



The Arts  
Centre  
Te Matatiki  
Toi Ora

Annual  
Report 2020

[artscentre.org.nz](https://artscentre.org.nz)

The  
Arts  
Centre

Te Matatiki Toi Ora

**Part 1:**

Review of 2020 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 2020

## 2020: YEAR IN REVIEW | Resilience during adversity

from the Chair and Director

This year brought significant challenges to The Arts Centre Te Matatiki Toi Ora. Covid-19 and the subsequent border closure, national lockdown and alert level changes created widespread disruption across the site. Overall visitors to The Arts Centre fell dramatically and it was necessary to adapt to this new and uncertain environment.

The Arts Centre closed for around five weeks between March and April, with staff reducing hours and wages by 20% and working from home where possible. Construction was put on hold and then adapted to meet social distancing and health measures following lockdown. Operations were affected particularly in terms of events and programming. Events were either cancelled, delayed, or moved online due to the difficulty in sourcing international artists. Limits on the number of attendees or health processes also made events unviable. Venue hires were cancelled or delayed, with international and national venue bookings drying up overnight. Tenants were given a rent-free grace period during lockdown but even so several tenancies ended. It was not until later in the year that leasing interest picked up again. The education team switched to digital and a fundraising campaign to Keep the Doors Open launched, along with the pursuit of other multiple new funding opportunities.

The financial situation was already in a precarious position and the impact of Covid-19 was the ultimate tipping point. The Arts Centre has long faced financial challenges. With an entire city block of heritage buildings to maintain, balancing the books has always been a challenge. The costs of running, maintaining and insuring heritage buildings have also escalated since the earthquakes. Insurance costs in particular rising 400%.

The Centre has relied on interest earned on the earthquake insurance pay-out to support operations, but interest rates have plummeted. Furthermore these funds are for capital works and the restoration of damaged buildings and this money is on the verge of being exhausted with the completion of the hotel and Observatory Tower in 2022.

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Even though things were picking up as the year progressed, with event ticket sales strong, venue bookings going well and the restored heritage buildings fully tenanted, The Arts Centre continued to face financial challenges.

The Trust Board needed to make some significant changes and undertook a necessary and arduous restructure, reducing staffing levels in the operational team by 30%. It had become increasingly apparent that costs would have to be cut significantly and this was the year in which it had to be addressed.

We would like to acknowledge how difficult this year has been for staff and the leadership team – with some losing their jobs and others taking considerable pay cuts or reduced hours – having to do so much more with so much less. It has been

a tough year and it has been inspiring to observe the commitment, hard work, and dedication of staff to seeing these beautiful heritage buildings restored and, just as significantly, for the arts to thrive once again.

There is a real sense of hope and optimism as we now look to the future.

Although the course had to be corrected this year the vision to be a centre of the arts - stimulating and celebrating our diverse communities by restoring memories and creating futures - still stands true. We would like to renew and grow our operational side and continue to dedicate the Centre to fostering, promoting, facilitating, and encouraging the interest of art, culture, education, and creativity.

Even though the year took some interesting twists and turns, all is not lost, and we accomplished some significant achievements.

Amongst real and perceived public health concerns, the headline programme celebrating Matariki went ahead in July. With this year's theme based around Hauora (wellbeing), the Matariki programme included 16 events such as Ngā Taonga Pūoro - traditional Māori Instrument workshop (with Mahina-Ina Kingi-Kauī), Hikitia Te Hā (breathing workshop), Māketē Matariki and the Aoraki Matatū exhibition and associated workshop.

The creative residencies programme morphed into several smaller local micro-residencies. We were delighted to have Arati Kushwālī, visual artist; Louise Beer, visual and sound artist; Dr Octavia Cade, speculative fiction writer; Madison Kelly, visual artist and Bryce Galloway, artist/zine-maker on site to expand and develop their creative pursuits. The success of these residencies enabled us to receive support from Creative New Zealand and the Stout Trust, managed by Perpetual Guardian, to run the ARTS FOUR Aotearoa Creative Residency Programme in 2021.

In November, we launched the inaugural Arts Centre Sculpture Festival. This two-week long festival featured 225 works created by over 30 local artists. There were 21 associated events including artist talks, workshops, demonstrations, a ceramics exhibition, musical performances and a harakeke installation and activation.

Discussions with the Christchurch City Council ramped up this year, as we continued to pursue public funding. A breakthrough came in the form of the Council's draft Long Term Plan, identifying and mapping out the Council's funding priorities and commitments for the next 10 years. At the time of writing, June 2021, a capital grant of \$5.5 million has been allocated to support restoration. This grant will be distributed over three years: \$3.9 million in 2021/22 and \$0.8 million in 2022/23 and 2023/24. After a strong and convincing campaign to encourage public submission during the consultation period the

Council has decided to introduce a Special Heritage (Arts Centre) rate that will be evenly distributed to all ratepayers across the district until June 2031. The significance of this intervention from Council cannot be underestimated and the trustees, staff and public are immensely grateful.

