130% more people have accessed our online heart health information over the past 12 months.

Hearts Fit for Life, for this generation and the next

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Welcome to the Heart Foundation’s Annual Report for 2016. We have completed the first year of our new strategic plan with a refocussed vision and mission: To stop New Zealanders dying prematurely from heart disease, and help people with heart disease to live full and productive lives. We are continuing the Big Beats theme for this year’s Annual Report, shining the spotlight on our major wins and achievements.

I am pleased to report that our overall financial result is ahead of expectations. We are able to report a net surplus of $1,649m which is $0.980m up on last year’s surplus. Our much improved financial result can be attributed to an increase in our fundraising revenue. This included our well-received direct marketing appeals which saw an 8.3% increase in donations, taking our income from this revenue stream to $1,824m.

We celebrated one of our ‘Big Beats’ in June; our 100th lottery. With a land and house package in Queenstown as first prize, it’s not surprising that this milestone lottery proved very popular. Ticket sales generated the most income of any of our lotteries to date. Since its inception in 1993, the Heart Foundation lottery has given away 100 homes around New Zealand. Other than our Gifts in Wills programme, the lottery remains our single biggest income source, with an 11.5% rise in revenue over the last year.

After the previous year’s decrease in revenue from donations and legacies, I am delighted to report, that this financial year we approved $2,698m for research and fellowship grants and the Heart Health Research Trust provided an additional $157,000 for other research, continuing our strong commitment to funding projects that help us achieve our mission and objectives.

On the investment front, I would like to acknowledge the committee income of $5.111m is up on the previous financial year, due in part to the Ministry of Health’s investments during the year and applied to support research projects. Net gains of $0.522m were achieved on the sale of the updated Statement of Investment Policy Objectives. The Investment Committee faced some unexpected challenges towards the middle ranges of benchmarks specified in our investment portfolio.

As in previous financial years, the Investment Committee has continued to shift the allocation of our investments towards the middle ranges of benchmarks specified in the updated Statement of Investment Policy Objectives. Net gains of $0.522m were achieved on the sale of investments during the year and applied to support research projects.

Our contract income of $1.649m which is $0.980m up on the previous year, due in part to the Ministry of Health’s contribution to our highly successful Heart Attack public awareness campaign. All our Ministry contracts, with one exception, have been renewed for an additional two years. Following a rationalisation of smoke-free activities by the Ministry of Health, this work was not included in the new contract. We were, however, successful in securing an additional three year contract to provide Cardiovascular Health Support. Work on this will commence early in the new financial year.

Thank you to the Ministry of Health for their continued commitment and confidence in our work that supports shared health goals.

I would also like to acknowledge the ongoing support and guidance of my fellow board members who, through their sound governance, continue to help secure the Heart Foundation’s future. Special thanks to Chief Executive Tony Duncan and Medical Director, Associate Professor Gerry Devlin for their strong leadership.

Delivering programmes that are relevant remains at the forefront of everything we do, as we continue to meet the challenge of fundraising in a difficult environment. I am confident in the continuing generous support of our donors and in our ability as an organisation to continue to successfully navigate these often unpredictable times. I am looking forward to the next 12 months, as we continue to work towards achieving our mission and making a real difference for New Zealanders living with heart disease.

Thank you.

MIKE TOMLINSON
Chairman
We have successfully completed the first stage of our new four-year strategic plan with a renewed sense of purpose. Our refreshed vision: ‘Hearts fit for life, for this generation and the next’ reflects our continued commitment to our mission: stopping premature deaths from heart disease and helping people with heart disease live full and productive lives.

I am happy to report a reversal in our financial position from last year. Thanks to measures we put in place to control our costs during the year, including a freeze on recruitment, coupled with an increase in legacies and overall fundraising, we are back on track. We are constantly reminded of the need to diversify our sources of income, particularly given the unpredictable nature of revenue from legacies.

To help ensure our sustainability in a highly competitive and challenging marketplace, we have taken the initiative and commissioned an independent review of our fundraising activities. We need to ensure that we have the funds to deliver on our mission and objectives, including continuing to fund through the generosity of donors, around $2.5m of vital research each year. I look forward to reviewing the findings of the report when it is completed later this year. I am delighted to lead a team that demonstrates ownership of our strategic objectives and is committed to delivering them. Staying relevant to New Zealanders living with heart disease drives our work.

One of our main goals has been to provide more help to people and their families impacted by heart disease and we are well on our way to achieving that. We have made a wealth of information more accessible to the public through a number of different channels. This has included: providing resources and information on our website and via coordinated marketing campaigns; regular communications across a range of digital platforms; and greater community engagement through our branches. Over the past 12 months, 130% more people have accessed our online heart health information. We also revamped our paper and online resources, which led to health professionals ordering over 190,000 items for distribution. We have also recognised the importance of providing information in different formats. Our cholesterol animation is a prime example of this, achieving over three million views on Facebook.

Through our ongoing conversations with New Zealanders affected by heart disease, we uncovered an important unmet need. People told us they wanted to share their personal stories as a way of gaining support, strength and hope from others who understood their journey. As a result, planning for our innovative Storytelling project is now well underway with the initial phase due to be launched in late 2016.

We are continuing to work with PHOs to develop local Cardiovascular Disease (CVD) targets and, in June, we joined the Ministry of Health’s Roadshow to support and promote the CVD Risk Guidelines update. In March, we celebrated the launch of our new atrial fibrillation (AF) website. We estimate AF currently affects around 90,000 people. In a world of diet fads and confusing information about what we should eat, our Nutrition team continues to be a trusted voice. Backed by science, which underpins all our decisions, they are the voice of reason helping New Zealanders navigate the complexity of diet and nutrition information. In December, we launched our Kids’ Choice programme which was a new initiative aimed at supporting cafes and restaurants to provide healthier options for kids. We also released our updated recommendations on eggs and cholesterol, and implemented a number of actions to tackle the weighty issue of reducing New Zealanders’ sugar intake. We extended our sodium reduction work with food manufacturers to include sugar, which led to establishing our first sugar reduction targets for the industry.

Over the last 12 months, we have made a significant investment in technology providing new hybrid devices for our team on the road, making life easier and more efficient for them. Our recently launched intranet will foster greater internal collaboration: in teams, across teams and across regions. I am excited about the opportunities this will present in terms of growing our culture.

A big thank you to our team for their continued hard work and commitment. I would also like to acknowledge the ongoing funding support we receive from the Ministry of Health and thank the Director-General of Health Mr Chai Chuah who spent an inspirational day with us. We look forward to continuing to work with him.

Thanks also to the support of our generous donors, business partners, volunteers and communities for their unwavering belief in us and our mission. My thanks also to the Board for the quality of governance support provided to management.

I am very proud of what we have achieved this year and I am looking forward to continuing the momentum as we move into 2016/17.

Yours sincerely

TONY DUNCAN
Chief Executive
Some people may wonder why we’re continuing to focus on fighting heart disease; aren’t there less deaths now? Yes, we know deaths from heart disease have decreased by 75% since 1968 and we’ve seen a 26% reduction in admissions with heart attacks since 2006. We’ve hit our targets with increasing heart and diabetes checks – so what’s the problem?

Unfortunately, we still have 40 more deaths per 100,000 from Ischaemic Heart Disease than Australia. Add to that the increase of key risk factors associated with low health outcomes: childhood obesity, diabetes, socioeconomic, ethnic, and gender inequalities and it quickly becomes clear that our job is far from finished.

We’re also living longer, so we are now more likely to spend some of that time living with heart disease: atrial fibrillation, heart failure and angina. One in three of us will still die from a cardiovascular event. Cardiovascular diseases are an unfinished agenda, therefore, it’s not time for us to ‘rest on our laurels’.

