Philippa Bates  
AG van Berkel  
Professor Phil Bones  
Judy Brooks  
Margaret Buchanan  
Peter A. Clark  
Merle Cooney  
Prue Cotter  
Peter and Deirdre Cottrell  
Jen Crawford  
Susan Doig

## **Restoration donors cont'd**

Emma Eden  
Christine Ferguson  
Keiran Gallagher  
Patricia Glausius  
April Glenday  
Puamiria Goodall-Parata  
Murray and Sandra Greig  
Lyn Holland  
David Chambers and Rae James  
Ciara Kenny  
Claire and John Mackintosh  
Anne Maclean  
Bryony MacMillan  
Jilly Marshall  
Jill McKellar  
Jill Nuthall  
Zenovia Pappapetros  
Clem and Jane Parfitt  
Helen Peate  
Rosemary Perry  
Pat Pilkington  
Valerie Pollard  
Jennifer Porter  
Norma Porter  
Marlene Rohan  
Mike Rondel  
Judith Ross  
Kay Rouse  
Mark Russell  
Christina Sell-McLachlan  
MJ Smith  
Ray Spring  
Rod and Pat Syme  
Susanne Trim  
Edith Tripp  
Murray Victor  
Dr T Shailer Weston  
Beris Whelan  
Ann Williams  
Deborah Williams  
Mark A Wright  
Susan Henson and Thomas Young  
Anonymous

## **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 & 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**

Adgraphix  
Boffa Miskell  
Complete Asbestos Solutions  
Ernst & Young  
Euromarque  
Georges Road Wines  
Grant Thornton  
Holmes Consulting  
Leighs Construction Ltd  
New Zealand Media and Entertainment  
New Zealand Planning Institute  
Phantom Billstickers  
Resource Management Law Association of NZ  
Sheffield South Island Limited  
Spectrum Lighting and Sound  
Stuff Limited  
Warren and Mahoney



**Arts Centre of Christchurch Trust Board**

**Financial Statements**

**For the year ended 31 December 2019**

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**Arts Centre of Christchurch Trust Board**

**Financial Statements**

**For the year ended 31 December 2019**

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**Arts Centre of Christchurch Trust Board**

**Trust Directory**

**For the year ended 31 December 2019**

<b>Date of settlement:</b>	31 December 1978
<b>Date of Royal assent:</b>	5 June 2015
<b>Incorporation Act:</b>	Arts Centre of Christchurch Trust Act 2015
<b>Trustees:</b>	Felicity Price (Chairperson) Erin Jackson (Deputy Chair) Dr Rod Carr Grant Dean Puamiria Parata-Goodall Michael Rondel Mark Russell James Stringer Mark Todd
<b>Bankers:</b>	Bank of New Zealand Christchurch
<b>Solicitors:</b>	Anderson Lloyd Christchurch
<b>Independent Auditor:</b>	Grant Thornton New Zealand Audit Partnership Christchurch
<b>Accountants:</b>	Ernst & Young Limited Christchurch
<b>Chief Executive:</b>	Philip Aldridge
<b>Registered office:</b>	Clock Tower Building 2 Worcester Boulevard Christchurch 8013
<b>Charities Commission registration number:</b>	CC21247

## Independent Auditor's Report

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**Grant Thornton New Zealand Audit Partnership**

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Christchurch 8140

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### To the Trustees of the 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 2019, and the statement of comprehensive revenue and expense, statement of changes 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 2019 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 (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.

Our firm carries out other assignments for the Trust in the area of specific agreed upon procedures. The firm has no other interest in the Trust.

#### Other Information 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 Trustees, 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 Partnership



