



Te Matatiki Toi Ora The Arts Centre

Annual Report 2022

artscentre.org.nz

The
Arts
Centre

Te Matatiki Toi Ora

Part 1:

Review of 2022 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 2022

Front cover image: Drawing Room, The Observatory Hotel

Back cover image: The Observatory Hotel and Observatory Tower

2022: YEAR IN REVIEW FROM THE CHAIR AND DIRECTOR

Times of change

The beautiful Gothic Revival cloisters of Te Matatiki Toi Ora The Arts Centre seem far removed from the globally significant events of 2022. To name a few: Russia invaded Ukraine, 32 million people lived as refugees, and climate-fuelled disasters "showed that the perilous future has arrived" (US Council on Foreign Relations). In Aotearoa, we had a rough start as Covid-19 spread widely and fires burned in parliament's grounds. More latterly, inflation has returned.

Zoom in and we see that this uncertain world in which we live not only affects the work of The Arts Centre (lockdowns, supply chain disruptions and rising costs), it makes that work more urgent.

Politics, the news, and social media are full of black-and-white thinking, blame-laying, unproductive busyness, and noise. By contrast, the arts can explore ambiguity and embrace the messiness of life. From music to poetry, from painting to dance, the arts use myriad languages to understand the world. One of our roles is to enable more people to become more fluent in these languages.

Also, the arts are fun. Which is not to side-line the arts as frivolous or merely decorative – that creativity is good for business and the economy, and the lifeblood of research and development, should be uncontroversial.

Catchphrases such as 'Sing like no one is listening ... Dance like nobody's watching' have lasting appeal because embracing joy is good for us. Literally. The arts are good for our health and for our soul. And since the arts can bring people together and shift their perspectives, the benefits accrue at least as much to communities and collective endeavours as to individuals.

One of the strengths of Te Matatiki Toi Ora is that it is a place where people can create and share experiences *kanohi ki te kanohi*. Relationships seem easier and deeper when we meet face to face. After two years of pandemic, we had a bit of Zoom fatigue, but by the end of 2022 overseas visitors and local audiences were back in numbers, engaging with the arts in the physical world. Despite the external turmoil, we ended 2022 with tremendous optimism for the potential of the arts, and The Arts Centre, to do good things.

Crossing the threshold

On a beautiful Autumn morning at the start of April 2022, outside The Observatory Hotel and Tower, Puamiria Parata-Goodall and Corban Te Aika, representing Ngāi Tahu and Ngāi Tūāhuriri, led the blessing of one of several *whāriki* now installed at key entrance points to the site of Te Matatiki Toi Ora.

We had engaged two senior *kairaranga* (weavers), Reihana Parata and Morehu Flutey-Henare, to design the five *whāriki* (woven mats). They were our honoured guests at the blessing, supported by fellow artists. The *whāriki* signal the crossing of a threshold onto site and the acknowledgement of a *wāhi* or *taonga tapu* – a sacred place or object.

These *whāriki* tell stories on many levels. They contribute, in a quiet yet steadfast manner, to greater visibility of *mana whenua* in our rebuilt city. They acknowledge the historical significance of this place that pre-dates the stone buildings. They mark a physical and metaphorical boundary, reminding us that when we come here, we step into a special space.

The *whāriki* express an understanding that people and place are intertwined. Appropriately, then, in 2022 we shifted from an unavoidable preoccupation with buildings towards a focus on what happens in and around the buildings.

Hotel opens, restoration winds down

By the end of 2022, the decade-long restoration was all but completed. Work drew to a close on three Gothic Revival masterpieces – the Observatory, Physics and Biology buildings. Work continued on two Engineering buildings which would become the Health Technology Centre. With help from the NZ Lottery Grants Board, we started to stabilise the remaining two Category 1 heritage buildings – Mechanical Engineering and the Hydraulics Lab – securing them in an unrestored state for up to 25 years. All in all, Te Matatiki Toi Ora received \$168 million in earthquake insurance settlement for a

project estimated to cost \$290 million – so it's not a bad outcome.

The Observatory Hotel opened in May, marking a triumph of craftsmanship and design. Of course, the setting is unrivalled, but the quality of work is universally lauded and the contemporary interpretation of an Arts and Crafts Movement theme in the hotel is particularly appropriate. We have been delighted to work with hotel operator, Sarin Investments, who are committed to delivering a top-quality experience for their guests, and we look forward to many years of fruitful partnership. It's easy to understand why The Observatory Hotel rapidly gained a reputation as one of the best boutique accommodation providers in the city.

For Te Matatiki Toi Ora, the hotel provides consistent income and new visitors with whom we can share our history and contemporary offerings. We hope that many hotel guests make return visits and come to love The Arts Centre as much as Ōtautahi Christchurch people do.

We also had the great honour of returning the Townsend Teece Telescope to its rightful place at the top of the Observatory Tower. Indeed, in the 1890s, the Observatory was built to house this telescope, which James Townsend had donated to Canterbury College. After the earthquakes, Graeme and Dale Kershaw rebuilt the telescope for the University of Canterbury, with generous support from David and Leigh Teece.

Tribute to those on the tools

By the end of 2022, it was possible to walk freely around most of the site at last. In one respect, though, starting to move on from the restoration is bittersweet as we said goodbye to some of our stonemasons.

We have always been immensely proud of our multinational team of stonemasons. The strategy of direct employment (rather than contracting) saved the centre money while giving them better job security. Although we had to recruit experience from overseas, we were able to institute apprenticeships for locals who put in the years of hard work alongside the experts and eventually became qualified themselves. It was hard to see the team disperse, but we're thrilled to see many choose to remain in Ōtautahi Christchurch, including some moving on to the cathedral rebuild and the restoration of the Canterbury Museum. The

'signature' of different stonemasons features subtly around the site, especially where they had to create a suitable design in the absence of a clear photograph. Their legacy will live for as long as these buildings.

In December, we opened Rauora Revival in the Boys' High building, a beautiful, free exhibition that records and celebrates the restoration.

The arts come to the fore

With the easing of Covid restrictions and tourists returning, our festivals were noticeably larger, and it has allowed weddings, concerts, events, and activities to once more return vibrancy to the site.

People can interact with the arts every day at Te Matatiki Toi Ora, from regular favourites, such as the Great Hall Lunchtime Concert Series, to one-off performances, exhibitions, and experimental works. It is impossible to pick favourites. Rather, we mention a few illustrations of the direction of our arts programming.