So with that in mind, this year’s stand-out ‘big beat’ for me, was our mid-year Heart Attack Awareness campaign. The need to build awareness of the signs and symptoms of a heart attack to reduce preventable deaths, had long been discussed in cardiac circles. I am very proud that the Heart Foundation seized the opportunity and made it happen. We lobbied the Ministry of Health (MOH) and with their support, brought the campaign to life. Our campaign entered the living rooms of kiwis across New Zealand to highlight the often missed symptoms of a heart attack and the urgent need to call 111.

I am delighted to have led the team that created this campaign, and what excites me most is that we know it made a difference. St John reported a 30% increase in calls relating to heart events during that time. We’re planning to keep building on this awareness, thanks in part to receiving additional MOH funding, by repeating the campaign in July 2016, and hopefully also in 2017.

We’ve also realigned the way we select the research that we fund, making sure it fits our mission and objectives. This year we awarded $2.6 million in grants and fellowships. Twenty one fellowships and scholarships, eight project grants, seven small project grants, five travel grants and five summer internships. If we want to keep bringing the numbers down, then we need to keep funding this life changing research.

Dr Anna Pilbrow from the University of Otago, Canterbury was one of this year’s recipients. She is working on improving cardiovascular risk prediction in the general population, by identifying new markers to better monitor and use preventative strategies for those at risk of developing heart disease. Fellowship recipient, Dr Corina Grey is using a large dataset to look at ways to address inequalities in heart event outcomes. Also continuing to make a real difference to New Zealanders living with heart disease are Heart Foundation supported chairs: Professor Mark Richards, Chair of Cardiovascular Studies, University of Otago and Professor Rob Doughty, Chair of Heart Health Prevention, University of Auckland.

They are tireless champions in addressing cardiovascular problems specific to New Zealand, and have been for many years. Following a review of both positions, I was delighted to reconfirm Heart Foundation support for another five years to enable them to both continue their critical work.

We said a farewell to Associate Professor Merv Merrellies, who retired as Chair of the Heart Foundation Scientific Advisory Group. We are extremely grateful to Merv for his tireless dedication to our research programme. His strong leadership has ensured that we have been able to continue our 45-year tradition of funding high quality research and training. I look forward to continuing that tradition, as I take on the role of chair of the group.

Over the financial year, I have enjoyed the opportunity to provide input into the Heart Foundation’s strategic direction. My clinical work at Waikato Hospital gives me the opportunity to see first-hand the toll heart disease has on individuals, families, friends and communities. To be in a position where I can help guide the Heart Foundation’s programmes is a huge honour.

Finally, I would like to acknowledge that none of this would be possible, without the generous support we receive each year from our volunteers, sponsors and donors – thank you. We are making a difference, more lives are being saved but, there is still much work to do. Heart disease remains our biggest killer and we need to keep working together to change this. Together we need to keep fighting and keep bringing those numbers down.

Thank you

Gerry Devlin
Medical Director
OUR MISSION
Stop New Zealanders dying prematurely from heart disease and Help people with heart disease to live full and productive lives.

OUR VISION
Hearts fit for life, for this generation and the next

OUR OBJECTIVES

1. MORE HELP FOR PEOPLE AND THEIR FAMILIES IMPACTED BY HEART DISEASE
1.1 30% of all those discharged from hospital in the last 12 months agree that the Heart Foundation has ‘helped’ them
1.2 80% of those with a heart condition recommend the Heart Foundation as a valuable source of information and support
1.3 Measurably increase the proportion of people with heart disease who ‘can relate personally to the Heart Foundation cause’ (via brand tracker survey)

2. BETTER CARE: PROMOTE AND SUPPORT EVIDENCE-BASED PREVENTION AND CARE
2.1 Introduce a CVD Management Health Target and ensure it is on track to being achieved
2.2 High uptake of evidence-based care for atrial fibrillation in primary care
2.3 Increase the proportion of patients engaged in their cardiac rehabilitation
2.4 80% of hospital and general practice staff recommend the Heart Foundation as a valuable source of information and support for them and their cardiac and high CVD risk patients
2.5 Decrease smoking rates for those with heart disease and those at high CVD risk faster than the national average

3. ALIGNED AND VISIBLE RESEARCH AND FELLOWSHIPS
3.1 90% of research and 100% of fellowships funded demonstrably align with the Heart Foundation Mission and Strategic Objectives by July 2016 onwards
3.2 Increase the proportion of the public who understand and value that we are New Zealand’s leading independent funder of heart research

4. HELP PEOPLE MAKE HEART HEALTHY CHOICES
4.1 Get rid of smoking by 2025 so that by 2018 the general public daily smoking rates will be reduced to 10% or less, Māori rates to 20% or less and Pacific rates to 13% or less
4.2 60% of the public and 80% of stakeholders trust the Heart Foundation as the place to go for heart healthy nutrition advice which is based on the latest evidence

5. CHILDREN AND THEIR FAMILIES EAT HEART HEALTHY FOOD
5.1 A 100% increase in schools and ECE services providing a heart healthy environment for New Zealand children by end 2018
5.2 Children and whānau in 80% of low decile schools receive heart healthy nutrition information by end of 2018

ENABLING OBJECTIVES
6. BRAND PROFILE
7. RESEARCH
8. SUSTAINABLE FUNDING
9. INFORMATION SERVICES
For the year ended 30 June 2016, the Foundation achieved a net surplus of $1.649m which was $0.980m above the result for the previous year.

The much improved financial result can be attributed, for the most part, to a lift in revenue particularly for legacies and lotteries. These gains have been more than enough to cover a relatively modest increase in expenditure, mainly on research and research-related activities. The overall result was well ahead of expectations at the beginning of the year.

In comparison with the previous year, net operating revenue (including legacy receipts), rose by $1.236m (8.8%), operating expenditure rose by $0.267m (1.9%) but non-operating items decreased by $0.029m to a surplus of $0.640m.

Income
Our fundraising revenue which includes direct marketing appeals rose 8.1% to $1.824m.

The lottery programme benefited from an increase in the price of tickets which became effective from the beginning of the year, and a strong response to the centenary lottery. First prize for the 100th lottery was a house and land package in Queenstow. Across the year, there was a 6.6% decline in the number of tickets sold (most likely a consequence of the ticket price increase). This was countered by an overall rise in lottery revenue of 11.5%.

Revenue from donations and legacies at $4.902m was $0.676m higher than last year, and a welcome return to income levels that were above budget. The rise in legacy income compared with the previous year was yet another reminder of the unpredictable nature of that source of income, particularly, when in December the moving total annual fee for legacies reached its lowest point since October 2009. We remain deeply grateful to and reliant upon, all those who recognise and support the work of the Foundation by remembering us in their will.

Expenditure
Total expenditure rose by $0.267m (1.9%), compared with the previous year, to $14.240m.

Expenditure on health services (Public Health, Pacific Heartbeat and Heart Healthcare) rose by $0.204m (3.4%) and is in line with higher contract revenue.

Expenditure on research, including administration costs as well as grants, increased by $0.423 (15.1%) to $3.225m. The Foundation approved grants for a total of $2.698m and the Heart Health Research Trust funded other research projects to the value of $0.107m.

Programme support costs decreased by $0.124m (3.7%) to $3.258m. All of this decrease can be attributed to lower personnel costs, following an overall decline in staff numbers.

Expenditure on other grants fell by $0.192m to $0.373m. The adverse net change in the fair value of our investments was $0.167m, which was a substantial reversal from the gain of $3.434m reported last year.

Investments
Future Prospects

The cash surplus from operating activities, together with a reduction of $0.142m in cash balances, was applied to a net increase to the level of investments ($1.163m), and a further $0.104m applied for the net purchase of fixed assets.

The overall result was a closing balance for cash and cash equivalents of $4.742m at the end of the year.

As noted above, there was a net increase in the purchase of new investments of $1.163m compared with $2.399m for the previous year.

