28 October 2026

Members of the Executive Committee
Heart of the City Incorporated
Level 23, 151 Queens Street
AUCKLAND

By Email: ian@praestoproperty.co.nz

Dear Executive Committee,

FINANCIAL STATEMENTS AUDIT OF HEART OF THE CITY INCORPORATED FOR THE YEAR ENDED 30 JUNE 2026

We have audited the financial statements of Heart of the City Incorporated ("the Society") for the year ended 30 June 2026 and issued the audit report on 28 October 2026. We have the pleasure of providing our report on the results of the audit.

We would like to take this opportunity to thank management and staff for the courtesy and assistance extended to us throughout the audit process. We acknowledge the very able support and assistance provided to us by Jessie Vlasich, Viv Beck, Ian Wright and Monique Harsant, who enabled us to complete this assignment.

Should the Executive Committee have any questions about the matters raised in this report, please do not hesitate to contact me.

Yours sincerely,
Blackmore Virtue & Owens



A E Houghton
Partner

E. alex.houghton@bvo.co.nz

1. Results of the audit process

1.1. Scope and purpose of the audit engagement

We completed our audit of the Society's financial statements for the year ended 30 June 2026 and issued our audit opinion. In our opinion, the financial statements present fairly, in all material respects, the Society's financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework.

In forming our audit opinion, we performed procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the financial statements. Our objective was to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. We exercised professional judgement and maintained professional scepticism throughout the audit. We also obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

Because an audit is designed to provide reasonable, rather than absolute, assurance, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our audit was not designed to identify every possible weakness in internal control. Where relevant, we have included recommendations arising from matters identified during the audit.

The audit of the financial statements does not relieve the Executive Committee of their responsibilities.

1.2. Executive Committee's responsibilities

The Executive Committee are responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework, and for such internal control as the Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Committee are also responsible for assessing the Society's ability to continue as a going concern and for making the related disclosures, as applicable.

To meet these responsibilities, the Executive Committee are ultimately responsible for maintaining proper accounting records and an adequate system of internal controls to minimise the risks of material misstatement. The primary responsibility for the prevention and detection of fraud and error rests with the Executive Committee and management.

1.3. Independence statement

The engagement partner and members of the audit team have confirmed their independence from the Society for the year ended 30 June 2026. We have complied with the relevant ethical requirements regarding independence, being 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 have

communicated all relationships and other matters that may reasonably be thought to bear on our independence, together with the related safeguards where applicable. We are not aware of any relationships or matters that have impaired our independence.

1.4. Materiality

For the audit of the Society's financial statements for the year ended 30 June 2026, overall materiality was set at $129,690. Materiality was applied in planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.

Overall materiality was determined with reference to total expenditure. We communicate to you all uncorrected misstatements identified during the audit other than those that are clearly trivial. .

Misstatements, including omissions, are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality is a matter of professional judgement and is considered in the context of both the size and nature of a misstatement and the surrounding circumstances.

1.5. Key financial statement areas and outcomes

The following matters were identified as significant risks or other key areas of audit focus.

Audit risk	Audit response
Fraud in revenue recognition (significant risk) - Fraud could occur in revenue recognition. - There are specific conditions that should be met for the key revenue streams.	- We reviewed the appropriateness of the accounting policies for each significant revenue stream. - We performed substantive testing of revenue transactions, performed cut-off testing to determine whether income has been recognised in the appropriate accounting period, and reviewed any unusual or significant manual journals posted to income. We have not identified any material misstatement in revenue recognition.
Management override of controls (significant risk) - Management can override internal controls.	- We assessed the risk of management override of controls and the appropriateness of journal entries recorded in the general ledger. - We reviewed accounting estimates for bias and consistency with supporting documentation. - We evaluated the business rationale for significant transactions that are outside the normal course of business or that otherwise appear unusual. - We evaluated the design and implementation of controls over recording and processing of journal

	entries. We have not identified any material misstatements resulting from management override of controls.
Control environment and governance (ISA (NZ) 315, paragraph 21) - An ineffective control environment may increase the risk of errors or misstatements in financial reporting. - There may be inadequate oversight and monitoring of internal controls by management or those charged with governance.	- We obtained an understanding of the Society's control environment and governance arrangements relevant to financial reporting. - We evaluated the design and implementation of relevant internal controls. - We considered whether any identified deficiencies in the control environment could increase the risk of material misstatement. We have not identified any material misstatements arising from the matters considered in this area.

1.6. Observations and recommendations arising from the audit procedures

Our audit included obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We did not identify any deficiencies in internal control that, in our professional judgement, are of sufficient importance to merit your attention as significant deficiencies in accordance with ISA (NZ) 265.

1.7. Confidentiality

This report has been prepared solely for the use of the Executive Committee and management of the Society and should not be provided to any third party without our prior written consent. We accept no responsibility to any third party. This report includes only those matters that came to our attention as a result of the audit procedures performed and is not necessarily a comprehensive statement of all deficiencies or matters that may exist.

1.8. Other governance matters to be communicated

We are required by auditing standards to report specific matters to you as follows:

Other matters	Auditor comments
Significant accounting policies adopted or changed	No changes in accounting policies.
Management judgements and estimates	We consider the accounting estimates and judgements made by management to be reasonable and appropriately disclosed in the financial statements.

Disagreement with management over the application of accounting principles, scope of the audit and disclosures	No disagreements with management
Any instances of fraud or non-compliance with legislative, regulatory or contractual requirements	We have not identified any instances of fraud or non-compliance.
Material uncertainty on going concern	No matters of material uncertainty were noted during the audit.
Significant difficulties, if any, encountered during the audit	No matters to report.
Other Matter paragraph included in the audit report	The financial statements of the Society for the year ended 30 June 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 October 2025.

2. Summary of adjusted and unadjusted audit differences

2.1 Adjusted audit differences

In accordance with ISAs (NZ), we are required to communicate certain aspects of the audit to you. As a result of the audit process, there were no material adjustments posted in respect of the year ended 30 June 2026.

2.2 Unadjusted audit differences

In performing our audit for the year ended 30 June 2026, we did not identify any uncorrected misstatements, other than those that are clearly trivial. Accordingly, there are no uncorrected misstatements for the Executive Committee to consider, individually or in aggregate, in accordance with ISA (NZ) 450.