The Matariki celebrations are one way in which we profile mana whenua and tangata whenua artists. In 2022, the programme included the Hiwa-i-te-Rangi exhibition featuring nine local Māori artists, a Kapa Haka Showcase, Lumière Cinemas playing The Lion King Reo Māori, Ad Parnassum – Purapurawhetū dance film projection by Daniel Belton, th'Orchard Dreamers – Chapter 2, a stone hammering workshop with Dr Areta Wilkinson, and a Matariki Sketch Night.

The annual Sculpture Festival in September epitomised two quintessential features of the arts programming: something for everyone, and opportunities to interact. As always, curator Koji Miyazaki included jewellery, and portable works in glass, ceramics and mixed media, alongside larger sculptural pieces. Upwards of 40 artists were represented. During opening weekend, people could listen to artist talks, watch demonstrations, and attend workshops to get hands-on.

In November, we were treated to Artefact: How to Behave in an Art Gallery, a site-specific dance theatre work created by Arts Laureate Ross McCormack for the New Zealand Dance Company. The work explored the reverence placed on objects housed in formal spaces such as art galleries. This illustrates another Arts Centre specialty – artists playing with our unique site to create new or (as in this case) reimagined work.

Once again, we welcomed artists on site to live in the creative residence for an extended period. These residencies support artists to work on their creative projects and present public programmes in Ōtautahi Christchurch. In 2022, we hosted four artists: Amanda Newell (Olivia Spencer Bower residency), Zena Elliott, Asher Raawiri Newbery, and Rose Kirkup. By hosting several artists simultaneously, we hope to play a small part in strengthening relationships and fostering collaboration in creative communities.

This year we also had the opportunity to expand the range of facilities accessible to community and emerging artists, beyond our Maker Workshop and the Pūmanawa community exhibition space. With dollar-for-dollar matching by The Arts Foundation Te Tumi Toi Boost Ōtautahi, we launched a crowdfunding campaign to create a 'black box theatre.' We plan to fit out the old Cloisters Theatre as a flexible, affordable space for small performing groups, collectives, and artists to share their work. As they say – watch this space.

The tenants

We like to think of The Arts Centre as a village hall, albeit one of awe-inspiring grandeur. It's a community centre, held in trust for the people of Christchurch and its visitors. The heart of Te Matatiki Toi Ora is the people who come together here, expressing and enjoying creativity in myriad forms.

While we host artists, welcome visitors, run education programmes, stage events and festivals, our small staff are also occupied behind the scenes (e.g. building maintenance and leasing spaces for private functions). The tenants are the ones who keep the site lively from day to day. We, and Christchurch, are privileged to have so many creative people running their businesses, doing what they do, together in a single, city block.

We want to thank them all.

For the record, in 2022, they were:

Absolution (piercing and body art studio/gallery), Brown Bread, Bunsen, Canterbury Academy of Dance, Cellar Door, Dee Dee Thai Massage, Everyone an Artist Trust, Fragranzi Artisan Perfume Studio, Frances Nation Grocer, Frances Nation Home, Frank Film, Gelato Dolce, Indigo and Provisions, Lumière Cinemas, Rekindle

(resourceful skills), Maxine Burney Art Studio/Gallery, Paint & Sip Studio, Pepa Stationery, Sarin Investments (operator of The Observatory Hotel), Scape Public Art Trust, Strategy Creative, Teece Museum of Classical Antiquities, The Central Art Gallery, The Custard Square Bookshop, The Fudge Cottage, The Physics Room (contemporary art space), The Rolling Om, University of Canterbury's School of Music and Classics department, Voices Co, Zen Sushi and Dumplings.

Achieving financial sustainability

Increasingly, the Trust Board has been focused not so much on re-opening as on staying open. The long-term viability of the centre's operations has been a priority around the board table for some time. The board, led by outgoing chair Felicity Price, supported the hotel project for precisely this reason, and Sarin Investments is now an anchor tenant, delivering a reliable long-term return for the centre as well as a unique experience for their guests. But this is just one step towards sustainability.

Another step will be the activation of the Health Technology Centre - light and spacious co-working spaces where creativity in the form of technological innovation and entrepreneurship can thrive.

These are great steps forward, but we remain a small arts organisation tasked with caring for the country's largest collection of heritage buildings for public benefit. Even with a full complement of tenants paying market rates, The Arts Centre cannot pay its way. When it comes to venue hire, it is not always appropriate to charge market rates for community facilities. We have a responsibility to make the arts accessible to everyone and create opportunities for diverse cultural communities to come together.

We are deeply grateful to all the donors and funders, large and small, who contributed to the capital works programme during the restoration.

The top priority now is to secure stable, ongoing funding for the centre's operations. We are guardians of a unique cultural site, but not just that: our mission under the 2015 Arts Centre of Christchurch Act of Parliament is to foster and promote art, culture, education and creativity. Now that we have exhausted the insurance settlement and other capital funding sources for building restoration, we must focus on creative endeavour.

We continue to explore options for the restoration of the Students' Union (the old Dux de Lux) and the Hydraulic Lab and Mechanical Engineering (the two mothballed Category 1 buildings that face Worcester Boulevard). The latter would cost \$50 million at today's prices and the former \$15 million. The Arts Centre does not have the funds to undertake the restoration and the Trust Deed does not allow us to sell or dispose of the buildings to another entity. We have endeavoured to find partnerships that might facilitate these ambitions but so far have not found a viable plan.

In sum, our biggest challenge for the Board and Director in 2023 is to progress discussions with the city council on a workable funding mechanism.

Recent years have taught us not to hold too tightly to fixed expectations of the future, but our strategic and creative direction points to:

- Ongoing work on our relationship with Ngai Tāhu artists, and Ngai Tūāhuriri as mana whenua. We look forward to welcoming Māori arts staff and launching a space for Māori artists in 2023.
- Revival of The Arts Centre tradition of circus, cabaret and physical theatre. Exciting plans are afoot for use of The Gym.
- Completing fitout of restored buildings, notably opening the Health Technology Centre and the Cloisters Studio.
- Celebrating the restoration and re-opening the centre of the site.

Thanks

We wish to acknowledge the work of Malcolm Douglass, one of the original trustees, who passed away in 2022. Malcolm helped save the site in its entirety, secured The Court Theatre as the first major tenant, and suggested preserving the old lecture theatre above Rutherford's Den. He continued to be an avid supporter of the arts and The Arts Centre throughout his life.