The shift in the allocation of investments that was noted last year has continued. Available for sale investments at the end of the year were valued at $31.091m (76.3% of total investments), compared with $31.291m (81.4%) at the end of the previous year. The Investment Committee has been moving the allocation of investments closer to the middle ranges of the benchmarks, specified in the updated Statement of Investment Policy Objectives. The committee resisted the temptation to chase higher yields in the equities markets.

Net gains of $0.522m were achieved on the sale of investments during the year.

The Ministry decided to undertake a sector-wide review of tobacco control activities to rationalise efforts to achieve the Smokefree 2025 objective, and the outcome was that this work was excluded from the new contract. This has particularly impacted on our Pacific HeartBeat team and has eliminated future contract income of $0.578m. A further tobacco-related contract worth $0.286m is still under review.

The Foundation was successful in gaining a fresh contract from the Ministry of Health worth $0.950m over three years for Cardiovascular Health Support. This contract will commence 1st August 2016. The Foundation was also successful in gaining a contract from Capital and Coast DHB to deliver Project Energize in Wellington.

Unusually, the Foundation faces externally imposed disruptive change and a downturn in income. A likely consequence of this will be a heightened focus on fundraising income underpinned by demonstrable relevancy to those who benefit from our services now and in the future.

The Foundation is fortunate that it has the resilience and resources to respond effectively and adapt to these challenges.

BRUCE DAVIS
Finance Manager

Direct expenses were $0.681m (8.7%) above last year, principally arising from higher marketing and salary costs for lotteries, and television advertising costs for legacies.

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BRUCE DAVIS
Finance Manager

Cash Flows
The Foundation achieved a surplus of $1.985m before depreciation, and a net cash flow surplus on operating activities of $1.568m.

The shift in the allocation of investments that was noted last year has continued. Available for sale investments at the end of the year were valued at $31.091m (76.3% of total investments), compared with $31.291m (81.4%) at the end of the previous year. The Investment Committee has been moving the allocation of investments closer to the middle ranges of the benchmarks, specified in the updated Statement of Investment Policy Objectives. The committee resisted the temptation to chase higher yields in the equities markets.

Net gains of $0.522m were achieved on the sale of investments during the year.

Future Prospects

Steps were taken towards the end of the 2014/15 financial year, to improve the financial viability of the lottery by raising ticket prices for the first time since January 2011. This has had a positive impact on the financial results. Nevertheless, there are continuing cost pressures on fundraising costs such as property acquisition and building costs, and annual increases in postage rates. We continue to regularly review our fundraising operations to mitigate cost increases, and identify ways to expand our supporter base.

Our funding for research continues and grants to the value of $2.28m were awarded in July 2016. A new on-line grants application process has been implemented, requiring applications to be aligned to our strategic objectives and initiatives.

Most of our contracts with the Ministry of Health expired at the end of June 2016 but were renewed, except for the deliverables in the area of tobacco control.
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2016
in New Zealand Dollars

<table>
<thead>
<tr>
<th>$000</th>
<th>Note</th>
<th>2016</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
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<td>Fundraising and lottery ticket sales</td>
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<td>Donations and legacies</td>
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<td>Contract services</td>
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<td>Other income</td>
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<td>Direct expenses</td>
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<td>Expenditure</td>
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<td>Research – grants and administration</td>
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<td>(3,225)</td>
<td>(2,802)</td>
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<td>Public health</td>
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<td>(3,268)</td>
<td>(3,342)</td>
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<td>Pacific Heartbeat</td>
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<td>(1,368)</td>
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<td>Heart Healthcare</td>
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<td>(1,595)</td>
<td>(1,395)</td>
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<td>Communications and publicity</td>
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<td>(253)</td>
<td>(244)</td>
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<td>Tick Programme</td>
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<td>(3,258)</td>
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<td>Programme support</td>
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<td>(565)</td>
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<td>Other grants</td>
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<td>(336)</td>
<td>(368)</td>
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<td>Depreciation</td>
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<td>Total expenditure</td>
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<td>(13,973)</td>
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<td>Surplus for the year</td>
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<td>Gain / (loss) on investments</td>
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<tr>
<td>Gain / (loss) on disposal of fixed assets</td>
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<td>Research grants written back</td>
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<td>Net surplus for the year</td>
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<td>Other comprehensive revenue and expense</td>
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<td>Net change in fair value of available-for-sale financial assets</td>
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<td>Total other comprehensive revenue and expense for the year</td>
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<td>(167)</td>
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<td>Total comprehensive revenue and expense</td>
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STATEMENT OF FINANCIAL POSITION
As at 30 June 2016
in New Zealand Dollars

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<th>$000</th>
<th>Note</th>
<th>2016</th>
<th>2015</th>
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<td>ASSETS</td>
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<td>Cash and cash equivalents</td>
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<td>Prepayments</td>
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<td>Trade and other receivables</td>
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<td>Investments</td>
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<td>2,106</td>
<td>1,937</td>
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<td>Inventories</td>
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<td>Total current assets</td>
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<tr>
<td>Investments</td>
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<td>Property, plant and equipment</td>
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<tr>
<td>Total non-current assets</td>
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<tr>
<td>Total assets</td>
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<td>50,785</td>
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<tr>
<td>LIABILITIES</td>
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<tr>
<td>Trade and other payables</td>
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<td>4,037</td>
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<td>Employee entitlements</td>
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<tr>
<td>Provisions</td>
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<tr>
<td>Total current liabilities</td>
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<td>6,249</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>6,487</td>
<td>6,249</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>46,018</td>
<td>44,536</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>37,989</td>
<td>36,340</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td></td>
<td>8,029</td>
<td>8,196</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>46,018</td>
<td>44,536</td>
</tr>
</tbody>
</table>

For and on behalf of National Heart Foundation of New Zealand

A J DUNCAN
Executive Director
21 October 2016

M T TOMLINSON
Chairman
21 October 2016
# Statement of Changes in Equity

For the year ended 30 June 2016

<table>
<thead>
<tr>
<th>$000</th>
<th>Note</th>
<th>Retained earnings</th>
<th>Fair value reserve</th>
<th>Total members’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2014</strong></td>
<td>13</td>
<td>35,671</td>
<td>4,762</td>
<td>40,433</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td>669</td>
<td>–</td>
<td>669</td>
</tr>
<tr>
<td>Other comprehensive revenue and expense</td>
<td></td>
<td>–</td>
<td>3,434</td>
<td>3,434</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2015</strong></td>
<td></td>
<td>36,340</td>
<td>8,196</td>
<td>44,536</td>
</tr>
<tr>
<td><strong>Balance at 1 July 2015</strong></td>
<td></td>
<td>36,340</td>
<td>8,196</td>
<td>44,536</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td>1,649</td>
<td>–</td>
<td>1,649</td>
</tr>
<tr>
<td>Other comprehensive revenue and expense</td>
<td></td>
<td>–</td>
<td>(167)</td>
<td>(167)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2016</strong></td>
<td>13</td>
<td>37,989</td>
<td>8,029</td>
<td>46,018</td>
</tr>
</tbody>
</table>