**M D Stewart**  
Partner  
Christchurch

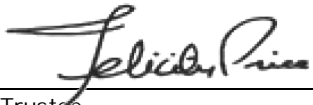
**4 May 2020**

Arts Centre of Christchurch Trust Board

Statement of Financial Position  
As at 31 December 2019

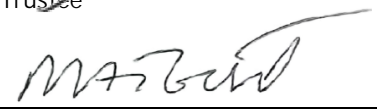
		2019	2018
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		668,697	3,051,068
Accrued interest from exchange transactions		833,601	911,158
Accounts receivable from exchange transactions		78,633	169,721
GST refund due		-	141,052
Prepayments		31,448	5,967
Inventories		192,560	249,290
Investments		<u>42,736,265</u>	<u>36,223,960</u>
		<b>44,541,204</b>	<b>40,752,217</b>
<b>Non current assets</b>			
Property, plant and equipment	4	385,694,141	365,919,480
Investments		<u>-</u>	<u>12,577,913</u>
		<b>385,694,141</b>	<b>378,497,393</b>
<b>Total assets</b>		<b><u>430,235,345</u></b>	<b><u>419,249,610</u></b>
<b>Current liabilities</b>			
Accounts payable		1,106,709	979,191
GST payable		75,979	-
Income received in advance	3	100,905	66,410
Employee entitlements		109,891	110,400
Grants unspent	2	58,238	139,000
Bonus accrual		<u>-</u>	<u>427,983</u>
		<b>1,451,723</b>	<b>1,722,984</b>
<b>Trust capital and reserves</b>			
Accumulated comprehensive revenue and expenses		209,479,120	208,173,247
Buildings and land revaluation reserve		<u>219,304,501</u>	<u>209,353,378</u>
		<b>428,783,622</b>	<b>417,526,625</b>
<b>Total trust capital and liabilities</b>		<b><u>430,235,345</u></b>	<b><u>419,249,610</u></b>

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

  
\_\_\_\_\_  
Trustee

4 May 2020

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Trustee

4 May 2020

\_\_\_\_\_  
Date

The accompanying notes form part of these financial statements.

Arts Centre of Christchurch Trust Board

Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2019

	2019	2018
	\$	\$
<b>Revenue from exchange transactions</b>		
Property income		
General fees and other income	634,452	417,083
Rentals and parking	1,217,986	1,082,840
Over/(under) recovery of tenant energy and other operating expenses	<u>(484,786)</u>	<u>(365,328)</u>
Total property income	1,367,652	1,134,595
Interest received	1,621,368	2,128,397
<b>Total revenue from exchange transactions</b>	<u>2,989,020</u>	<u>3,262,992</u>
<b>Revenue from non-exchange transactions</b>		
Grants, sponsorship and donations	359,046	205,766
<b>Total revenue from non-exchange transactions</b>	<u>359,046</u>	<u>205,766</u>
<b>Total revenues</b>	<u><u>3,348,066</u></u>	<u><u>3,468,758</u></u>
<b>Expenses</b>		
Administration	349,858	407,646
Audit fees	21,680	19,494
Depreciation	735,821	512,935
Property costs	802,151	808,945
Public relations	182,409	151,238
Staff costs	1,817,797	1,959,148
Other operating expenses	<u>263,459</u>	<u>305,617</u>
<b>Total Expenses</b>	<u>4,173,175</u>	<u>4,165,023</u>
<b>Operational deficit before capital funding</b>	<u>(825,109)</u>	<u>(696,266)</u>
Grants and donations received utilised for capital projects - non exchange transactions	2,130,982	3,499,099
<b>Total surplus for the year attributable to the Trust Board</b>	<u><u>1,305,873</u></u>	<u><u>2,802,833</u></u>
<b>Other comprehensive revenue and expenses</b>		
Revaluation of buildings and land	9,951,123	1,384,160
<b>Total comprehensive revenue and expenses for the year attributable to the Trust Board</b>	<u><u>11,256,996</u></u>	<u><u>4,186,993</u></u>

The accompanying notes form part of these financial statements.

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Arts Centre of Christchurch Trust Board

Statement of Movements in Trust Capital

For the year ended 31 December 2019

	Accumulated comprehensive revenue and expenses	Buildings and land revaluations	Total
	\$	\$	\$
<b>Balance at 1 January 2019</b>	208,173,247	209,353,378	417,526,625
Net surplus for the year	1,305,873	-	1,305,873
Other comprehensive revenue and expenses	-	9,951,123	9,951,123
Total comprehensive revenue and expenses	<u>1,305,873</u>	<u>9,951,123</u>	<u>11,256,996</u>
<b>Balance at 31 December 2019</b>	<b><u>209,479,120</u></b>	<b><u>219,304,501</u></b>	<b><u>428,783,622</u></b>

	Accumulated comprehensive revenue and expenses	Buildings and land revaluations	Total
<b>Balance at 1 January 2018</b>	205,370,414	207,969,218	413,339,632
Net surplus for the year	2,802,833	-	2,802,833
Other comprehensive revenue and expenses	-	1,384,160	1,384,160
Total comprehensive revenue and expenses	<u>2,802,833</u>	<u>1,384,160</u>	<u>4,186,993</u>
<b>Balance at 31 December 2018</b>	<b><u>\$208,173,247</u></b>	<b><u>\$209,353,378</u></b>	<b><u>\$417,526,625</u></b>

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The accompanying notes form part of these financial statements.