Our sincere thanks to Felicity Price, our longstanding Board Chair, who retired in June. Seven years at the helm is more than any arts organisation can reasonably expect! Felicity was a strong champion of the hotel project and saw this through despite Covid-related delays. Murray Dickinson succeeded Felicity from 1 July 2022.

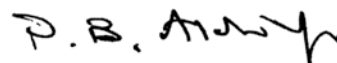
Thanks to our funders and donors. Your generosity shines in every corner of these magnificent buildings. Our 2022 fundraising report is on the following pages. To those named and to those who wish to remain anonymous: we are eternally grateful.

Finally, thanks to everyone else who is part of our broad community: artists, audience, volunteers, tenants, students, staff and more. Whatever your role, you are helping to shape Te Matatiki Toi Ora.

We look forward with optimism to 2023 and beyond,



Murray Dickinson
Chair, Arts Centre of Christchurch Trust Board



Philip Aldridge ONZM
Director, Te Matatiki Toi Ora The Arts Centre

FUNDRAISING

A very sincere thank you to the funders, trusts, individuals and organisations who have generously supported Te Matatiki Toi Ora The Arts Centre throughout 2022, despite the squeeze on finances with the slowdown in the global economy. Our supporters have continued to support and promote our work, providing us with grants, donations and sponsorships. This funding has enabled us to complete essential restoration of several buildings onsite, as well as helping fund activities, essential equipment, education programmes, performances and festivals! Thank you to everyone who has supported us in one way or another, including donating their time and services to The Arts Centre, helping us stay vital and relevant to Ōtautahi.

The Ministry for Business, Industry and Enterprise awarded The Arts Centre a substantial grant as part of the Tourism Infrastructure Fund for a new substantial toilet block in the Electrical Engineering building off of the North Quad, allowing us to handle the influx of cruise ship and other visitors.

Our relationship with the Ministry of Education continues for another three and a half years with funding for our education programme from Enriching Local Curriculum (ELC, formerly Learning Experiences Outside of the Classroom, LEOTC).

Rātā Foundation provided two amazing grants this year, with very substantial funding awarded for the setting up of the Observatory Tower Exhibition and Education Space. A second application was approved for the first year of a dedicated Māori arts space, on the ground floor of the Common Room.

The Lottery Community Christchurch/Kaikoura Funding For Change (FFC) committee provided generous funding towards the running of a Māori arts space at Te Matatiki Toi Ora, enabling us to step confidently forward with hiring new staff and fitting out this space.

The Arts Centre was a very fortunate recipient of the Māori Arts Internship programme at Toi Māori Aotearoa for a fully-funded 5-month intern in 2022. This programme aims to develop future Māori arts managers, professionals and producers, to support the Māori arts infrastructure and establish pathways for emerging Māori who wish to embark on a career in the arts. We welcomed Ngahina Belton-Bodsworth to our team and she was an amazing asset – we were sorry when she returned to Ōtepoti.

A sincere thank you to our other wonderful funders in 2022 including:

- Kiwi Gaming Foundation (formerly CERT) funded two stainless-steel Spyra bike racks.
- ENGEO geotechnical engineers provided a corporate donation during the year.
- Christchurch Casino Charitable Community Trust provided a grant towards technical costs for the Off Centre festival in 2023.
- WALK Christchurch donate a percentage of the proceeds from their ticketed walks and private tour groups back to The Arts Centre.
- The NZ Music Commission approved Covid recovery funding in a round of support for music venues through the NZ Music Venue Infrastructure Fund to specifically offset loss of revenue from live NZ music in the Great Hall.
- Neil Dawson created beautiful maquettes of the "Echo" sculpture, sold via the Central Gallery, and generously donated his commission back to The Arts Centre.
- Te Puni Kōkiri provided vital funding from the Te Pū Harakeke fund for the Matariki Festival 2022.
- New Zealand Community Trust (NZCT) generously provided funds towards new LED lighting units for the Cloisters Studio.
- Mainland Foundation funded a mobile accessibility lift for the stage of the Great Hall, enabling wheelchair and other users to be able to easily get onstage.
- The Farina Thompson Charitable Trust, proudly administered by Perpetual Guardian, provided

year three of the multi-year grant for the Sculpture Festival.

- The Barbara and Robert Stewart Trust provided much needed funding towards the restoration project.
- Several individual donors give regular monthly donations to The Arts Centre. We are honoured to receive these funds, they are truly appreciated.
- Our corporate donors who both donate their consulting time and provide greatly discounted rates, including Sheffield South Island Limited, Holmes Consulting, Rhodes & Associates, and Warren and Mahoney, as well as an anonymous corporate supporter.

Christchurch City Council supported The Arts Centre via several different grants in 2022, for which we are most grateful:

- The CCC Intangible Heritage Grant Fund provided funds towards extending cultural competency, narrative and communication at Te Matatiki Toi Ora.
- A three-year contract with CCC Events and Festivals for the Matariki Festival 2022 to 2024 was very gratefully received, as the Matariki celebrations grow in size and quality each year at The Arts Centre.
- The CCC Event Seeding Fund helped support the Off Centre festival by providing funding towards technical and operational expenses, which helped underpin this event.
- A number of activities were funded by the CCC Heritage Festival fund and were held during October, with the theme "Our Stories – Milestones and Moments". Our events included three afternoons of tours of the Observatory Tower, a lively evening with the founding members of Pacific Underground, an interactive session with one of our gifted stonemasons, and a talk with the designer of the Rauora Revival heritage exhibition to explore how an exhibition theme evolves.

- The CCC Strengthening Communities Fund provided year two of some operational funding for insurance, security and power.

A Boost Ōtautahi crowd funding campaign (hosted by The Arts Foundation Te Tumu Toi) raised \$10,000 for the Cloisters Studio, to be situated on the ground floor of the Electrical Engineering building off the North Quad. Thanks to all of our online donors, as well as Rātā Foundation, Christchurch City Council and Creative New Zealand for matching funding. Amazing!

The Friends of the Arts Centre applied to Te Papa Helping Hands fund on our behalf for replacement iPads for Rutherford's Den. The Friends also ran very popular timed tours of The Observatory Hotel as a fundraiser, specifically to reinstate the fireplace in Professor Scott's office in Electrical Engineering. The Friends have continued to be generous with their time, volunteering at various public events during the year, thank you.