# Statement of Cash Flows

For the year ended 30 June 2016

<table>
<thead>
<tr>
<th>$000</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising activities, donations and legacies</td>
<td>15,873</td>
<td>13,875</td>
</tr>
<tr>
<td>Contract and other services</td>
<td>4,915</td>
<td>4,894</td>
</tr>
<tr>
<td>Interest received</td>
<td>366</td>
<td>529</td>
</tr>
<tr>
<td>Dividends received</td>
<td>562</td>
<td>579</td>
</tr>
<tr>
<td>Other income</td>
<td>1,011</td>
<td>1,558</td>
</tr>
<tr>
<td>GST received</td>
<td>82</td>
<td>83</td>
</tr>
<tr>
<td>Direct expenses for operating income generation</td>
<td>(1649)</td>
<td>(9,947)</td>
</tr>
<tr>
<td>Research and health services</td>
<td>(8,898)</td>
<td>(9,093)</td>
</tr>
<tr>
<td>Other operating and administration</td>
<td>(3,694)</td>
<td>(4,218)</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>1,568</td>
<td>(740)</td>
</tr>
<tr>
<td>Sale of available-for-sale financial assets</td>
<td>2,620</td>
<td>2,221</td>
</tr>
<tr>
<td>Redemption of held-to-maturity investments</td>
<td>1,438</td>
<td>1,410</td>
</tr>
<tr>
<td>Sale of fixed assets</td>
<td>22</td>
<td>181</td>
</tr>
<tr>
<td>Purchase of available-for-sale financial assets</td>
<td>(1,549)</td>
<td>(3,580)</td>
</tr>
<tr>
<td>Purchase of held-to-maturity investments</td>
<td>(3,680)</td>
<td>(2,450)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(569)</td>
<td>(579)</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td>(1,710)</td>
<td>(2,793)</td>
</tr>
<tr>
<td><strong>Net cash flows from financing activities</strong></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash held</strong></td>
<td>(142)</td>
<td>(3,533)</td>
</tr>
<tr>
<td>Cash at the beginning of the year</td>
<td>4,884</td>
<td>8,417</td>
</tr>
<tr>
<td><strong>Cash at the end of the year</strong></td>
<td>4,742</td>
<td>4,884</td>
</tr>
</tbody>
</table>
1. Overview

a) Reporting entity

The reporting entity comprises The National Heart Foundation of New Zealand, the Trust for the Chair in Cardiovascular Studies and the Heart Health Research Trust. The National Heart Foundation is a charitable trust based in Auckland, which is incorporated under the Charitable Trusts Act 1957 and registered under the Charities Act 2005 (registration number CC23052).

The National Heart Foundation of New Zealand is engaged in:
• raising funds to pursue its charitable objectives.

The financial statements of the Foundation are for the 12 month period ended 30 June 2016. The financial statements were authorised for issue by the board of directors on the date recorded on page 15.

b) Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). For the purposes of financial reporting they comply with PBE Accounting Standards Not-For-Profit and Tier 2 reduced disclosure concessions have been applied.

The Foundation is a Tier 2 entity as it has total annual expenses greater than $2 million but less than $30 million in the two preceding reporting periods.

The financial statements are presented in New Zealand Dollars ($), which is the Foundation’s functional currency, rounded to the nearest thousand, and have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

The statement of cash flows has been prepared using the direct method. The financial statements are prepared on an accrual basis.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and in the preparation of the opening PBE standards statement of financial position at 1 July 2014 (the Foundation’s date of transition).

c) Use of estimates and judgements

The preparation of the financial statements in conformity with PBE Accounting Standards Tier 2 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair value

A number of the Foundation’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Foundation has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the Foundation’s Finance and Marketing Strategic Advisory Group.

Significant valuation issues are reported to the Foundation’s Finance & Marketing Strategic Advisory Group.

When measuring the fair value of an asset or a liability, the Foundation uses observable market data as far as possible. Further information about the assumptions made in measuring fair values is included in the following notes:
• Note 8 – Fair values of investments

1. Overview

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The National Heart Foundation of New Zealand is engaged in:
• funding research activities, including the provision of grants for post-graduate study
• the delivery of health promotion services to improve the heart health of New Zealand residents
• the improvement of the nutritional aspects of the food supply
• raising funds to pursue its charitable objectives.

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• Note 8 – Fair values of investments

d) Basis of consolidation

The consolidated financial statements includes the National Heart Foundation of New Zealand (NHF), the Trust for the Chair of Cardiovascular Studies (CVS) and the Heart Health Research Trust (HHRT). All three entities are registered Charitable Trusts.

NHF appoints the Trustees of CVS and HHRT and therefore has control over these entities.

On that basis consolidated financial statements for the group are prepared. All significant intra-group transactions and balances are eliminated on consolidation.

e) Effect of first-time adoption of not-for-profit PBE Standards

These are the Foundation’s first financial statements prepared in accordance with PBE Accounting Standards Tier 2 and PBE FR 46 First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs has been applied.

The Foundation previously reported in accordance with NZ IFRS (PBE) and applied differential reporting concessions. There were no impacts on equity as a result of adopting these new accounting standards.

The Foundation has early adopted the Disclosure Initiative (Amendments to PBE IPSAS 1). This has resulted in a number of changes to the format and presentation of the financial statements designed to enhance reader comprehension and disclosure effectiveness. The 2015 Omnibus Amendments to PBE Standards have been issued and are effective for the Foundation’s 30 June 2016 year end.

f) Impairment

Property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through use or sale. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive revenue and expense.

Receivables

Receivables are assessed for impairment at each balance date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive revenue and expense.

g) Taxes

The Foundation is wholly exempt from New Zealand income tax and gift duty having fully complied with all statutory conditions for these exemptions. Withholding and other taxes deducted at source from investments income on overseas investments are applied against the respective income in the statement of comprehensive revenue and expense. The statement of comprehensive revenue and expense has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which are stated inclusive of GST.

h) Volunteer services

Volunteer services provided at a discount or at no cost are not recognised in the statement of financial performance because they cannot be measured reliably. Donated services and other forms of assistance provided to the Foundation are acknowledged elsewhere in the annual report.

i) Research projects and grants

The Foundation makes the following categories of award:
Project Grants
• for work on a clearly defined research project with a maximum term of three years.

Fellowships and Scholarships
• Senior fellowships for cardiologists holding an appropriate postgraduate qualification to work in New Zealand primarily in cardiovascular research. Maximum duration is three years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2016

- Overseas training fellowships for medical graduates to engage in further clinical training or research in cardiovascular disease. These are normally tenable for one year and fellows are expected to return to New Zealand to continue a career.
- Research fellowships are granted to support graduates engaged in full-time research related to the aims of the Foundation. These grants are tenable in New Zealand for up to three years.
- Postgraduate scholarships provide personal support to graduate students of New Zealand universities whose cardiovascular research for a higher degree will further the aims of the Foundation. These scholarships are tenable only in New Zealand within a faculty of medicine and are normally awarded for a total of three years.

Limited Budget Grants – these fund a wide variety of research related activities in three areas:
- Small projects have a maximum value of $15,000.
- Grants in aid for purposes such as the publication of a book, a health education project or the purchase of research equipment.
- Travel grants for travel in New Zealand or overseas for short-term study or to attend conferences.

The Scientific Committee awards all grants during the first quarter of every year except some travel and some limited budget grants, which are awarded progressively during the year.

Project grants are recognised as an expense in the year granted. The annual amounts granted for Fellowship and Scholarships are recognised in each year of the term of the grant.

The existing grants are reviewed regularly to write off unspent amounts and allow for additional spending on individual grants, if required.

2. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Foundation and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

a) Fundraising activities

Fundraising activities are non-exchange transactions. Income from fundraising activities such as Jump Rope for Heart is recognised on receipt of the donation.

b) Lottery ticket sales

Income from lottery ticket sales are exchange transactions. Income from lottery ticket sales is recognised when the draw is completed for the final prize for the respective lottery.

c) Donations and legacies

Donations and legacies include income from donations, legacies and grants and are classified as non-exchange transactions. Grant and donation income is recognised as income when it becomes receivable unless the Foundation has a liability to repay the grant if the requirements of the grant or donation are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period. Grants include those provided by community trusts. Some community trusts require specific acknowledgement as a condition of their support. Bequests are recognised in the statement of comprehensive revenue and expense when probate of the will has been granted, receipt of the bequest is probable and the amount of the bequest can be measured reliably.

d) Contract services

Contract services are classified as exchange transactions. Income from service contracts is recognised when the contracted deliverables are provided. The unused portion of this income is recorded as unearned income.

e) Investment income

Investment income includes interest and dividend income and are classified as exchange transactions. Interest is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Foundation’s right to receive payments is established.

f) Other income

Other income includes income from sale of goods and services and royalties and are classified as exchange transactions. Revenue from the sale of goods and services is recognised when the goods or services are delivered to customers. Income from royalties includes licence fees from the Tick programme which are spread over future months according to the term of the licence agreement and any unexpired portion of this income is recorded as unearned income.