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Arts Centre of Christchurch Trust Board

Statement of Cash Flows

For the year ended 31 December 2019

	2019	2018
	\$	\$
<b>Operating activities</b>		
<b>Cash was provided from:</b>		
Grants and donations received	2,409,266	3,261,865
Interest received	1,698,925	2,187,602
Receipts from customers	<u>1,490,089</u>	<u>1,047,852</u>
	5,598,280	6,497,319
<b>Cash was applied to:</b>		
Net movement in GST	(261,107)	(514)
Payments to suppliers	<u>3,742,444</u>	<u>4,390,683</u>
	<u>3,481,337</u>	<u>4,390,169</u>
<b>Net cash inflow (outflow) from operating activities</b>	2,116,943	2,107,150
<b>Investing activities</b>		
<b>Cash was provided from:</b>		
Proceeds from the disposal of investments	6,065,608	12,942,072
<b>Cash was applied to:</b>		
Purchase of fixed assets and property improvement	<u>10,564,922</u>	<u>14,512,003</u>
<b>Net cash outflows from investing activities</b>	(4,499,314)	(1,569,931)
<b>Net increase (decrease) in cash held</b>	(2,382,371)	537,219
Add opening cash brought forward	<u>3,051,068</u>	<u>2,513,849</u>
<b>Closing cash and cash equivalents per statement of financial position</b>	<u><u>668,697</u></u>	<u><u>3,051,068</u></u>

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The accompanying notes form part of these financial statements.

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### 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 4 May 2020.

##### 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 (\$).

##### Going concern

The Trustees are of the opinion that the Trust is a going concern. For further details on the impact of COVID-19 on the future operations of the Trust refer to Note 12 Events occurring after balance date. 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.

##### 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.

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.

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### ***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 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.

**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, other payables and the bonus accrual.

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### ***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, including employee entitlements and bonus accrual.

#### ***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.

#### **(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.

Land is not depreciated.

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### *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 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).

	<b>Rate</b>	<b>Method</b>
Portable buildings	8.0% - 13.5%	SL
Non-heritage buildings	0.0% -3.0%	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:

	<b>Rate</b>	<b>Method</b>
Heating and ventilation	4.5%	SL
Fire services	2.3%	SL
Fitout	5.0%	SL

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### *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.

**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.

**(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 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 eighteen active leases and four active licenses in place with the minimum term of one year and the maximum term of eight years.

**(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 external quantity surveying company and reviewed by an independent external valuer, Colliers International Valuation (Chch) limited (see Note 4 for additional details).

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



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Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2019

2	Grants unspent	2019	2018
		\$	\$
	The Southern Trust	-	5,000
	New Zealand Lotteries Grants Board	35,738	118,000
	CCC Enliven Places	-	4,000
	Strengthening Communities	6,000	9,000
	Friends of the Arts Centre	1,500	-
	Creative NZ	10,000	-
	Elizabeth Ball Charitable Trust	5,000	-
	Mainland Foundation	-	3,000
		<u>\$58,238</u>	<u>\$139,000</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	2019	2018
		\$	\$
	Income received in advance	<u>100,905</u>	<u>66,410</u>

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.

Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2019

4 Property, plant and equipment

	Land	Motor vehicles	Plant and equipment	Computers	Furniture and fittings	Leasehold Improvements	Artworks	Heritage Buildings	Non-heritage Buildings	Total
<b>Cost</b>										
At 31 December 2018	31,630,000	233,648	1,628,940	790,833	884,638	94,269	23,440	363,850,141	8,250,945	407,386,854
Additions	-	-	53,152	47,668	55,251	-	-	10,408,820	-	10,564,891
Disposals	-	-	(3,104)	-	-	-	-	-	-	(3,104)
Revaluations	460,000	-	-	-	-	-	-	2,141,123	-	2,601,123
At 31 December 2019	<u>\$32,090,000</u>	<u>\$233,648</u>	<u>\$1,678,988</u>	<u>\$838,501</u>	<u>\$939,889</u>	<u>\$94,269</u>	<u>\$23,440</u>	<u>\$376,400,084</u>	<u>\$8,250,945</u>	<u>\$420,549,764</u>
<b>Depreciation and impairment</b>										
At 31 December 2018	-	131,306	1,245,942	606,706	556,053	52,271	-	38,842,466	32,630	41,467,374
Depreciation	-	12,110	72,663	90,704	57,496	1,915	-	495,744	5,189	735,821
Less: 2018 impairment	-	-	-	-	-	-	-	(38,140,000)	-	(38,140,000)
Add: 2019 impairment	-	-	-	-	-	-	-	30,790,000	-	30,790,000
Disposals	-	-	(334)	2,762	-	-	-	-	-	2,428
At 31 December 2019	<u>-</u>	<u>\$143,416</u>	<u>\$1,318,271</u>	<u>\$700,172</u>	<u>\$613,549</u>	<u>\$54,186</u>	<u>-</u>	<u>\$31,988,210</u>	<u>\$37,819</u>	<u>\$34,855,623</u>
<b>Net Book value</b>										
At 31 December 2018	\$31,630,000	\$102,342	\$382,998	\$184,127	\$328,585	\$41,998	\$23,440	\$325,007,675	\$8,218,315	\$365,919,480
At 31 December 2019	<u>\$32,090,000</u>	<u>\$90,232</u>	<u>\$360,717</u>	<u>\$138,329</u>	<u>\$326,340</u>	<u>\$40,083</u>	<u>\$23,440</u>	<u>\$344,411,874</u>	<u>\$8,213,126</u>	<u>\$385,694,141</u>

## 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 Colliers International Valuation (Chch) Limited.

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 \$376 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 three events, less repair work carried out since 2011, is in excess of \$30.7 million.

During the 2019 year, approximately \$10.3 million was spent on repair work to the buildings (2018: \$14.1 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 2019 and reviewed by Colliers International Valuation (Chch) Limited effective 31 December 2019.

(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.

Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2019

5	<b>Capital commitments</b>	<b>2019</b>	<b>2018</b>
		\$	\$
	BA Engineering Extensions		
	Less than one year	1,749,800	-
	1 -2 years	<u>4,113,136</u>	<u>-</u>
		<u>5,862,936</u>	<u>-</u>
	BB Electrical Engineering		
	Less than one year	<u>1,191,671</u>	<u>735,600</u>
		<u>1,191,671</u>	<u>735,600</u>
	CE - West Lecture		
	Less than one year	<u>100,000</u>	<u>100,000</u>
		<u>100,000</u>	<u>100,000</u>
	FA-FC Observatory, Biology, Physics		
	Less than one year	12,041,287	1,444,400
	1 -2 years	<u>20,362,284</u>	<u>-</u>
		<u>32,403,571</u>	<u>1,444,400</u>
	Sitewide Services and Infrastructure		
	Less than one year	<u>14,649</u>	<u>20,363</u>
		<u>14,649</u>	<u>20,363</u>
	Total capital commitments	<u>\$39,572,827</u>	<u>\$2,300,363</u>
<b>6</b>	<b>Operating lease commitments</b>	<b>2019</b>	<b>2018</b>
		\$	\$
	At balance date, the Board of Trustees had entered into the following non-cancellable operating leases:		
	<b>Operating lease commitments</b>		
	Less than one year	<b>8,352</b>	8,352
	1 -2 years	<b>16,704</b>	16,704
	3 - 4 years	<u><b>2,978</b></u>	<u>11,330</u>
	Total operating lease commitments	<u><b>\$28,034</b></u>	<u><b>\$36,386</b></u>

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### 7 Related parties

Erin Jackson is a trustee and the deputy Chairperson of the Arts Centre of Christchurch Trust Board. She is also the owner of the business Narrative Campaigns. Narrative Campaigns have provided social and digital media assistance to the Trust. For the year ended 31 December 2019, the total fees paid to Narrative Campaigns were \$Nil (2018: \$19,905).

Michael Rondel is a trustee of the Arts Centre of Christchurch Trust Board. He is also a Partner at BDO Christchurch Limited. BDO Christchurch Limited has provided services for Site wide operating cash flow modelling to the Trust. For the year ended 31 December 2019, the total of BDO Christchurch fees were \$11,381 (2018: \$9,080).

