Treasurers Report

1 July 2025 to 30 June 2026

This report provides an update on the financial results and position of Heart of The City Incorporated ("HOTC") for the year ended 30 June 2026. During the period, Grant Thornton has continued to undertake the role of Non-Executive Treasurer for HOTC.

The auditor's report has been completed by BVO Audit and is included within the Annual Report of HOTC. BVO Audit has issued an unqualified audit opinion, noting that, in all material respects, the financial statements present a fair and accurate account of the financial position of HOTC.

The June 2026 year-end commenced with accumulated reserves of $1,035,619 and ended the year with accumulated reserves of $874,099, a decrease of $161,520. Available equity takes account of HOTC's reserves policy, retentions and non-current assets. As detailed in note 16 of the financial statements, available equity as of 30 June 2026 totals $760,660 and is represented by:

- Contingency reserves - $400,000
- Lease guarantee - $89,000
- Funds set aside for future projects, yet to be tagged specifically - $271,660

Targeted rate funding receipts amounted to $5,122,180, an increase of $100,435 on the previous year. We received $953,540 in funding from Auckland Council, an increase of $173,716 over last year. This was primarily from the city-centre targeted rates but also included $150,649 from the Proceeds of Crime fund in line with an established funding agreement. Other sources of income came from interest income and sundry partnership income. Total income from all sources during the year came to $6,323,022. This is an increase of $230,975 in total income compared with the prior year.

Total expenditure was down on the prior year by $279,199. Spending on events, sponsorship and advertising totalled $3,171,751 and spending on safety initiatives came to $768,573. Personnel expenses fell this year to $1,402,917, a reduction of $156,497 from the previous year.

Although the financial statements report a deficit of $161,520, this is very close to the original budget for the year which had noted a planned deficit of $163,419. However, the way in which this result was achieved was not in line with the initial budget, with $431,554 incurred in legal, consulting and additional accounting fees, primarily during the brief tenure of the previous executive committee. This redirection of funds resulted in some planned initiatives being reduced in scope or cancelled. The deficit is fully funded from surplus reserves brought forward from prior years.

The budget for the 30 June 2027 financial year includes a modest surplus.

The Statement of Financial Position as of 30 June 2026 shows that HOTC has total assets of $1,507,687 and liabilities of $633,588, giving a positive net assets position of $874,099.

Management confirms there is currently no known risk to the income in terms of any anticipated expenses or commitments.

Finally, the organisation maintains a conflict-of-interest register and has appropriate accounting policies and procedures documents in place.

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