3. Direct and other expenditure

The following items are included in direct expenses and expenditure:

<table>
<thead>
<tr>
<th></th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Auditors’ remuneration for audit services – KPMG</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>Other services provided by KPMG</td>
<td>10</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation</td>
<td>336</td>
<td>368</td>
</tr>
<tr>
<td>Operating lease expense</td>
<td>396</td>
<td>447</td>
</tr>
<tr>
<td>Employee related expenses</td>
<td>643</td>
<td>562</td>
</tr>
<tr>
<td>– included in direct expenses</td>
<td>6,854</td>
<td>6,968</td>
</tr>
<tr>
<td>– within Expenditure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Payments made under operating leases are recognised in the statement of comprehensive revenue and expense on a straight-line basis over the term of the lease.

4. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash at bank, deposits held on call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. Short term deposits are financial assets that are classified as held to maturity.

<table>
<thead>
<tr>
<th></th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Bank balances – National Office</td>
<td>403</td>
<td>257</td>
</tr>
<tr>
<td>Bank balances – Branches</td>
<td>409</td>
<td>178</td>
</tr>
<tr>
<td>Cash accounts with investment brokers</td>
<td>209</td>
<td>1,644</td>
</tr>
<tr>
<td>Call deposits</td>
<td>2,333</td>
<td>2,095</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>1,388</td>
<td>710</td>
</tr>
<tr>
<td></td>
<td>4,742</td>
<td>4,884</td>
</tr>
</tbody>
</table>
5. Prepayments

<table>
<thead>
<tr>
<th>$000</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property acquired and work in progress for lottery prizes</td>
<td>2,798</td>
<td>3,517</td>
</tr>
<tr>
<td>Insurance prepaid</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td>Interest accrued</td>
<td>182</td>
<td>80</td>
</tr>
<tr>
<td>Other prepayments</td>
<td>119</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,441</td>
<td>3,688</td>
</tr>
</tbody>
</table>

6. Trade and other receivables

Receivables are initially recognised at the original invoice amount less impairment losses. Receivables are financial assets that are classified as loans and receivables.

<table>
<thead>
<tr>
<th>$000</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>1,054</td>
<td>1,016</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,054</td>
<td>1,016</td>
</tr>
</tbody>
</table>

7. Investments

The Foundation classifies investments into the following categories: held-to-maturity investments and available-for-sale financial assets.

**Recognition and derecognition**

The Foundation initially recognises investments on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises investments when the contractual rights of the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the investment is transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised investments that are created or retained by the Foundation is recognised as a separate asset or liability.

**Measurement**

Held-to-maturity investments

If the Foundation has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity investments. Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method, less any impairment/diminution losses. Most of the Foundation’s investments in debt securities are classed as held-to-maturity.

Available-for-sale financial assets

The Foundation’s investments in equity securities (‘shares’) are classified as available-for-sale financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment/diminution losses, are recognised in other comprehensive revenue and expense and accumulated in the fair value reserve. The fair value of quoted securities is determined based on bid prices at the balance sheet date. The fair value of unlisted securities is determined using valuation techniques. When an investment in shares is derecognised, the cumulative gain or loss in equity is transferred to the statement of comprehensive revenue and expense.

8. Fair values of investments

The fair values of investments are categorised into a fair value category based on inputs used in the valuation technique adopted:

- **Level 1**: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2**: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Foundation’s investments are measured using Level 1 inputs.

**Financial risk management**

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arise in the normal course of the Foundation’s operations.

The Foundation is risk averse and seeks to minimise its exposure to risks associated with financial assets and liabilities.

**Credit risk**

Credit risk is the risk that one party will fail to discharge their obligation and thereby cause a financial loss to the other party.

The Foundation is exposed to credit risk through its customer base and through its investment portfolio.

The customer base is predominantly with the Ministry of Health and “Tick” licencees. The associated credit risk is assessed to be minimal. Geographically, there is no concentration of credit risk. Some “Tick” licencees are based in Australia but all invoices are rendered in New Zealand dollars.

The Foundation is guided by its Investment Committee when making investment decisions. The Foundation has developed a Statement of Investment Policy Objectives (SIP0) to be followed by the Investment Committee. The SIP0 seeks to minimise the Foundation’s exposure to credit risk by adopting the following guidelines:

- For held-to-maturity investments (fixed interest investments), the SIP0 permits up to 30% of the fixed interest portfolio to be invested in New Zealand or Australian corporate bonds which are not rated.
- No more than 10% of the investment portfolio may be invested in any one entity or organisation other than the New Zealand government or registered banks with a long term S&P rating of at least A+ (or equivalent credit rating) with authorisation by the Foundation’s Board.

**Liquidity risk**

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are monitored on an ongoing basis and sufficient cash funds are maintained to meet obligations. The Foundation has a policy of paying its obligations to suppliers in accordance with the agreed terms of trade.
Market risk

Market risk is the risk that the fair value of future cash flows of an investment will fluctuate because of changes in market prices.

The Foundation’s investment portfolio is exposed to market risk which includes currency risk, other price risk and interest risk. The Foundation’s SPO is used to guide investment decisions which aim to achieve a balanced and diversified portfolio. The Foundation’s Investment Committee has implemented asset allocation bands and associated guideline trading ranges to guide the diversification of the investment portfolio across investment sectors. Diversification across the various asset classes reduces portfolio risk and diversification across countries also reduces portfolio risk. The allocation and range for cash and short term deposits is higher than would normally be adopted in recognition of the timing fluctuations in the receipt of the Foundation’s income.

Capital management

The Foundation’s policy is to maintain a strong capital basis to maintain stakeholder and supplier confidence and a consistent level of service despite potential fluctuations in donated income. The Foundation prepares an annual budget for income and expenditure and endeavours to ensure that expenditure does not exceed planned income. Actual financial results are regularly monitored and reported to the Board on a quarterly basis.

9. Property, plant and equipment

Recognition and measurement

Items of plant and equipment, including land and buildings, are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost is generally the purchase cost, together with any incidental costs of acquisition. The cost of donated items is the fair value at the date of acquisition. Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive revenue and expense is calculated as the difference between the net sale price and the carrying amount of the asset.

Land and buildings consist of the Foundation’s Auckland offices. An independent valuation was obtained as at 30 June 2015 for the Foundation’s Auckland office; the market value was assessed to be $4,300,000.

Subsequent costs

The Foundation recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive revenue and expense as an expense as incurred.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less any assigned residual value, on a straight-line basis over the expected economic lives of the assets concerned. Leasehold improvements are depreciated over the term of the lease. Freehold land is not depreciated.

The estimated economic lives of the assets are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Economic Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold buildings</td>
<td>50 to 100 years</td>
</tr>
<tr>
<td>Building plant and equipment</td>
<td>6½ to 20 years</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>2½ to 4 years</td>
</tr>
<tr>
<td>Office partitions and fittings</td>
<td>5 to 10 years</td>
</tr>
</tbody>
</table>

10. Trade and other payables

Included in Trade and other payables is Trade payables, GST payable, unearned income and other payables and accruals. Trade payables and other payables and accruals represent liabilities of goods and services provided to the Foundation and which have not been paid at the end of the financial year. These amounts are usually settled within 30 days. Unearned income relates to funds received for services not yet delivered as at balance date. These include proceeds from the sale of lottery tickets for the lotteries subsequently drawn after the end of the financial year, any unexpired portion of proceeds from Tick license fees and funds received for specific projects and/or contracts where deliveries have not been completed by the end of the financial year. Given their short-term nature, the carrying values of trade and other payables are considered a reasonable approximation of their fair values. Trade and other payables are classified as other financial liabilities at amortised cost.