The grant will facilitate the completion of the restoration of two of the four Engineering School buildings and bring to life a new health technology centre. The Council funding will enable The Arts Centre to complete 20 out of 22 Category 1 listed heritage buildings – quite an achievement over the ten years since the February quake.

Sitting on the edge of Te Papa Hauora, Ōtautahi's Health Precinct, The Arts Centre is well placed to incorporate health technology companies such as medical technology, biotechnology, and digital technology into the community and expand its remit of creativity.

Stage two of The Arts Centre's building restoration is progressing well. In 2022 it will see the re-opening of the Observatory Tower and the reinstatement of the Townsend Teece Telescope, along with the opening of the 33-room Observatory Hotel. It was fortunate that Covid-19 has had minimal impact on the reconstruction work during the year. We look forward to completing the restoration of these buildings and once again inviting the public back in to enjoy them. The Observatory will also be open for public night-time viewing and school visits.

With two-thirds of The Arts Centre site open and the rollercoaster of a year we have had, there have been several changes to The Arts Centre community. A few tenancies ended but it was a pleasant surprise that leasing enquiries significantly increased. We were delighted to provide new offices for film production company, Overactive Imagination and to welcome wine bar, Cellar Door; Frangranzi, an artisan perfumery; Adventure Books, antiquarian bookstore; Frances Nation expanding its offering to a grocer; expansion and change in ownership of Zen Sushi and Dumplings, Dee Dee Thai Massage, and Paint & Sip Studio.

There have also been a couple of changes to the Trust Board. In January, we saw the resignation of Puamiria Parata-Goodall. Subsequently, this change led to the appointment of Dr Darryn Russell, University of Canterbury Assistant Vice-Chancellor Māori, Pacific and Equity and a member of Ōtākou Rūnanga.

None of these achievements would have been possible without the tremendous support of the huge community of loyal supporters and we would like to thank them here:

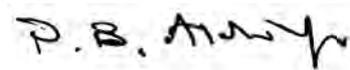
- Our sponsors, funders, Cornerstone donors, regular givers, Friends of The Arts Centre, and those who donate to us. We are incredibly grateful.
- To the many residents and visitors, thank you for supporting your local Arts Centre, for buying a product, watching a movie, coming to an event, hiring a venue, or enjoying the surroundings.

As we look to the future, we see bright hope: more of the cultural heart of Ōtautahi restored, more of The Arts Centre bustling and activated and, in general, arts and creativity given the pedestal it so deserves.

Thank you for being our loyal followers. Everything we do is for you, and our future generations.



Felicity Price ONZM  
Chair, Arts Centre of Christchurch Trust Board



Philip Aldridge ONZM  
Director

- Our creative practitioners, who create and inspire us with their creative endeavours. We have seen from the pandemic, just how crucial arts and culture are to our wellbeing.
- Our tenants, who are the heart of The Arts Centre, you breath creativity into these stunning heritage buildings.
- Our suppliers and contractors, who enable us to continue this mammoth restoration project and deliver on our promises.
- Our staff for their passion, drive, and devotion to The Arts Centre. You bring this place to life.
- Our Trustees, who provide wisdom, governance, and direction. We would not be in the position we are without your dedicated support.

## FUNDRAISING

Thank you to the many funders, trusts, individuals, and organisations who have generously supported our work at The Arts Centre in 2020. Shutdown surprisingly did not stall grants and donations, and you have made a tangible difference this past year - your faithful and kind support is most sincerely appreciated. We continued to receive small and large donations, with each one important to us – you have helped The Arts Centre to continue to be vibrant, even during this challenging year.

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

The Lottery Grants Board supported The Arts Centre in 2020 with a grant from the Lottery Environment and Heritage Fund to help restore heritage features such as stonework and timberwork in the Physics and Biology Extensions buildings. The Lottery Grants Board has been very generous to The Arts Centre over the last number of years and has enabled us to undertake and complete complex projects that we would not have been able to without their support. Thank you.

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 ensure 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.