We remember several wonderful donors who passed away in 2022, including Dr. T Shailer Weston, Jane Doig, Sir Miles Warren, Angela Parks, and Christopher Marshall. Donations from the funeral of Endel Lust were also donated to The Arts Centre.

In December, the Ministry of Culture and Heritage Cultural Sector Regeneration Fund provided funding for The Arts Centre to work with Cirko Kali to bring a new performing arts venue for circus, comedy, music, dance and cabaret to Ōtautahi, worth \$196,000. This will be developed in the Gymnasium during 2023. This was a highly-competitive process with many hundreds of organisations competing for funding, and we are delighted to have been successful.

The Arts Centre received a generous amount from the estate of Boris Bereza, a frequent visitor here in the past, and we will recognise him and his late whānau at The Arts Centre, online and in the annual report. The funds are specifically to be directed to the maintenance of the Great Hall and Rutherford's Den.

Our most loyal individual donors are members of the Cornerstone Programme, and they are a wonderful group of generous people who provide financial leadership. They attended drinks and theatrical and musical performances during the year, as well as the Sculpture Festival opening night and the launch of the Rauora Revival exhibition.

With the restoration project ending for now, caring for and maintaining the twenty buildings that have been re-opened at Te Matatiki Toi Ora since the earthquakes continues to be a challenge. Promoting and conserving the built heritage onsite is one of our three strategic pillars, Kaitiakitanga Guardianship. This will be both now and into the future and will require ongoing funding.

Te Matatiki Toi Ora is a unique and outstanding cultural centre, and having a lively programme of events and activities for the people of Ōtautahi throughout the year needs to be adequately funded.

Please help support us in these efforts. Join us in enriching and maintaining this home for arts, culture, heritage, creativity 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
Christchurch City Council
Fletcher Building (New Zealand) Limited
Manatū Taonga Ministry for Culture and Heritage
New Zealand Lottery Grants Board
John Griffin

FOUNDATIONS AND TRUSTS

The Arts Foundation Te Tumu Toi
Christchurch Casino Community Charitable Trust
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 Charitable Foundation, proudly administered by Perpetual Guardian
New Zealand Charitable Trust
New Zealand Music Commission Te Reo Reka O Aotearoa
Rātā Foundation
Robert and Barbara Stewart Charitable Trust
Te Puni Kōkiri
The Roger Wait and Nora Emerson Wait Charitable Trust, proudly administered by Perpetual Guardian
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Te Papa Helping Hands National Services Te Paerangi

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Walk Christchurch
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The late Boris, Wira and Wasyl Bereza

Platinum supporters

The late Dorothy Maclean

Robert and Barbara Stewart

Gold supporters

Kathy Brown and Mark Wilson

Charles Fleischmann and Carol Caldwell

Jen Crawford and Andy Mathers

Robin and Annette Mann

Silver supporters

Peter and Deirdre Cottrell

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In honour of Bill and Debbie Lipner

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Mark Todd

Robyn Trail

Susanne Trim

Edith Tripp

Marlene and Murray Victor

Steve and Helen Wakefield

Stella Ward

Robert Watson

Deborah Williams

Anna Wilson

Anonymous

In Memory of Endel Lust

Barbara Lyons

Fulton Ross Team Architects

Robin Queree

Rebekah McCullough

Vicki Steven

TAP TO DONATE

Thank you to our many donors who tapped their credit and debit cards in 2022.

ONLINE TICKET PURCHASERS

Many thanks to our online shoppers who added a donation to their ticket purchases.

BOOST ŌTAUTAHI

Thank you to our crowdfunding supporters for the Cloisters Studio project:

Frances Tennent-Brown

Mary Crowe

Christina Stachurski

Denise Faraco

Pitena Parkin

Paula Granger

Shelley Erskine

Diane Heather

Anna Viniegra

Gaz Thomas

Rob Mattson

Emma Brittenden

Julie Foley

Nathan Joe

Richard Johnstone

Jeff Lyng

Hilary Smith

Matthew Carter

Jeffery Poimamao Kalauta

CORPORATE SPONSORSHIP AND DONATIONS

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Holmes Consulting

Rhodes + Associates

Sheffield South Island Limited

Warren and Mahoney

Anonymous

Te Matatiki Toi Ora
The Arts Centre of Christchurch
Trust Board
Financial statements for the
year ended 31 December 2022

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Trust directory

Date of settlement

31 December 1978

Governing legislation

Charitable Trusts Act 1957

Arts Centre of Christchurch Act 2015

Charities Act 2005

Date of royal assent

Arts Centre of Christchurch Act 2015 - 5 June 2015

Trustees

Felicity Price (Chairperson) (retired 13 June 2022)

Murray Dickinson (Chairperson)

Clive Antony

Dr Rod Carr (retired 13 February 2023)

Grant Edmundson (appointed 20 March 2023)

Kathryn Ruge (appointed 13 February 2023)

Mark Russell (Deputy Chair) (retired 13 February 2023)

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 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") which comprise:

- a. the financial statements set out on pages 4 to 20, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive revenue and expenses, statement of movements in Trust Capital, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- b. the statement of service performance on page 4

In our opinion, the accompanying financial statements present fairly, in all material respects:

- a. the financial position of the Trust as at 31 December 2022 and its financial performance and cash flows for the year then ended; and
- b. the statement of service performance for the year ended 31 December 2022 in accordance with the Trust's service performance criteria

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 of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 (Revised) 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 Entity 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 interest in, the Trust.

Other Matter

The related comparative information for the statement of service performance for the year ended 31 December 2021 has not been audited. We are not in a position to, and do not express an audit opinion on the comparative figures for the year ended 31 December 2021.

Responsibilities of trustees for the financial statements

Trustees are responsible on behalf of the Trust for:

- (a) the preparation and fair presentation of the financial statements and statement of service performance in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report, the Trustees on behalf of the Trust 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 general-purpose financial report 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 the general-purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-14/>

Restriction on use of our report

This report is made solely to the Trustees, 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 Limited

Christchurch

15 May 2023

TE MATATIKI TOI ORA THE ARTS CENTRE

Statement of Service Performance

VISION | To be a centre of the arts - stimulating and celebrating our diverse communities by restoring memories and creating futures.