<table>
<thead>
<tr>
<th>$000</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>1,572</td>
<td>1,398</td>
</tr>
<tr>
<td>GST payable (receivable)</td>
<td>91</td>
<td>9</td>
</tr>
<tr>
<td>Unearned income</td>
<td>1,385</td>
<td>1,687</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>834</td>
<td>943</td>
</tr>
<tr>
<td>Total</td>
<td>3,882</td>
<td>4,037</td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2016
11. Employee entitlements

A provision for employee entitlements is recognised for benefits earned by employees but not paid at reporting date. Employee benefits include salaries, wages, annual leave, long service leave and sick leave. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year have been measured at their nominal amount. Other employee benefits payable after more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual leave provision</td>
<td>351</td>
<td>359</td>
</tr>
<tr>
<td>Accrued leave in lieu of provision</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Long service leave provision</td>
<td>80</td>
<td>73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>443</td>
<td>448</td>
</tr>
</tbody>
</table>


The provision for unclaimed grants represents the unpaid balances as at the balance sheet date on research and related grants awarded to successful applicants and projects. Awarded grants relate to current and ongoing research funded by the Foundation and to which the Foundation is firmly committed. Provisions for unclaimed grants are recognised when the Foundation has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

<table>
<thead>
<tr>
<th></th>
<th>2016 $000</th>
<th>2015 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 July 2015</td>
<td>1,764</td>
<td></td>
</tr>
<tr>
<td>Provisions made during the period</td>
<td>2,698</td>
<td></td>
</tr>
<tr>
<td>Provisions used during the period</td>
<td>(2,201)</td>
<td></td>
</tr>
<tr>
<td>Unused amounts reversed during the period</td>
<td>(99)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2016</strong></td>
<td>2,162</td>
<td></td>
</tr>
</tbody>
</table>

13. Equity and reserves

14. Contingent liabilities

At the date of this report there are no known contingent liabilities for which the Foundation may be liable (2015: Nil)

15. Commitments

Since balance date, the Scientific Committee has awarded $2,277,597 in Project and Travel Grants, Fellowships and Grants-in-Aid (2015: $2,676,104). In addition, there is a commitment to fund existing and new Fellowships for a further $817,000 for the second and third years of those Fellowships (2015: $902,500).

The Foundation has commitments for the completion of property purchases and building contracts in connection with the lottery programme. Progress payments made or invoiced up to balance date are included in Prepayments. The remaining balance to be invoiced and paid on these contracts is $1,160,948 (2015: $371,096).

The Foundation has a commitment to the University of Otago to provide funding of $180,000 per annum towards the costs of the Chair in Cardiovascular Studies at the Christchurch School of Medicine. The commitment was extended during the year until the end of 2019.

In August 2010, the Foundation entered into a Memorandum of Understanding with the University of Auckland by which the Foundation committed to provide indexed funding of $200,000 per annum for an initial term of five years. The funding is to support the costs of the University’s Chair in Heart Health. In June 2016 the Foundation confirmed continued funding for a further five years from 1st July 2016.

16. Related parties

a) Key management personnel

Members of key management are regarded as related parties and comprise the board members and senior management of the Foundation. Remuneration and other benefits are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016 $000</th>
<th>2015 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members</td>
<td>1</td>
<td>24</td>
</tr>
<tr>
<td>Senior management</td>
<td>12</td>
<td>1,781</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,805</td>
<td>1,669</td>
</tr>
</tbody>
</table>

Key:
- **NHF**: National Heart Foundation of New Zealand
- **CVS**: Trust for the Chair in Cardiovascular Studies
- **HHRT**: Heart Health Research Trust
b) Other related party transactions

The Trust for the Chair in Cardiovascular Studies and the Heart Health Research Trust are charitable endowment trusts established by the National Heart Foundation of New Zealand. The Foundation settles investment and operating expenses incurred on behalf of the trusts and is reimbursed as funds become available.

During the year ended June 2016 the Foundation resolved to grant a further $500,000 to the Trust for the Chair in Cardiovascular Studies to provide additional investment funds.

During the year ended June 2016, and year ended June 2015, the Foundation has entered into related party transactions with the Trust for the Chair in Cardiovascular Studies and the Heart Health Research Trust. These transactions have been evaluated and the internal control as the Director’s determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

We have audited the accompanying financial statements of National Heart Foundation of New Zealand (“the foundation”) on pages 14 to 28. The financial statements comprise the statement of financial position as at 30 June 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the foundation’s members those matters we are required to state to them in the 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 foundation’s members as a body, for our audit work, this report or any of the opinions we have formed.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position and our qualified opinion on financial performance and cash flows. Our firm has also provided other services to the foundation in relation to other audit related services. Subject to certain restrictions, partners and employees of our firm may also deal with the foundation on normal terms within the ordinary course of trading activities of the business of the foundation. These matters have not impaired our independence as auditor of the foundation.

The firm has no other relationship with, or interest in, the foundation.

Basis for qualified opinion on financial performance and cash flows

The foundation’s recorded revenue includes donations of $6,725,493 (2015: $5,913,835). Due to the nature of donated and unsolicited revenue receipts, the foundation has limited control over revenues from donations and legacy bequests, appeals and fundraising events prior to these revenues being recorded, and there are no practical audit procedures to determine the effect of this limited control. In this respect alone we have not obtained all the information and explanations that we have required.

We have obtained no material information since the financial statements were prepared regarding the recognition of contributions at the time of contribution.

There have been no events subsequent to 30 June 2016 that would have a material impact on the financial statements (2015: nil).
Mike Tomlinson  
Chairman

Mike Tomlinson is Chairman of the Heart Foundation’s Board and a member of the Business Development and Finance Strategic Advisory Group. He has represented a range of organisations at a governance level, including the Appliance Network Society, Auckland YMCA and St Cuthbert’s College. Mike was a partner in Ernst and Young for 30 years and served a wide range of clients during this time. Currently, he is director of a number of companies as well as maintaining an accounting and advisory practice.

Aroha Hudson  

Aroha Hudson is Chief Executive Officer of HealthWEST Ltd, a Non-Government Organisation (NGO) in Auckland. Aroha is a chartered accountant and has a Master of Business Administration. In addition to her role on the Heart Foundation Board, Aroha holds other governance positions including: Director - Unicel, Auckland PHO, Spectrum Care and Ta Hononga O Tamaki me Hotures.

Michael Benjamin  

Michael Benjamin is Deputy Chairman of the Board and serves as Chairman of the Business Development and Finance Strategic Advisory Group. He has served on the Heart Foundation Investment Committee since 2002 and joined the Board in 2005. He has more than 40 years’ experience in finance as a stockbroker and was Chairman of the Auckland Stock Exchange in 1986. Michael is a former director of Wilson and Horton and Firestone (NZ) Ltd. He has also been Chairman of the Elizabeth Knox Home and Hospital and a trustee of Wanganui Collegiate School.

Aseta Redican  

Aseta Redican has a long history of service to Pacific health in New Zealand and established the Heart Foundation’s Pacific Heartbeat programme in 1991. As General Manager of Pacific Health at the Auckland District Health Board, she has established two Pacific-led Primary Healthcare Organisations (PHOs) the Parish Nursing pilot, the Healthy Village Action Zones Pacific Community Development Initiative, and a Pacific Healthy Advisory Committee to the ADHB Board. Aseta also previously established a number of Pacific Providers of Healthcare as the Northern Regional Health Authorities Manager for Pacific issues. Aseta has been a key speaker at local and international forums on Pacific health. She is currently on the Board of Spectrum Care Trust.

Tom Treacy  

Tom Treacy joined the Board of The Heart Foundation mid-year 2016. Tom has spent a life time in the wholesale produce industry. Currently he is a member of the Board of Market Gardeners Ltd, New Zealand’s largest domestic wholesale produce company. Tom is also a board member of a number of private companies and also Trustee of various Family Trusts.