### Some of our generous donors in 2020 include:

- MBIE Strategic Tourism Assets Protection Programme (STAPP) provided very necessary funding to provide support for the tourism assets at The Arts Centre to ensure they survive the disruption caused by Covid-19.
- CCC Discretionary Response Fund gave some operational funding towards rudimentary activities to keep the doors open.
- Manatū Taonga Ministry for Culture and Heritage awarded a one-off grant towards the restoration of the Engineering Extension building, from the remnants of the CEAT fund.
- The Farina Thompson Charitable Trust, proudly administered by Perpetual Guardian, granted funding to support the Sculpture Festival over the next five years. Amazing - thank you!
- The Stout Trust, proudly managed by Perpetual Guardian, provided funding towards the 2021 creative residence programme.
- Creative New Zealand also provided funding towards the 2021 creative residence programme.
- The Music Commission provided a grant from the NZ Music Venue Infrastructure Fund, part of the COVID-19 NZ Music Recovery Support Package.
- The Mainland Foundation awarded a grant to be used to fund the wages of the part-time Māketete manager and for urgent repairs to canvas sides and roofs of the market stalls.
- The Elizabeth Ball Trust granted The Arts Centre funding for an upright practice piano, which has been purchased and located in the Maker Workshop in the School of Art.
- Christchurch Earthquake Recovery Trust (CERT, now called Kiwi Gaming Trust) granted funds to repair the three mākete trailers used for transporting the mākete stalls and canopies.
- Rātā Foundation provided funds to help run the "Rutherford on the Road" education programme, which visited rural and low-decile schools.
- The Canterbury Earthquake Heritage Buildings Fund (CEHBF) provided a grant towards the restoration of the spiral timber staircase and panelling in the Observatory Tower.
- The Lion Foundation provided funding for two upright practice pianos, for use in the Common Room.
- Christchurch Earthquake Appeal Trust funded the purchase and installation of a new custom-built astronomy dome to top the Observatory Tower.
- The Ministry of Education Te Tāhuhu O Te Mātauranga funded the Rutherford's Den education programme during 2020, enabling us to provide exciting learning experiences based on the discoveries of Ernest Rutherford for over 2,000 students each year.
- CCC funded two events at The Arts Centre during Heritage Festival 2020, including The Art of Archaeology exhibition, displaying a selection of intriguing objects from around the site found during excavation.
- The Barbara and Robert Stewart Charitable 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. At Level 2 post-lockdown, the Friends hosted a fun and successful Quiz Night, a welcome respite. The Friends also facilitated a grant from the Te Papa Helping Hands fund to enable the purchase an Evac chair for the Clock Tower. Various Friends members have also donated their time to volunteer at different public events at The Arts Centre during the year.
- Christchurch City Council Strengthening Communities helped bring the Matariki 2020 festivities to The Arts Centre, some of which had to move online due to Covid-19.

The "Donation Point Tap" units for touchless donations have been successfully used in the Clock Tower and Great Hall and during the Outdoor Cinema sessions. They are easy to use and have been bringing in a reasonable amount of revenue each.

The Help Reopen The Arts Centre fundraising and online digital marketing campaign ran post-lockdown:

1. To raise funds which have been lost during the pandemic;
2. Highlight the issues faced by The Arts Centre and the creative community it supports during the pandemic;
3. Reinforce the message that The Arts Centre is a charity and receives no ongoing annual funding from council or central government.

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Despite Covid, some fun new fundraising activities took place in 2020. There was a packed-out two-night fashion show "A Colourful Past" held in the Great Hall, and a huge Meccano Show in the Great Hall over Labour Weekend. Thank you to all involved.

The online "Be a Star" campaign has continued to attract donations from both New Zealand and around the world, with people keen to support the Observatory Tower restoration project.

Donors and supporters sponsored a range of activities at The Arts Centre in 2020, 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.

Stage 2 of the restoration project is formally underway, with exciting work well underway on the Observatory Tower now that funding has been mostly secured. However, there is still a long way to go to complete the seven large buildings included in Stage 2, and so the current capital fundraising activity will be ongoing to secure the funds required.

The current funding shortfall is \$38 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](https://artscentre.org.nz/support).

## **THANK YOU TO OUR SUPPORTERS**

### **FOUNDATION DONORS**

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

### **FOUNDATIONS AND TRUSTS**

Christchurch City Council  
Christchurch Earthquake Appeal Trust  
Christchurch Earthquake Recovery Trust (now Kiwi Gaming Foundation)  
Creative New Zealand  
The Farina Thompson Charitable Trust, proudly administered by Perpetual Guardian  
The Lion Foundation  
The Mainland Foundation  
Ministry for Business, Innovation & Employment Hīkina Whakatutuki  
New Zealand Lottery Grants Board Te Puna Tahua  
New Zealand Music Commission Te Reo Reka O Aotearoa  
Rātā Foundation  
Robert and Barbara Stewart Charitable Trust  
The Stout Trust, proudly administered by Perpetual Guardian

### **MAJOR DONORS**

Friends of the Arts Centre  
Garden City Big Band Inc.  
New Zealand Choral Federation Canterbury West Coast  
Walk Christchurch  
Anonymous