PURPOSE | To foster, promote, facilitate and encourage the interest of art, culture, education and creativity.



HE TANGATA | The people
Engaging and connecting
the people. Inclusive and
connected.



WHANGAI | Nourish and foster
Facilitating involvement in
art, culture, education, and
creativity.



KAITIAKITANGA | Guardianship: restoring,
and conserving the future
The Arts Centre is a unique and outstanding
cultural centre. Promoting, conserving and
maintaining the built heritage

2022 Key Initiatives	Measures	Outcomes
Restoration - Hotel and Observatory Tower Complete the development of a bespoke boutique art hotel.	Hotel & Observatory Tower open by Easter 2022	Hotel operator tenancy commenced 4 May 2022
Restoration of B Block Complete the restoration of BA Engineering Extensions and BB Electrical engineering buildings.	Earthquake Strengthening complete. Whole site open to the public by mid-2022	Earthquake Strengthening complete, but Health Technology Centre fitout and new bridge link is on-going.
Secure BC Hydraulics and BD Mechanical engineering buildings Complete the temporary stabilisation and mothball until funds are found for the full restoration.	Stabilisation complete before Health Tech Centre is launched	90% complete by 2022 year end
Programming Programme partnerships and joint ventures are embedded and further developed.	Diverse audiences seek out and patronise partnership and joint venture programmes and events in growing numbers	2022 Matariki Festival with 17 events (2021: 18) and 3,108 patrons (2021: 8,000). Third annual Sculpture Festival with 40 artists (2021: 40), 22 artist talks/demonstrations/workshops (2021: 21), approx 300 works for sale (2021: 245) and 2793 visitors to the festival (2021: 2851). Great Hall Lunchtime Concert Series with 24 performances (2021: 24) with 1,434 tickets sold in house (2021: 1,363). Arts on Tour with two performances (2021: 3) with 196 patrons (2021: 316). Voices Co – two concerts (2021: 3) with an audience of 364 (2021: 472). Two Productions – Merry & Bright, A Musical Spectacular, two performances (2021: nil) with an audience of 325. (2021: nil).
Programming Creative Residence Programme provides a platform for artists to dream and develop ideas.	Creatives report valuable opportunities to develop, produce and/or present creative work	Three Artists in residence (2021: 8). Three Artists delivered seven public programmes (2021: 10).
Revenue - Fundraising Execute a robust corporate, private and capital programme	Achieve fundraising that supports operations and programmes	Operational fundraising income that is recognised in the current year was 92% better than budgeted. <i>(note this is from the fundraising business unit only).</i> Capital fundraising income that was spent and recognised in the current year was 44% better than budgeted.

* note. 2021 SSP comparisons are unaudited



Statement of financial position

As at 31 December 2022

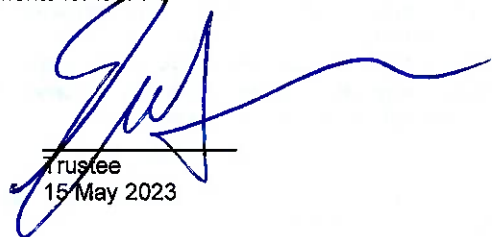
	Notes	2022 \$	2021 \$
Current assets			
Cash and cash equivalents		378,083	710,267
Accrued interest from exchange transactions		184,192	93,193
Accounts receivable from exchange transactions		92,909	38,279
GST refund due		497,844	285,556
Prepayments		56,291	23,267
Inventories		104,519	142,302
Short term deposits		10,500,000	25,043,700
		<u>11,813,838</u>	<u>26,336,564</u>
Non-current assets			
Property, plant and equipment	5	478,849,193	422,633,625
		<u>478,849,193</u>	<u>422,633,625</u>
Total assets		<u>490,663,031</u>	<u>448,970,189</u>
Current liabilities			
Accounts payable		1,594,778	1,741,780
Income received in advance		146,345	105,005
Employee entitlements		86,018	172,111
Grants unspent	4	719,789	3,520,558
		<u>2,546,930</u>	<u>5,539,454</u>
Total liabilities		<u>2,546,930</u>	<u>5,539,454</u>
Trust capital and reserves			
Accumulated comprehensive revenue and expenses		218,561,886	213,877,559
Land revaluation reserve		33,459,725	35,634,725
Heritage buildings revaluation reserve		236,094,490	193,918,451
		<u>488,116,101</u>	<u>443,430,735</u>
Total trust capital and liabilities		<u>490,663,031</u>	<u>448,970,189</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

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



Trustee
15 May 2023



Trustee
15 May 2023



Statement of comprehensive revenue and expenses

For the year ended 31 December 2022

	2022	2021
Note	\$	\$
Revenue from exchange transactions		
<i>Property income</i>		
General fees and other income	190,877	532,281
Rentals and parking	1,798,226	1,330,230
Tenancy operating recoveries received	544,017	771,214
Tenancy operating costs	<u>(1,177,378)</u>	<u>(1,364,344)</u>
Total property income	1,355,742	1,269,381
Gain on disposal of property, plant and equipment	57	34,814
Interest received	391,323	343,344
Total revenue from exchange transactions	1,747,122	1,647,539
Revenue from non-exchange transactions		
Grants, sponsorship and donations	382,068	688,086
Total revenue from non-exchange transactions	382,068	688,086
Total revenues	2,129,190	2,335,625
Expenses		
Administration	(243,004)	(269,576)
Audit fees	(21,525)	(32,065)
Depreciation	(670,004)	(659,220)
Property costs	(398,886)	(560,593)
Public relations	(75,154)	(62,031)
Staff costs	(1,349,908)	(1,232,856)
Other operating expenses	<u>(245,239)</u>	<u>(279,225)</u>
Total expenses	3,003,720	3,095,566
Operational deficit before capital funding	(874,530)	(759,941)
Grants and donations received utilised for capital projects - non exchange transactions	5,558,857	5,875,229
Total surplus for the year attributable to the Trust Board	4,684,327	5,115,288
Other comprehensive revenue and expenses		
Revaluation of land to fair value	5 (2,175,000)	2,485,000
Revaluation of heritage buildings to depreciated replacement cost	5 <u>42,176,039</u>	<u>10,607,951</u>
Total comprehensive revenue and expenses for the year attributable to the Trust Board	44,685,366	18,208,239

The above statement of comprehensive revenue and expenses should be read in conjunction with the accompanying notes.