Ian Sutcliffe  

Ian is a co-founder and Director of AA Smartfuel and a trustee of Mapura Studios (centre for visual arts and art therapy programmes for people living with disability and diversity). He has previously held Directorships and Trustee positions with McDonald’s Restaurants (NZ), Ronald McDonald House Charities and Sir Peter Blake Trust (alternate Trustee). Ian has been on the Executive teams for both McDonald’s and Westpac in New Zealand as Marketing Director.

Associate Professor Mervyn Merrilees  

BSc Hons, PhD, DSc

Mervyn Merrilees is Associate Professor in Anatomy at the University of Auckland. He joined the Board in 2013. He was also appointed Chair of the Foundation’s Scientific Advisory Group in that year, having been a member since 2011. Mervyn’s research interests are focused around understanding coronary artery disease. He brings to the Board his knowledge and experience in cardiovascular research and the importance of funding such research to advance public understanding about heart health. He has strong international collaborations and is a founding member of Matrex®, a Seattle-based biotech company established to develop novel approaches to treating vascular disease. Mervyn has spent 15 years on the Auckland Medical Research Foundation and, in that time, served as Chair of the Medical Committee, a board member, and Medical Research Director.

Associate Professor Stewart Mann  

MA, BM, BCh, MA, BM, BCh, DM, FRACP, FRCP, FCSANZ

Stewart Mann joined the Board in 2008 when he took up the role of Chair of the Foundation’s Heart Healthcare Strategic Advisory Group, having been a member of that group since 2004. He previously served for many years on the Heart Foundation Wellington Regional Committee. Stewart is Associate Professor of Cardiovascular Medicine at The University of Otago, Wellington. He has also practiced as a Cardiologist at Wellington and Wakefield Hospitals. Stewart trained at Oxford and London in the UK and migrated to New Zealand in 1986. He was Consultant Cardiologist at Hutt and Wellington Hospitals until taking up his present position in 2003. His research interests include hypertension, cardiovascular epidemiology and risk communication.

Faye Sumner  

Faye Sumner joined the Board in 2008 and comes with more than 40 years’ experience in the healthcare sector. Faye is the Chief Executive Officer for the Medical Technology Association of New Zealand (MTANZ) and has been at the forefront of negotiations with the Government and Ministry of Health in the development of proposed medical devices’ regulations and more recently the healthcare reforms and procurement of medical devices. Faye is a Trustee of the University of Auckland, School of Medicine Foundation and a member of the University’s MedTech CoRE Governing Board. Faye is also a member of the Crown Entities, New Zealand Artificial Limb Board and New Zealand Standards Approval Board. As a Registered Nurse, trained in Coronary Care, Faye is very supportive of the Heart Foundation’s objectives.

“"We are making a difference, more lives are being saved but, there is still much work to do. Heart disease remains our biggest killer and we need to keep working together to change this.””

Gerry Devlin  
Medical Director
EXECUTIVE MANAGEMENT TEAM

Tony Duncan
Chief Executive and Board Member
Tony has more than 25 years’ experience in leadership, management, and senior executive positions in the health sector in New Zealand, Australia and West Africa. His previous roles include General Manager Operations Mercy Acute Hospital and CEO Mercy Hospital, Auckland. Tony has been appointed Vice-President Elect of the World Heart Federation to take effect in 2017. Tony has an MBA from Macquarie University in Sydney.

Bruce Davis
Finance Manager
Bruce Davis has been the Finance Manager for the Heart Foundation since October 2003. Previously, he worked in commerce with a variety of companies in the wholesale/retail distribution sector, including DB Breweries Ltd and Daihatsu New Zealand. Bruce is a graduate from the Commerce faculty at the University of Canterbury and is a member of Chartered Accountants Australia and New Zealand.

Louisa Ryan
Manager Pacific Health
Louisa has an extensive background in the public health sector as a health professional, health manager and public health administrator in mainstream and Pacific health. She began her career as a registered nurse working for 14 years in the USA in intensive and coronary care units. Louisa has a passion for Pacific health, along with expert and personal knowledge of Pacific people and communities, their values and cultural practices in the health sector.

Dave Monro
Food and Nutrition Manager
Dave has a Bachelor of Science degree in Human Nutrition and a Post Graduate Diploma in Dietetics. He is responsible for overseeing the Foundation’s food and nutrition work, including nutrition position statements and also a number of award winning food and nutrition related programmes focused on environmental change. A father of three, he is actively involved in a range of sports including touch rugby and indoor cricket. Dave has a passion for keeping things real when it comes to food, and is keen on developing practical initiatives that support families to make healthier food choices.

Justine Munro
Education Setting Manager
Justine began her career as an early childhood educator, working both in New Zealand and the UK. She subsequently graduated from Massey University with a Bachelor of Science degree in Human Nutrition and has enjoyed incorporating this alongside her earlier work in the education sector in her role. Now with her own children in school, Justine has a personal and professional passion for creating education environments which promote healthy eating and physical activity for children, young people and their whānau.

Sally Hughes
Public Health Strategic Advisor
Sally has over 30 years’ experience in the health sector working with government and non-government organisations. She is responsible for developing the Heart Foundation’s advocacy profile and is aiming to put the organisation on the map for promoting and protecting the health of New Zealand families, especially our children. She is also passionate about heritage and enjoys yoga, tennis and her garden.

Kathy Robinson
Human Resources Manager
Kathy brings strong organisational development experience along with strategic and operational HR capabilities to her role as HR Manager. She has 20 years’ experience in a variety of UK and New Zealand food and beverage companies. A volunteer with Habitat for Humanity, Red Cross Refugee Resettlement and the YWCA Youth Mentorship Programme, Kathy is driven to help bring out the best in individuals, teams and organisations through excellence in people practices, capability, culture and values.

Shaun Williams
Information Systems Manager
Shaun has over 14 years of commercial IT experience both locally and overseas. He began his career in the consulting space before focussing on the management side of IT delivery. Shaun has worked for a variety of New Zealand and Australian companies including: New Zealand Couriers, AMZ, Sovereign and Deloitte Consulting.

Darren Hopper
Head of Marketing and Fundraising
Darren joined the Heart Foundation in March 2016. He has extensive commercial marketing experience in the corporate sector, including over 20 years working in the fast paced high tech sector. Darren also volunteers his expertise to Project Jonah where he assists their marketing strategy and fundraising programmes. Married with three children, Darren spends most summer weekends at the beach and during the winter coaching kids’ soccer, mountain biking and, weather permitting, skiing.

Gerry has over 60 publications to his name. Research interests include: acute coronary syndromes, heart failure, valvular heart disease and systems of care.

Kathy Robinson, Darren Hopper, Justine Munro, Shaun Williams, Dave Monro, Tony Duncan
HEARTFELT THANKS

We offer our thanks to the individuals, trusts and organisations, many of which are listed below, who have helped the Heart Foundation achieve its objectives during the year.