## **CORNERSTONE PROGRAMME**

### **Platinum supporters**

The late Dorothy Maclean

### **Gold supporters**

Boris, Wira and Wasyl Bereza

Kathy Brown and Mark Wilson

Jen Crawford and Andy Mathers

### **Silver supporters**

Charles Fleischmann and Carol Caldwell

Peter and Deirdre Cottrell

Drummond Inheritance Trust

In honour of Bill and Debbie Lipner

Robin and Annette Mann

Sally Page

Lady Barbara Stewart

Jill and Mark Todd

Anonymous

### **Bronze supporters**

Margaret Austin

Paddy and Gayle Cotter

Susan Doig

Dr Ian and Dr Lynne Lochhead

Virginia Nelson

Dr Sue Nightingale and Dr Stuart Wise

James Stringer

### **Supporters**

Martin Hadlee

Henshaw Developments Trust

Monica Ryan

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Margaret Austin

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Ruth Brassington

Robert Bull

Kate and Richard Burt

Margaret Cone

Pamela and Barry Crowther

The late Prue Cotter

Grant Dean

Tim Deans

Catherine Double

Anna Elliott and Chris White

Carolyn Fletcher

Marie Gurnsey

Norma Hampton

Margaret Harrison

Joan Hazelhurst

Liz Hodgson

Davis and Diane Holderness

Erin Jackson

Allan Jones

Andrew Kitchingham

Fiona Lassen

Trevor Lord

Marian MacBeth

Claire and John Mackintosh

Bryony MacMillan

Graeme and Quita McNally

Jilly Marshall

Julie Oxenham

Ellen and Errold Paynter

Ted and Rosemary Perry

Michael and Lesley Petterson

Tom Rainey

Gay Rathgen

Kate and Matthew Reid

RJ Ryder

Mike Rondel

Kay Rouse

Mark Russell

Christina Sell-McLachlan

Jean Sharfe

Derek Smail

Hilary and Lawrence Smith

Malcolm Smith

Ray Spring

Dame Adrienne Stewart

Brian Stokes

Rod and Pat Syme

Adam Taylor

Susanne Trim

Edith Tripp

Marlene and Murray Victor

Alison Wilkie

Deborah Williams

Anna Wilson

Anthony Wright

Pam and Euan 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 and Carol Caldwell (5)

In memory of Iris and Janice Campbell (2)

Ann and David Booth (2)

Richard and Kate Burttt (2)

The late 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

Daveron Scaffolding

Ernst & Young

Grant Thornton

Heritage Management Services

Holmes Consulting

Sheffield South Island Limited

Anonymous

**The Arts Centre of Christchurch Trust Board**

**Financial Statements**

**For the year ended 31 December 2020**

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**The Arts Centre of Christchurch Trust Board**

**Financial Statements**

**For the year ended 31 December 2020**

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**The Arts Centre of Christchurch Trust Board**

**Trust Directory**

**For the year ended 31 December 2020**

<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 Michael Rondel Dr Darryn Russell Mark Russell James Stringer Mark Todd Puamiria Parata-Goodall (Resigned 27 January 2020)
<b>Bankers:</b>	Bank of New Zealand Christchurch
<b>Solicitors:</b>	Anderson Lloyd Christchurch
<b>Independent Auditor:</b>	Grant Thornton New Zealand Audit Limited Christchurch
<b>Accountants:</b>	Ernst & Young Limited Christchurch
<b>Director:</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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Christchurch 8140  
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www.grantthornton.co.nz

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 28 which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive revenue and expenses, statement of movements in trust capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

### **Trustees' Responsibilities for the Financial Statements**

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

In preparing the financial statements, those charged with governance on behalf of the entity are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Restriction on use of our report**

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

### **Grant Thornton New Zealand Audit Limited**



**M D Stewart**

**Partner**

**Christchurch**

**28 June 2021**

The Arts Centre of Christchurch Trust Board

Statement of Financial Position  
As at 31 December 2020

		2020	2019
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		1,502,998	668,697
Accrued interest from exchange transactions		193,276	833,601
Accounts receivable from exchange transactions		97,813	78,633
GST refund due		265,973	-
Prepayments		18,800	31,448
Inventories		186,218	192,560
Investments		<u>32,565,048</u>	<u>42,736,265</u>
		<b>34,830,126</b>	<b>44,541,204</b>
<b>Non current assets</b>			
Property, plant and equipment	4	392,914,962	378,912,869
Investments		<u>2,000,000</u>	<u>-</u>
		<b>394,914,962</b>	<b>378,912,869</b>
<b>Total assets</b>		<b><u>429,745,088</u></b>	<b><u>423,454,073</u></b>
<b>Current liabilities</b>			
Accounts payable		1,793,319	1,106,709
GST payable		-	75,979
Income received in advance	3	94,383	100,905
Employee entitlements		120,922	109,891
Grants unspent	2	<u>2,513,968</u>	<u>58,238</u>
		<b>4,522,592</b>	<b>1,451,723</b>
<b>Trust capital and reserves</b>			
Accumulated comprehensive revenue and expenses		208,762,271	209,475,200
Buildings and land revaluation reserve		<u>216,460,225</u>	<u>212,527,150</u>
		<b>425,222,496</b>	<b>422,002,350</b>
<b>Total trust capital and liabilities</b>		<b><u>429,745,088</u></b>	<b><u>423,454,073</u></b>