Statement of movements in trust capital

For the year ended 31 December 2022

	Accumulated comprehensive revenue and expenses	Land revaluation reserve	Heritage buildings revaluation reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2022	213,877,559	35,634,725	193,918,451	443,430,735
Net surplus for the year	4,684,327	-	-	4,684,327
Other comprehensive revenue and expenses	-	(2,175,000)	42,176,039	40,001,039
Total comprehensive revenue and expenses	(4,684,327)	2,175,000	(42,176,039)	(44,685,366)
Balance at 31 December 2022	<u>218,561,886</u>	<u>33,459,725</u>	<u>236,094,490</u>	<u>488,116,101</u>
Balance at 1 January 2021	208,762,271	33,149,725	183,310,500	425,222,496
Net surplus for the year	5,115,288	-	-	5,115,288
Other comprehensive revenue and expenses	-	2,485,000	10,607,951	13,092,951
Total comprehensive revenue and expenses	<u>5,115,288</u>	<u>2,485,000</u>	<u>10,607,951</u>	<u>18,208,239</u>
Balance at 31 December 2021	<u>213,877,559</u>	<u>35,634,725</u>	<u>193,918,451</u>	<u>443,430,735</u>

The above statement of movements in trust capital should be read in conjunction with the accompanying notes.



Statement of cash flows

For the year ended 31 December 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Operating activities		
Receipts from customers	1,349,635	1,547,445
Payments to suppliers and employees	(2,542,878)	(2,348,025)
Grants and donations received	3,140,156	7,378,873
GST paid	(238,588)	(36,601)
Interest received	300,324	443,427
Net cash flows from operating activities	<u>2,008,649</u>	<u>6,985,119</u>
Investing activities		
Proceeds from the disposal of fixed assets and property improvement	17,640	96,717
Purchase of fixed assets and property improvement	(16,902,173)	(17,395,915)
Proceeds from the disposal of investments	14,543,700	9,521,348
Net cash flows used in investing activities	<u>(2,340,833)</u>	<u>(7,777,850)</u>
Financing activities		
Net cash flows from/(used in) financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(332,184)	(792,731)
Cash and cash equivalents at 1 January	710,267	1,502,998
Cash and cash equivalents at 31 December	<u>378,083</u>	<u>710,267</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the financial statements

For the year ended 31 December 2022

1. Corporate information

The Arts Centre of Christchurch Trust Board (the "Trust") is a registered charity under the Charities Act 2005 established under a Trust Deed in accordance with the Charitable Trusts Act 1957 and governed by the Arts Centre of Christchurch Trust Act 2015.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 15 May 2023.

2. Significant accounting policies

a) 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 complying with NZ GAAP. The Trust is a Tier 2 not-for-profit entity and has elected to report in accordance with Tier 2 not-for-profit public benefit entity accounting standards. The Trust is eligible to report in accordance with Tier 2 on the basis that it had between \$2 million and \$30 million operating expenditure for the past two reporting periods.

These financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR").

b) 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 (\$).

c) 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.

There was no impact or loss of revenue in 2022 relating to COVID-19 (2021: \$84,708).

Short term deposits totalling \$10,500,000 represent 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 (2021: \$25,043,700).

The Trustees confirm that they have considered the use of available funds when preparing the financial statements and applying the going concern concept.

d) Changes in accounting policies

New and amended standards and interpretations

The Trust applied PBE IPSAS 41 and PBE FRS 48 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2022, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.



Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

d) Changes in accounting policies (continued)

New and amended standards and interpretations (continued)

PBE IPSAS 41 Financial Instruments (continued)

The adoption of PBE IPSAS 41 changes the accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the recognition of an ECL allowance for all debt instruments not held at fair value through profit or loss and contract assets.

The Trust has adopted PBE IPSAS 41 retrospectively with an initial application date of 1 January 2021. The change did not have a material impact on the Trust's financial performance, financial position or cash flows.

PBE FRS 48 Service Performance Reporting

PBS FRS 48, which applies for annual periods beginning on or after 1 January 2022, requires Tier 1 and Tier 2 public benefit entities to present service performance information in the same general purpose financial report as their financial statements. The service performance information is required to provide information on why the entity exists, what it intends to achieve in broad terms over the medium to long term, how it goes about this, and what has been done during the reporting period to work towards those broader aims and objectives.

The Trust has adopted PBE FRS 48 for the year ended 31 December 2022, with the required information included as a Statement of Service Performance in the same document as these financial statements.

e) 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.

f) Financial instruments

Financial instruments are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial instruments are initially recognised at the fair value of the consideration received/transferred less, in the case of financial assets and liabilities not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently the Trust applies the following accounting policies for financial instruments:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call at financial institutions, and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

Financial assets at amortised cost

Financial assets at amortised cost consist of accounts receivables from exchange transactions, accounts receivables from non-exchange transactions, and short term deposits with original maturities of three months or greater investments. Financial assets are recognised at amortised cost where the asset gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and the asset is held in a business model with the objective to hold the asset to collect contractual cash flows. Accounts receivables represent the Trust's right to an amount of unconditional consideration (i.e. only the passage of time is required before payment of the consideration is due). Contract assets are the right to consideration in exchange for goods or services transferred to the customer. If the Trust performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned conditional consideration.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired, as well as through the amortisation process. These are included within current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.



Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

f) Financial instruments (continued)

Impairment of financial assets

An allowance for ECLs is recognised for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at an approximation of the original EIR. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For accounts receivables and contract assets, a simplified approach is adopted in calculating ECLs. Therefore changes in credit risk are not tracked, but instead a loss allowance is recognised based on lifetime ECLs at each balance date. The allowance is based upon observed historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of accounts payable. Payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are not discounted given their short term nature.

Financial liabilities at amortised cost are measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liability is derecognised as well as through the EIR amortisation process. Financial liabilities are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liabilities for at least 12 months after balance date.

g) Property, plant and equipment

Property, plant and equipment is measured initially at cost. Initial cost includes purchase consideration and those costs attributable to bringing the asset to the location and condition necessary for its intended use. Where artwork or other assets have been donated they are initially recorded at fair value at the date of donation.

Land

Land is subsequently revalued, and carried at fair value at the date of revaluation. 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 considered to have an indefinite useful life, and thus is not depreciated.