Acumen Republic
Adaptable Solutions Ltd
Allergan
Alliance Health Plus
AMP Foundation
Analogue
Angela Harwood
Anthem
Architectural Profiles Ltd
Armstrong Motor Group Wellington Marathon
AstraZeneca
ASB Auckland Marathon
ASH
Auckland District Health Board
Auckland Medical School
Auckland University of Technology

Barnes, Catmur & Friends
Bay of Plenty District Health Board
Bee Healthy Regional Dental Service
Beef and Lamb NZ
BP (NZ) Ltd
Brand Brokers Ltd
Canterbury Community Trust
Canterbury District Health Board
Capital and Coast District Health Board
Cardiac Rehabilitation Staff
Cardiac Society of Australia and New Zealand
Carters Building Supplies

Clearrite Athena Bathrooms
Cognition Education
Collin Post
Compass Health PHO
Continuous Group
Counties Manukau District Health Board
Counties Manukau Sport

Creative Leap

Professor Diana Lennon
David Strack
DeConstruct
Dorothy Cutts
Douglas Charitable Trust
Early Childhood Council
Enigma
Envelope World
Event Day Ltd
Fairview Windows
Fisher & Paykel
Fiona White
5 + A Day
Food & Grocery Council
Foodstuffs
Fresh Max
Gerard Roofs
Graeme & Beryl McKenzie
Graham Still
Gratifon
Gravida
Hawkes Bay District Health Board
Health Promoting Schools
Health Promotion Agency
Health and Productivity Institute of NZ (HAPINZ)
Helen Goodvin
Hewlett Packard
Hauora Tairawhiti
HOYTS
Hutt Valley District Health Board
Hynds Group
Ian Shroff
IBM Korea Smarter Workforce
Institute for Strategic Leadership
iSenta
iSite Media
James Hardie
Jean Sanbury Family Trust

Jennian Homes
John & Leonie Hynds
Karajoz Coffee
Kinetics Group Ltd
KiwiBank
Ko Awatea
Konica Minolta
KPMG
Lakes District Health Board
Les Greerwy
Life Education
Malatst International
Manaki PHO
MediaWorks
Mefitven
Michael Benjamin
Michael Gault
Mid Central District Health Board
Midlands Health PHO
Milton Hope
Ministry of Education
Ministry of Health
Mt60 (NZ) Ltd
Mount Roskill Inner Wheel Sewing Club
Murphy Cockburn Family Trust
Murray Austin
National Hauora Coalition
Nelson-Marlborough District Health Board
New Zealand Childcare Association
New Zealand Federation of Family Budgeting Services (Inc)
New Zealand Parent Teachers’ Association
New Zealand Post
New Zealand Principal’s Federation
New Zealand Schools Trustees’ Association

Norman Ellison Carpets
Northern Region Indoor Bowls Association
Northland District Health Board
Northlands Warehouse (Christchurch)
Papakura Marae
Paradigm Associates
Pegasus Health (Charitable) Ltd
Peros Ltd
Pharmac
Phoenix Research
PHO Alliance
Port of Nelson
Porter Novelli
Premium Incentive & Conference
Pukenaia Primary School
PureSEO
Ralph & Pat Wechiers
Raymond Ryan
Regional Public Health
Registered Master Builders Association
Rheem
Robert Walters New Zealand
Rotorua Area Primary Health Service
Sandra C’Connor
Simpson Grierson
Solafox
South Canterbury District Health Board
Southern District Health Board
Southern PHO
Spark Digital
Sport Gisborne Tairawhiti
Sport Waikato – Project Energize
Sport Wellington
Sports Hawkes Bay
Sublime Group Ltd
Surf to City (Invercargill)
Synergia
Taumaruna Half Marathon
Taranaki District Health Board
Tasman Insulation
Techspace
Tenfold Creative
The Kitchen Media
The Star Christchurch City 2 Surf

The Quit Group
The University of Auckland
Thinkspace
Tile Warehouse
Tobacco Working Group
Toi Tangata
Toyota NZ
TP Printing Services
Twenty
Under 5 Energize
Unilever
Unison
Vantage Point
Velocity Creative
Vodafone Waiouru
Watatara District Health Board
Wairarapa District Health Board
Watemata District Health Board
Well Dunedin Health Trust
Wellington Marathon Clinic
West Coast District Health Board
Western Bay of Plenty PHO
Westpac
Whanganui District Health Board
Winstone Wall boards

Trusts
A H Watson Charitable Trust
Allan and Marjorie Nightingale Bequest
Basil and Cynthia Hewett Charitable Trust
Bert and May Wilson Charitable Trust
Bert and May Wilson Charitable Trust
Community Trust Mid and South Canterbury
Community Trust of Southland
Cook Islands Trust
Department of Conservation
Endowment Fund
Estate of Grace E M Kay – Orakau Trust
Eastern and Central Community Trust
Estate of Grace E M Kay – Oraekau
Heart Research Scholarship Trust
Four Winds Foundation
Good in the Hood
Grace Craston Charitable Trust
Guy Waddell Charitable Trust
Invercargill Licensing Trust
James Russell Lewis Trust
JG McMahon Memorial Trust

Lawrance and Stephanie Russell Charitable Trust
Leis McFarlane Charitable Trust
Longford Trust
Maori Masonic Perpetual Trust
Molly and Douglas Varnham Charitable Trust
Mr & Mrs Geoffrey Wood Trust
New Zealand Community Trust
NH Taylor Charitable Trust
North & South Trust Ltd
Nova Charitable Trust
PH Vickery
Phyllis Campion Charitable Trust
Ray Watts
Riverlea Trust
Rotorua Energy Charitable Trust
Shepherd Ministries Charitable Trust
Southland Medical Foundation
The Dowdall Trust
The Fanara Thompson Charitable Trust
The Hilda Curtis Charitable Trust
The Kingdom Foundation
The Lion Foundation
The Milestone Foundation
The NZ Lottery Grants Board - National Community Centre

The Owen and John Whitfield No 2 Fund Charitable Trust
The Reed Charitable Trust
The Robert and Barbara Stewart Charitable Trust
The Southern Trust
The Ted and Mollie Carr Endowment Fund
The W and W.A.R Fraser Charitable Trust
TM Hosking Charitable Trust
Torhaven Trust
Trust Waikato
W. Duncan Bickley Trust
William Downie Steward Charitable Trust

The University of Auckland

The University of Waikato

The University of Otago

The University of Auckland

The University of Auckland

The University of Auckland

The University of Auckland
SPECIAL RECOGNITION

Community Organisation Grants Scheme (COGS)
COGS Southland / Invercargill
COGS Hamilton / West Waikato
COGS Otago / Dunedin
COGS South Canterbury / North Otago / Oamaru
COGS North Taranaki / New Plymouth
COGS South Taranaki / New Plymouth
COGS Tauranga / Moana
COGS Rotorua / Eastern Bay of Plenty
COGS Taumarunui / Gisborne / East Coast
COGS Manawatu / Palmerston North
COGS Hawkes Bay / Napier (Kahungunu ki Heretaunga)
COGS Wairarapa / Masterton / Wellington

Volunteer Special Achievement Award
Sandra Debney, Wairarapa, 10 years long service
Peter Debney, Wairarapa, 10 years long service

Volunteer Long Service
20 years
Lorraine South, South Canterbury

10 Years
Vera Stewart, Rotorua

5 Years
Bruce Burke, Nelson Marlborough
Carolyn Campbell, Nelson Marlborough
Amanda Dykzeul, Nelson Marlborough
Andres Kepes, Nelson Marlborough
Alan Parker, Nelson Marlborough
Glenda Symonds, Nelson Marlborough

2 Years
Lyall Daines, Nelson Marlborough
Jackie Ferguson, Nelson Marlborough
Miraka Norgate, Nelson Marlborough
Margaret Watson, Nelson Marlborough

Ambassadors and Supporters
Rt Hon Dame Jenny Shipley (Patron)
Sir Jerry Mateparae (Patron)
Professor Rob Doughty
Graham Lowe
Helen Thompson-Carter
Jeremy Scott
Keith Taulahi
Nadia Lim
Niki Bezzant
Nikki Tod
Rebecca & Richard Carver
Vanessa Green
Bernice Mene
Tom Abercrombie
Annabel Langbein
Dr Natalie Walker
Dave Letele
Rachel Turner
June Aeraksis
Ian Lancaster
Dr Andrew Atkien
Stephen Clarke
Dr Malcolm Abernethy
Professor Peter Ruigrok
Shelley King
Nikki Earle
Karyn Bush
Kelly Widdowson

Bankers
Bank of New Zealand
Westpac Banking Corporation

Solicitors
Simpson Grierson

Auditors
KPMG

Investment Advisors
JB Were (NZ) Pty Ltd
First NZ Capital

Patent Attorneys
Simpson Grierson

Annual Report Creative Agency
Velocity Creative
HELP US ACHIEVE MORE BIG BEATS

WE’RE NOT DONE YET

To help save more lives, donate at heartfoundation.org.nz or call 0800 830 100