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

  
Trustee

28 June 2021

Date

  
Trustee

28 June 2021

Date

The Arts Centre of Christchurch Trust Board

Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2020

	2020	2019
	\$	\$
<b>Revenue from exchange transactions</b>		
Property income		
General fees and other income	288,304	317,982
Rentals and parking	1,035,416	1,217,986
Tenancy operating recoveries received	454,188	482,667
Tenancy operating costs	<u>(853,360)</u>	<u>(753,392)</u>
Net tenancy operating recovery (over/(under))	<u>(399,172)</u>	<u>(270,725)</u>
Total property income	924,548	1,265,243
Interest received	1,013,824	1,621,368
<b>Total revenue from exchange transactions</b>	<u>1,938,372</u>	<u>2,886,611</u>
<b>Revenue from non-exchange transactions</b>		
Grants, sponsorship and donations	919,440	359,046
Depreciation recovered	9,042	-
<b>Total revenue from non-exchange transactions</b>	<u>928,482</u>	<u>359,046</u>
<b>Total revenues</b>	<u>2,866,854</u>	<u>3,245,657</u>
<b>Expenses</b>		
Administration	284,084	306,276
Audit fees	26,533	21,680
Depreciation	717,031	739,741
Property costs	679,171	804,977
Public relations	112,885	182,409
Staff costs	1,852,228	1,817,797
Other operating expenses	<u>147,768</u>	<u>201,806</u>
<b>Total Expenses</b>	<u>3,819,700</u>	<u>4,074,686</u>
<b>Operational deficit before capital funding</b>	<u>(952,846)</u>	<u>(829,029)</u>
Grants and donations received utilised for capital projects - non exchange transactions	<u>239,917</u>	<u>2,130,982</u>
<b>Total surplus/(deficit) for the year attributable to the Trust Board</b>	<u>(712,929)</u>	<u>1,301,953</u>
<b>Other comprehensive revenue and expenses</b>		
Revaluation of buildings and land	<u>3,933,075</u>	<u>3,173,771</u>
<b>Total comprehensive revenue and expenses for the year attributable to the Trust Board</b>	<u>3,220,146</u>	<u>4,475,724</u>

The accompanying notes form part of these financial statements.



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The Arts Centre of Christchurch Trust Board

Statement of Movements in Trust Capital

For the year ended 31 December 2020

	Accumulated comprehensive revenue and expenses	Buildings and land revaluations	Total
	\$	\$	\$
<b>Balance at 1 January 2020</b>	209,475,200	212,527,150	422,002,350
Net loss for the year	(712,929)	-	(712,929)
Other comprehensive revenue and expenses	-	3,933,075	3,933,075
Total comprehensive revenue and expenses	<u>(712,929)</u>	<u>3,933,075</u>	<u>3,220,146</u>
<b>Balance at 31 December 2020</b>	<b><u>208,762,271</u></b>	<b><u>216,460,225</u></b>	<b><u>425,222,496</u></b>
	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	1,301,953	-	1,301,953
Other comprehensive revenue and expenses	-	3,173,772	3,173,772
Total comprehensive revenue and expenses	<u>1,301,953</u>	<u>3,173,772</u>	<u>4,475,725</u>
<b>Balance at 31 December 2019</b>	<b><u>\$209,475,200</u></b>	<b><u>\$212,527,150</u></b>	<b><u>\$422,002,350</u></b>

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The accompanying notes form part of these financial statements.



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The Arts Centre of Christchurch Trust Board

Statement of Cash Flows

For the year ended 31 December 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
<b>Cash was provided from:</b>		
Grants and donations received	3,615,087	2,409,266
Interest received	1,654,149	1,698,925
Receipts from customers	<u>1,769,714</u>	<u>2,141,072</u>
	7,038,950	6,249,263
<b>Cash was applied to:</b>		
Net movement in GST	265,200	(261,107)
Payments to suppliers and employees	<u>3,305,284</u>	<u>4,393,427</u>
	<u>3,570,484</u>	<u>4,132,320</u>
<b>Net cash inflow (outflow) from operating activities</b>	3,468,466	2,116,943
<b>Investing activities</b>		
<b>Cash was provided from:</b>		
Proceeds from the disposal of investments	8,171,217	6,065,608
Proceeds from the disposal of fixed assets and property improvement	<u>10,330</u>	<u>-</u>
	8,181,547	6,065,608
<b>Cash was applied to:</b>		
Purchase of fixed assets and property improvement	<u>10,815,712</u>	<u>10,564,922</u>
<b>Net cash outflows from investing activities</b>	(2,634,165)	(4,499,314)
<b>Net increase (decrease) in cash held</b>	834,301	(2,382,371)
Add opening cash brought forward	<u>668,697</u>	<u>3,051,068</u>
<b>Closing cash and cash equivalents per statement of financial position</b>	<u><u>1,502,998</u></u>	<u><u>668,697</u></u>

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The accompanying notes form part of these financial statements.



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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

#### 1 Statement of accounting policies

##### Reporting entity

The 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 28 June 2021.

##### 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 (\$).

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

#### Going concern

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

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

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

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

The impact of this was approx. \$235,860 in lost revenue occurring between 26 March and 31 May 2020, when tenancies had no or little access to their tenancies.

Investments totalling \$34,565,048 represents monies intended for the restoration and earthquake strengthening of The Arts Centre heritage buildings, however where the Trustees deem appropriate funds are able to be utilised for ongoing operational activities (2019: \$42,736,265).

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

#### Changes in accounting policies

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

#### Significant accounting policies

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

##### (a) Cash and cash equivalents

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

##### (b) Accounts receivable

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

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

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

#### **(c) Accounts payable**

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

#### **(d) Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the estimated selling price less estimated costs necessary to make the sale.

#### **(e) Financial instruments**

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

##### **Financial assets**

###### ***Initial recognition and measurement***

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

###### ***Subsequent measurement***

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

- Loans and receivables

###### ***Loans and receivables***

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

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

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**The Arts Centre of Christchurch Trust Board**

**Notes to the Financial Statements**

**For the year ended 31 December 2020**

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 and other payables.