Heritage buildings

Heritage buildings are subsequently revalued to estimated depreciated replacement cost, and carried at the estimated depreciated replacement cost at the date of revaluation less accumulated depreciation and accumulated impairment. Accumulated depreciation and impairment represent the estimated cost of remedial works on heritage assets. Revaluations are performed with sufficient frequency to ensure that the book value of the asset does not differ materially from its fair value.

The method of valuation of heritage 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.

The heritage buildings were extensively damaged by the series of earthquakes during 2010 and 2011. An impairment allowance is recognised for the estimated remaining costs at balance date for repairs of the damage caused by the 2010 and 2011 earthquakes.

Depreciation is calculated to write off the net cost of each asset over its expected useful life to its estimated residual value. The following depreciation rates have been applied to the elements of heritage buildings.

Building structure	indefinite life
Heating and ventilation	4.5% to 10.0%, straight line
Fire services	2.3%, straight line
Building fitout	5.0%, straight line



Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

g) Property, plant and equipment (continued)

Revaluation of land and heritage buildings

Any increase in carrying amount as a result of a revaluation is recognised in other comprehensive revenue or expenses and credited to a revaluation reserve (land or heritage buildings), except to the extent it reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit, in which case the increase is also recognised in surplus or deficit.

Any decrease in carrying amount as a result of a revaluation is recognised in surplus or deficit, except to the extent it reverses a revaluation surplus in respect of that class of assets, in which case the decrease is recognised in other comprehensive revenue and expense.

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

Other property, plant and equipment

Property, plant and equipment other than land and heritage buildings is held at cost, less accumulated depreciation and impairment.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits, or is necessarily incurred to enable future economic benefits to be obtained. The carrying amount of any replaced part is derecognised. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Depreciation is calculated to write off the net cost of each asset over its expected useful life to its estimated residual value. The following depreciation rates have been applied:

Motor vehicles	8.0% to 30.0%, diminishing value
Plant and equipment	8.0% to 67.0%, diminishing value
Computers	13.0% to 67.0%, diminishing value
Furniture and fittings	1.0% to 60.0%, diminishing value
Leasehold improvements	2.0% to 11.4%, diminishing value
Artworks	indefinite life
Non-heritage buildings	0.0% to 13.5%, straight line

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each balance date and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit when the asset is derecognised.

Impairment of property, plant and equipment

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

At each balance 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 the 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.



Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

h) 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.

Land revaluation reserve

This reserve is for the accumulated surplus from revaluation of land to fair value.

Heritage buildings revaluation reserve

This reserve is for the accumulated surplus from the revaluation of heritage buildings to estimated depreciated replacement cost (see note 2g).

i) 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.

j) 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 EIR method.

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 25 (2021: 27) active leases in place with a minimum term of 1 year and a maximum term of 20 years, and 14 (2021: 10) active month by month licenses.

k) Leases

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



Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

l) 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 balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment benefits

Contributions made on behalf of employees to defined contribution funds are recognised in the period they are incurred. The defined contribution funds receive fixed contributions from the Trust, whose legal or constructive obligation is limited to those contributions only.

3. 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) (refer note 5).

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



Notes to the financial statements (continued)

For the year ended 31 December 2022

4. Grants unspent

	2022	2021
	\$	\$
Arts Foundation of New Zealand	10,000	-
CCC - Intangible Heritage Grant	45,000	-
Chch Casino Charitable Community Trust	5,000	-
Creative NZ	-	15,063
Elizabeth Ball Charitable Trust	-	1,359
Mainland Foundation	16,581	83
Ministry for Culture & Heritage	-	1,250,000
Ministry of Business, Innovation & Employment	198,208	-
New Zealand Lotteries Grants Board	-	2,173,053
NZ Community Trust	10,000	-
NZ Lotteries Grant Board - Canterbury/Kaikoura Community Fund	95,000	-
Off Centre Festival Funding	10,000	-
Rata Foundation	300,000	51,000
The Stout Trust	30,000	30,000
	<u>719,789</u>	<u>3,520,558</u>

Grants are taken to revenue and recorded in the year in which they are recovered unless there is an explicit return obligation. If there is an explicit return obligation, the grants are recorded as a current liability, and recognised as revenue when spent.



Notes to the financial statements (continued)

For the year ended 31 December 2022

5. Property, plant and equipment	Land	Motor vehicles	Plant and equipment	Computers	Furniture and fittings improvements	Leasehold improvements	Artworks	Heritage buildings	Non-heritage buildings	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
At 1 January	36,725,000	251,505	1,676,053	774,028	954,661	94,269	43,376	405,892,879	69,743	446,481,514
Additions	-	-	11,026	18,398	-	-	-	16,866,484	6,265	16,902,173
Disposals	-	-	(2,869)	-	-	-	-	(5,000)	(13,000)	(20,869)
Revaluation	(2,175,000)	-	-	-	-	-	-	41,111,008	-	38,936,008
At 31 December 2022	34,550,000	251,505	1,684,210	792,426	954,661	94,269	43,376	463,865,371	63,008	502,298,826
Depreciation and impairment										
At 1 January	-	159,973	1,404,355	725,610	702,885	57,677	-	20,756,381	41,008	23,847,889
Depreciation	-	13,076	49,867	23,836	33,577	1,598	-	546,650	1,400	670,004
Disposals	-	-	(457)	-	-	-	-	-	(2,772)	(3,229)
Impairment	-	-	-	-	-	-	-	1,705,000	-	1,705,000
Revaluation	-	-	-	-	-	-	-	(2,770,031)	-	(2,770,031)
At 31 December 2022	-	173,049	1,453,765	749,446	736,462	59,275	-	20,238,000	39,636	23,449,633
Net book value										
At 31 December 2022	34,550,000	78,456	230,445	42,980	218,199	34,994	43,376	443,627,371	23,372	478,849,193
At 31 December 2021	36,725,000	91,532	271,698	48,418	251,776	36,592	43,376	385,136,498	28,735	422,633,625

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. Property, plant and equipment (continued)

Opening balances have been restated to reclassify assets with a cost and net book value of \$1,359,570 from non-heritage buildings to heritage buildings to better reflect the nature of the assets.

Estimated cost of replacement - heritage buildings

The estimated cost of remedial works required on heritage buildings are recognised as an impairment against the cost of the building, recorded at depreciated historical cost of \$20,238,000 (2021: \$18,533,000).