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 \$2,499 (2018: \$61,342). 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 is due to be drawn down by February 2021.

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 Michael Rondel are the current directors.

#### 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 2019, one trustee elected to be paid \$6,000 (2018: \$Nil).

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

The Senior Management Group includes the CEO and Managers. The total remuneration of key management personnel and number of individuals, on a full-time equivalent (FTE) basis, receiving remuneration from the Trust are:

	2019	2018
	\$	\$
Senior management group (7.5 FTE)	<u>968,771</u>	<u>1,287,634</u>

#### 9 Contingent assets and liabilities

A deposit of \$31,348 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 (2018: \$31,348).

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## Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2019

#### 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 \$5,400 (2018: \$4,800). No amounts were outstanding at balance date.

In addition, in the current year two Trustees were reimbursed for travel costs they incurred in supporting a capital fundraising event the Trust held in London. These reimbursements totalled \$6,675 (2018: Nil)

#### 11 Donations/Koha

Donations paid during the year were \$2,848 (2018: \$400).

#### 12 Events occurring after balance date

Puamiria Parata-Goodall resigned from the Trust Board effective 27 January 2020.

At the reporting date (31 December 2019) a number of cases of a new virus, COVID-19 (which is also known as Coronavirus), had been reported in the Wuhan province of China. As the Trust undertakes all of its activities in New Zealand and does not source any products or services from the region affected at that time, the financial statements amounts for the current reporting period are not impacted by COVID-19.

Subsequent to reporting date, COVID-19 became widespread globally. As a result, the World Health Organization announced on 11 March 2020 that the outbreak should be considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, including New Zealand, as Governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last. In addition, the New Zealand Government ordered on 26 March 2020 that all non-essential businesses cease trading for at least four weeks.

As a result of the New Zealand Government's order the Trust was required to stop all restoration work on earthquake damaged buildings and cease all activity throughout The Arts Centre. The timing for a recommencement of this restoration work is unknown at the date of signing these financial statements. Additionally the financial position of the various retail and hospitality businesses who are tenants of The Arts Centre will be adversely impacted by the order, and their ability to recommence trading when The Arts Centre does re-open is uncertain.

The Trustees have assessed the likely impact of COVID-19 on the Trust and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Trust to continue operating. That conclusion has been reached because the Trust has sufficient cash resources that, even with nil revenue during that period, it can maintain current operational expenditure for at least 12 months from the date of approving the issuance of these financial statements. The Trustees remain in an ongoing dialogue with the both central and local Government about financial support that might be available to ensure the Trust can continue to operate in its current manner from mid-2022 onwards.

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Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2019

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:

	2019	2018
<b>Financial assets</b>	\$	\$
Loans and Receivables:		
Cash and Cash Equivalents	668,697	3,051,068
Receivables from exchange transactions	78,633	169,721
Accrued interest from exchange transactions	833,601	911,158
Investments	42,736,265	48,801,874
	<u>\$44,317,196</u>	<u>\$52,933,821</u>
<b>Financial liabilities</b>		
Trade and Other Creditors	1,106,709	979,191
Employee Entitlements	109,891	110,400
Bonus accrual	-	427,983
	<u>\$1,216,600</u>	<u>\$1,517,574</u>

**Arts Centre of Christchurch Trust Board**

**Resolution of the Trustees of Arts Centre of Christchurch Trust Board  
made this                    day of                    2020.**

**Approval of Annual Financial Statements**      Resolved that the annual financial statements for the Trust for the year ended 31 December 2019 be approved.

**Income Distribution**                    Resolved that pursuant to the Trust Deed and after considering the interests of the beneficiaries the income of the Trust for the year ended 31 December 2019 be retained as trustees income and added to the capital of the Trust.

Signed by the Trustees

\_\_\_\_\_  
Felicity Price (Chairperson)

\_\_\_\_\_  
Erin Jackson (Deputy Chair)

\_\_\_\_\_  
Dr Rod Carr

\_\_\_\_\_  
Grant Dean

\_\_\_\_\_  
Michael Rondel

\_\_\_\_\_  
Mark Russell

\_\_\_\_\_  
James Stringer

\_\_\_\_\_  
Mark Todd





# Annual Report 2019

Published June 2020

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