### ***Subsequent measurement***

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

#### ***Financial liabilities at fair value through profit or loss***

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

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

#### ***Other liabilities***

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

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

### ***Derecognition***

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

**(f) Property, Plant and Equipment**

Property, plant and equipment is measured initially at cost.

*Land*

Land is subsequently measured at fair value representing market value relative to the land's highest and best use, adjusted to reflect limitations on development in recognition of the heritage constraints associated with the site. Revaluations are performed with sufficient frequency to ensure that the book value of the asset does not differ materially from its fair value. The effective date of the revaluations is 31 December 2020. The valuation of the land was prepared by Colliers International Valuation (Chch) Limited, who are independent valuer.

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

Assumed no easements, rights of way or encroachments except those shown on the Records of Title or in the valuation. A current survey has not been sighted. The valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey or report and/or advice from a Registered Surveyor.

Due to Covid-19, as at 31 December 2020, the valuer has noted the pandemic and its subsequent health and economic impacts has created unprecedented challenges and uncertainty and as such within the valuation they have noted the situation under which valuation was performed could change swiftly and materially if current sentiment turns negative. The valuer has cautioned reliant parties that whilst their market valuation reflects the view of purchaser appetite at the date of valuation, there is in their opinion, a heightened risk around the future capital performance of commercial property.

Land is not depreciated.

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

#### *Buildings*

##### Heritage buildings

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

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

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

##### Non-heritage buildings

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

##### Portable buildings

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

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

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

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

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

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

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

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

#### *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% - 48.0%	DV
Computer equipment	25.0% - 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 recognised as it accrues and is recorded using the effective interest rate.

*Property income*

Rental revenue is recognised on a straight line basis over the lease term. Outgoings and power recovered are recognised on an accrual basis. At balance date there were 24 active leases and 8 active licenses in place with the minimum term of 1 year and the maximum term of 10 years.

Due to the Covid 19 pandemic lockdowns in 2020, all tenants at The Arts Centre were provided rental concessions: 100% in Level 4 due to having no access to their tenancies and 50% in Level 3 due to having limited access to their tenancies.

**(j) Leases**

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

**(k) Employee entitlements**

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

**Significant accounting judgements, estimates and assumptions**

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

Revaluation and impairment of property, plant and equipment are based on judgements provided by Rhodes & Associates, an independent external quantity surveying company and reviewed by an independent external valuer, Colliers International Valuation (Chch) limited (see Note 4 for additional details).

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The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

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

2	Grants unspent	2020	2019
		\$	\$
	New Zealand Lotteries Grants Board	2,340,087	35,738
	Strengthening Communities	-	6,000
	Friends of the Arts Centre	-	1,500
	Rata Foundation	10,000	-
	Creative NZ	55,755	10,000
	Elizabeth Ball Charitable Trust	-	5,000
	Mainland Foundation	66,126	-
	The Stout Trust	42,000	-
		<u>2,513,968</u>	<u>\$58,238</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	2020	2019
		\$	\$
	Income received in advance	<u>94,383</u>	<u>100,905</u>

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

The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

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 2019	32,090,000	231,769	1,662,989	766,335	939,461	94,269	23,437	376,398,277	1,475,401	413,681,938
Additions	-	31,475	15,890	3,769	16,400	-	-	10,720,047	-	10,787,581
Disposals	-	(9,130)	-	-	(1,200)	-	-	-	-	(10,330)
Revaluations	2,150,000	-	-	-	-	-	-	(5,486,925)	-	(3,336,925)
At 31 December 2020	<u>\$34,240,000</u>	<u>\$254,114</u>	<u>\$1,678,879</u>	<u>\$770,104</u>	<u>\$954,661</u>	<u>\$94,269</u>	<u>\$23,437</u>	<u>\$381,631,399</u>	<u>\$1,475,401</u>	<u>\$421,122,264</u>
<b>Depreciation and impairment</b>										
At 31 December 2019	-	141,537	1,302,272	628,006	613,124	54,187	-	31,988,210	41,739	34,769,075
Depreciation	-	13,093	62,700	62,198	48,895	1,798	-	519,460	8,887	717,031
Less: 2019 impairment	-	-	-	-	-	-	-	(30,790,000)	-	(30,790,000)
Add: 2020 impairment	-	-	-	-	-	-	-	23,520,000	-	23,520,000
Disposals	-	(9,042)	-	-	238	-	-	-	-	(8,804)
At 31 December 2020	<u>-</u>	<u>\$145,588</u>	<u>\$1,364,972</u>	<u>\$690,204</u>	<u>\$662,257</u>	<u>\$55,985</u>	<u>-</u>	<u>\$25,237,670</u>	<u>\$50,626</u>	<u>\$28,207,302</u>
<b>Net Book value</b>										
At 31 December 2019	\$32,090,000	\$90,232	\$360,717	\$138,329	\$326,337	\$40,082	\$23,437	\$344,410,067	\$1,433,662	\$378,912,863
At 31 December 2020	<u>\$34,240,000</u>	<u>\$108,526</u>	<u>\$313,907</u>	<u>\$79,900</u>	<u>\$292,404</u>	<u>\$38,284</u>	<u>\$23,437</u>	<u>\$356,393,729</u>	<u>\$1,424,775</u>	<u>\$392,914,962</u>

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

#### 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, who are both independent experts. The effective date of the revaluations is 31 December 2020.