Valuation

Land

Land is 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. The valuation of the land was prepared as at 31 December 2022 by CVAS (Chc) Limited (trading as Colliers), an independent valuer.

The direct comparison approach (more commonly referred to as the comparable sales approach) was applied to assess the fair value of the Trust's land.

Property-specific assumptions in the valuation were:

- The underlying land is of reasonable condition
- Zoning implications and associated easements have been considered in the valuation, along with an allowance for additional constraints from the historic nature of improvements on the land, the historic classifications and the Trust management structure.

The valuer noted that for the local investment property market, to date there is limited new evidence to clearly establish current values, and that in the absence of a weight of sales evidence their valuation is more subjective than usual and therefore may be subject to an elevated level of uncertainty.

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 valuers. The effective date of the revaluations is 31 December 2022.

The depreciated replacement cost model was applied to assess the fair value of The Arts Centre buildings. While 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 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 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.

Key assumptions included in the valuation were:

- Rebuild work would be undertaken in accordance with the ICOMOS Charter and the guidelines produced by Heritage New Zealand (formerly New Zealand historic Places Trust) for the repair and conservation of heritage buildings of historic significant.
- Future cost inflation rates of 5.5%, as indicated by Statistics New Zealand.



Notes to the financial statements (continued)

For the year ended 31 December 2022

6. Capital restoration project

	<u>2022</u>	<u>2021</u>
	\$	\$
BA Engineering Extensions		
Less than one year	1,951,901	4,808,928
1-2 years	-	-
	<u>1,951,901</u>	<u>4,808,928</u>
BB Electrical Engineering		
Less than one year	466,370	2,222,376
1-2 years	-	-
	<u>466,370</u>	<u>2,222,376</u>
BC/BD Hydraulics and Mechanical Engineering		
Less than one year	47,143	1,833,079
1-2 years	-	-
	<u>47,143</u>	<u>1,833,079</u>
FA-FC Observatory, Biology, Physics		
Less than one year	944,722	9,522,254
1-2 years	-	-
	<u>944,722</u>	<u>9,522,254</u>
Total capital budget remaining	<u><u>3,410,136</u></u>	<u><u>18,386,637</u></u>

This amount represents the remaining budget approved by the Trust Board, however, \$2,277,000 (2021: \$13,531,772) of this is contractually committed to and therefore represents capital commitments at year end.

7. Contractual commitments

Under provisions of the Observatory Hotel lease, the Trust as landlord has a responsibility for refurbishment of certain items within the hotel. At 31 December 2022, a sinking fund has been calculated for 35 years of \$4,995,500 (2021: \$nil). This amount will be ringfenced for that purpose from the Trust's cash reserves.

8. Operating lease commitments

At balance date, the Board of Trustees had entered into the following non-cancellable operating leases:

	<u>2022</u>	<u>2021</u>
	\$	\$
Less than one year	7,852	7,852
1-2 years	13,089	15,050
3-4 years plus	-	5,890
Total operating lease commitments	<u><u>20,941</u></u>	<u><u>28,792</u></u>



Notes to the financial statements (continued)

For the year ended 31 December 2022

9. Related parties

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. Murray Dickinson and Edward Sparrow 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 January 2022, at the cost of \$5,750 (2021: \$28,750).

Corban Te Aika is a Trustee of The Arts Centre of Christchurch Trust Board. He provided cultural ceremonies for The Arts Centre during 2022, for which he received a koha. Corban is also a member of the Maori Advisory Committee which advises management. In 2022, he was paid a meeting fee of \$600 (2021: \$nil).

Edward Sparrow is a Trustee of The Arts Centre of Christchurch Trust Board. He is also a tenant of The Arts Centre. The tenancy licence commenced 8 August 2022. The outstanding amount at year end from Edward Sparrow is \$nil (2021: \$nil).

10. Key management personnel compensation

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

As per the Arts Centre of Christchurch Trust Act 2015, Trustees can be remunerated. In 2022, one Trustee elected to be paid \$2,609 (2021: \$5,500). Trustees are also entitled to receive an expense allowance once a year (see note 12).

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

	2022	2021
	\$	\$
Senior management group (5.5 FTE)	<u>709,250</u>	<u>742,650</u>

11. Contingent assets and liabilities

A deposit of \$126,089 was held with the solicitors in relation to the observatory hotel lease. The deposit was released on 9 May 2022 to the Trust upon meeting certain criteria by the lessee. Balance held is \$nil (2021: \$125,957).

12. 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 \$5,165 (2021: \$4,800). No amounts were outstanding at balance date.

13. Donations/Koha

Donations paid during the year were \$1,750 (2021: \$2,458).

14. Events occurring after balance date

There have been no significant events occurring after balance date.



Notes to the financial statements (continued)

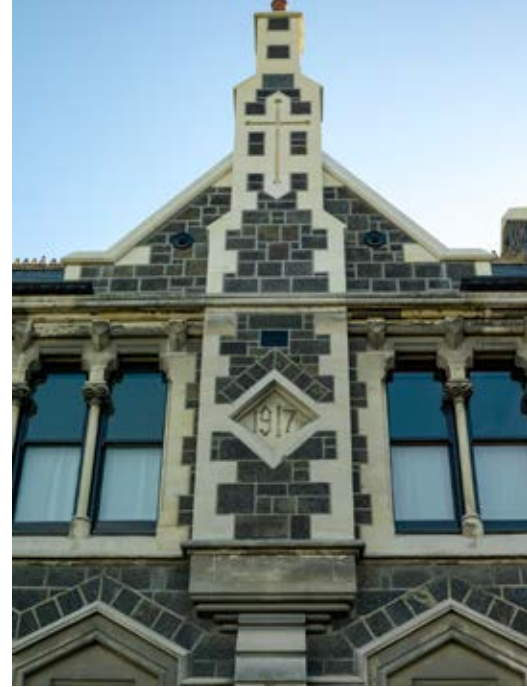
For the year ended 31 December 2022

15. 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:

	<u>2022</u>	<u>2021</u>
	\$	\$
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	378,083	710,267
Receivables from exchange transactions	92,909	38,279
Accrued interest from exchange transactions	184,192	93,193
Short term deposits	10,500,000	25,043,700
	<u>11,155,184</u>	<u>25,885,439</u>
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Accounts payable	1,594,778	1,741,780
	<u>1,594,778</u>	<u>1,741,780</u>





Annual Report 2022

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The Arts Centre

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