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 \$381 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 \$23.5 million.

During the 2020 year, approximately \$10.7 million was spent on repair work to the buildings (2019: \$10.4 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 2020 and reviewed by Colliers International Valuation (Chch) Limited effective 31 December 2020.

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

The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

5 Capital Restoration Project	2020	2019
	\$	\$
BA Engineering Extensions		
Less than one year	2,960,000	1,749,800
1 -2 years	<u>2,000,000</u>	<u>4,113,136</u>
	<u><u>4,960,000</u></u>	<u><u>5,862,936</u></u>
BB Electrical Engineering		
Less than one year	2,192,500	1,191,671
1 -2 years	<u>69,000</u>	<u>-</u>
	<u><u>2,261,500</u></u>	<u><u>1,191,671</u></u>
BC/BD Hydraulics and Mechanical Engineering		
Less than one year	1,200,000	-
1 -2 years	<u>300,000</u>	<u>-</u>
	<u><u>1,500,000</u></u>	<u><u>-</u></u>
CE - West Lecture		
Less than one year	-	100,000
	<u>-</u>	<u><u>100,000</u></u>
FA-FC Observatory, Biology, Physics		
Less than one year	21,336,558	12,041,287
1 -2 years	<u>4,426,966</u>	<u>20,362,284</u>
	<u><u>25,763,524</u></u>	<u><u>32,403,571</u></u>
Sitewide Services and Infrastructure		
Less than one year	-	14,649
	<u>-</u>	<u><u>14,649</u></u>
Total Capital Budget Remaining	<u><u>\$34,485,024</u></u>	<u><u>\$39,572,827</u></u>

This amount represents the remaining budget approved by the Trust Board, however, \$31,252,829 (2019: \$30,117,277) of this is contractually committed to and therefore represents capital commitments at year end.

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

<b>6</b>	<b>Operating lease commitments</b>	<b>2020</b>	<b>2019</b>
		\$	\$

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

#### Operating lease commitments

Less than one year	7,068	8,352
1 -2 years	14,136	16,704
3 - 4 years plus	12,958	2,978
Total operating lease commitments	<u>\$34,162</u>	<u>\$28,034</u>

#### 7 Related parties

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 2020, the total of BDO Christchurch fees were \$nil (2019: \$11,381).

BDO Christchurch also hired a venue at the Arts Centre in September 2020. The cost to BDO Christchurch for this was \$667 net after refundable bond (2019: \$nil).

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 \$6,881 (2019: \$2,499). 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.

Dr Darryn Russell is a trustee of the Arts Centre of Christchurch Trust Board. He is currently employed by the University of Canterbury as Assistant Vice-Chancellor Maori, Pacific and Equity.

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 Darryn Russell joining the Board in November 2020. The outstanding amount at year end from University of Canterbury is \$6,881 (2019: \$2,499).

James Stringer was a trustee of the Arts Centre of Christchurch Trust Board, he also booked a venue at the Arts Centre in December 2020 to take place in January 2021. The cost to James Stringer for this was \$1,334 net after refundable bond (2019: \$nil).

The Arts Centre owns 100% of the 100 shares in the company Quadrangle Holdings Limited. This company is not currently operational and has no assets or liabilities. Felicity Price and 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 2020, one trustee elected to be paid \$6,000 (2019: \$6,000).

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## The Arts Centre of Christchurch Trust Board

### Notes to the Financial Statements

For the year ended 31 December 2020

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

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

	2020	2019
	\$	\$
Senior management group (7 FTE)	<u>747,650</u>	<u>968,771</u>

#### 9 Contingent assets and liabilities

A deposit of \$125,854 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 (2019: \$31,348).

#### 10 Trustee reimbursements

Trustees are partially reimbursed for their personal administration costs associated with their role. These are not attendance fees. Trustee reimbursements during the year total \$4,800 (2019: \$5,400). No amounts were outstanding at balance date.

#### 11 Donations/Koha

Donations paid during the year were \$650 (2019: \$2,848).

#### 12 Events occurring after balance date

On the 21 June 2021, the Christchurch City Council voted in favour of granting The Arts Centre \$5.5m of funding in their Long-Term Plan over three financial years - July 2021-June 2022, July 2022-June 2023 and July 2023-2024. This decision was confirmed by the Christchurch City Council on the 23 June 2021.

James Stringer's term on the Trust Board ended effective 25 January 2021.

Mark Todd resigned from the Trust Board effective 8 March 2021.

Edward Sparrow and Murray Dickinson joined the Board as new trustees' effective 8 March 2021.

Maria Ryan-Young also joined as an intern trustee effective 8 March 2021.

Dr Darryn Russell resigned from the Trust board effective 14 June 2021.

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The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

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:

	2020	2019
	\$	\$
<b>Financial assets</b>		
Loans and Receivables:		
Cash and Cash Equivalents	1,502,998	668,697
Receivables from exchange transactions	97,813	78,633
Accrued interest from exchange transactions	193,276	833,601
Investments	34,565,048	42,736,265
	<u>\$36,359,135</u>	<u>\$44,317,196</u>
<b>Financial liabilities</b>		
Trade and Other Creditors	1,793,319	1,106,709
	<u>\$1,793,319</u>	<u>\$1,106,709</u>

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The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

14 Disclosure of Prior Period Errors

(A) The Trust, for financial reporting purposes found that they did not remove internal allocations that were made solely for management reporting purposes. This caused revenues to be inflated, however offset with inflated expenses, with an overall nil impact on the total surplus/(deficit) for the year attributable to the Trust Board. In order to ensure comparatives in the financial statements remain consistent, the Trust has adjusted the financial statements by restating the prior period line items that were impacted by this:

	2019
	\$
<b>Impact on surplus/(deficit) (increase/(decrease))</b>	
<i>Revenue:</i>	
General fees and other income	(316,470)
Net tenancy operating recovery (over/(under))	133,108
<i>Made up of:</i>	
Tenancy operating recoveries received	(192,908)
Tenancy operating costs	326,016
Total decrease in revenue	<u>(183,362)</u>
<i>Expenses:</i>	
Administration	(43,582)
Property Costs	(78,127)
Other Operating Expenses	<u>(61,653)</u>
Total decrease in expenses	<u>(183,362)</u>
Net impact on total surplus/(deficit) for the year attributable to the Trust Board	<u><u>-</u></u>

	2019
	\$
<b>Cashflow impacts</b>	
<b>Impact on cashflow from operating activities (increase/(decrease))</b>	
Receipts from customers	(183,362)
Payments to suppliers and employees	<u>(183,362)</u>
Net impact on cash inflow (outflow) from operating activities	<u><u>-</u></u>

(B) The Trust, for financial reporting purposes found that the value for buildings were overstated in 2014 year. However the effect of this offsets with the buildings and land revaluation reserve, leaving an overall nil impact on the statements of financial position. The Trust has adjusted the financial statements by restating the prior period line items that were impacted by this:

	2019
	\$
<b>Impact on financial position (increase/(decrease))</b>	
Property, plant and equipment	(6,777,351)
Buildings and land revaluation reserve	<u>(6,777,351)</u>
Net impact on financial position	<u><u>-</u></u>

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The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

(C) The Trust, for financial reporting purposes found that the depreciation needed to be claimed for other buildings from 2014 year and onwards. This causes depreciation expenses to be increased and asset values to be decreased. In order to ensure comparatives in the financial statements remain consistent, the Trust has adjusted the financial statements by restating the prior period line items that were impacted by this:

	<b>2019</b>
<b>Impact on financial position (increase/(decrease))</b>	<b>\$</b>
Property, plant and equipment	<u>(3,920)</u>
Net impact on financial position	<u><u>(3,920)</u></u>
<b>Impact on surplus/(deficit) (increase/(decrease))</b>	
Depreciation	<u>3,920</u>
Net impact on total surplus/(deficit) for the year attributable to the Trust Board	<u><u>3,920</u></u>

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The Arts Centre of Christchurch Trust Board

Notes to the Financial Statements

For the year ended 31 December 2020

15 Disclosure of reclassification

(A) To ensure costs that are directly incurred due to rental occupation by tenants are reflected appropriately in the financial statements, the Trust has reclassified expenses that were determined to be incurred by the Trust instead of the tenants from net tenancy operating recovery (over/(under)) to Property Costs within the Statement of Comprehensive Revenue and Expenses.

	2020	2019
	\$	\$
<b>Amounts reclassified in the Statement of Comprehensive Revenue and Expenses, as follows (increase/(decrease)):</b>		
Net tenancy operating recovery (over/(under))	(104,195)	(80,953)
Tenancy operating costs	(104,195)	(80,953)
Property Costs	104,195	80,953
Net impact on total surplus/(deficit) for the year attributable to the Trust Board due to reclassification	<u>-</u>	<u>-</u>

	2020	2019
	\$	\$
<b>Cashflow impacts due to reclassification</b>		
Receipts from customers	104,195	80,953
Payments to suppliers and employees	104,195	80,953
Net impact on cash inflow (outflow) from operating activities due to reclassification	<u>-</u>	<u>-</u>

(B) In the prior year Statement of cash flows, Receipts from customers contained offsetting expenses that should have been classified as Payments to suppliers and employees. In order to appropriately classify cash flows the expenses that were offset within Receipts from customers has been reclassified to Payments to suppliers and employees.

	2020	2019
	\$	\$
<b>Amounts reclassified in the Statement of Comprehensive Revenue and Expenses, as follows (increase/(decrease)):</b>		
Receipts from customers	853,360	753,392
Payments to suppliers and employees	853,360	753,392
Net impact on cash inflow (outflow) from operating activities due to reclassification	<u>-</u>	<u>-</u>



# Annual Report 2020

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Te Matatiki Toi Ora