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INTRODUCTION

Our mission

Te whakapiki hauora, oranga hoki, ō te hunga e pāngia ana e te kaiponapona.
To improve the health and well being of people who are affected by arthritis.

Arthritis New Zealand is a national organisation providing expert advice, guidance and up-to-date information about the various forms of arthritis and the treatments that are available.

Arthritis is New Zealand’s leading cause of disability. There are more than 140 different kinds of arthritis, and there are over 530,000 New Zealanders living with arthritis. Research indicates that people with arthritis are 5% less likely to be employed than those without arthritis, and that there are 17,940 people receiving sickness or invalids benefits as a result of musculo-skeletal conditions, the bulk of which will be arthritis.

Arthritis can occur to any one at any age, as our services show. Arthritis New Zealand works with and for people from infants to seniors. There are currently more than 1,000 children in New Zealand living with arthritis.

We predominantly rely on fundraising initiatives and community support to continue providing our services.

Awareness: national campaigns developed to raise awareness, increase organisational profile, continue and expand the link to fundraising.

Advocacy: build positive case studies on people living with arthritis; continue to develop an advocacy programme at both a national and local level; strengthen strategic relationships to become a leading voice for people with arthritis.

Research: build on our research grant programme and links with universities and research funders; create learning and development through demonstration projects; link research results to awareness and fundraising programmes

Support through advice and information: continue to provide contracted services supported by telephone and group services; create framework for demonstration projects with priority population groups; create innovative approaches to services (e.g. web based).
Arthritis New Zealand works in consultation with others in a way that recognises people as individuals and promotes fairness, honesty and integrity in everything we do. All of our activities will reflect the principles of, and be in accordance with, the Treaty of Waitangi.

Our Values

We are committed to working in ways that demonstrate our values of

**Putting People First**
We demonstrate our commitment to being people centred by:

- Acknowledging the personal and social impact of arthritis
- Recognising and celebrating success and achievement
- Being responsive to client, donor and member needs
- Developing our staff and volunteers
- Providing a welcoming workplace.

**Excellence**
We strive to achieve excellence by:

- Providing evidence-based services and information
- Aiming for continuous improvement in all our actions
- Building on our strengths to make things happen
- Sharing information.

**Integrity**
We demonstrate integrity by:

- Following through commitments in a timely way
- Being accountable for all our activities
- Being totally trustworthy and honest in all our actions
- Providing clear and consistent information.

**Respect**
We show respect by:

- Acknowledging all people in a culturally appropriate way
- Encouraging open and honest communication
- Recognising the diversity of contributions from our stakeholders.
Kia ora, nga mihi ki a koutou.

It is a pleasure to provide this message for the 2011/2012 Annual Report of Arthritis New Zealand Kaiponapona Aotearoa.

For the more than 530,000 New Zealanders estimated to be living with arthritis the organisation’s message—Arthritis: it could surprise you—resonates with many people. Some parents are surprised to find their young child is diagnosed with arthritis and some young adults are surprised when they find they have an arthritic condition. That gout is a form of arthritis also surprises many people, especially to Māori and Pacific men who have the highest rate of gout in our community. Dated and inaccurate preconceptions about this group of conditions need to be challenged.

Arthritis New Zealand has a proud history of working to improve the lives of those living with arthritis in our country. It does this through its programmes to raise awareness, championing the issues faced by people with arthritis; supporting New Zealand research into arthritis and providing advice, information and support for people with arthritis, family members and health professionals. The way these services are provided has changed over time and this is a sign of a strong organisation.

I was delighted to accept the role of Patron for Arthritis New Zealand and I commend the valuable work undertaken by the organisation. I wish its members, staff and Board all the best for the years ahead.

Kia kaha, ki a manawanui, kia ora tātou katoa.

Lt Gen The Rt Hon Sir Jerry Mateparae, GNZM QSO
Governor-General of New Zealand
Patron, Arthritis New Zealand
Despite it being a challenging year, I believe we can look back with pride on what we have achieved.

The awareness campaigns in particular showed New Zealand that arthritis can surprise you. People saw our ads, called our 0800 number, got help when and where they needed it and were able to improve their quality of life. We met our mission for people who had never been in contact with us before.

We know that arthritis can occur in anyone of any age – as yet most of New Zealand doesn’t seem to share that view. The two campaigns have shown young adults living with arthritis and we have hit a nerve with the general public. We are very grateful to Pub Charity for supporting the osteoarthritis campaign and to Abbott Laboratories for the ankylosing spondylitis campaign. Without these grants we could not have run either campaign.

In the face of the financial realities we have changed the way Arthritis New Zealand delivers its services. It is never easy to do but I believe that it has made Arthritis New Zealand a better organisation. Over the past year there were nearly 10,000 calls to the 0800 number, most of these people were in contact with us for the first time. Calls came from across the country and many were delighted to find a place where their concerns were taken seriously. Over half of the people who received services from our Arthritis Educators were aged between 15-64 years. While the public perception might be arthritis as an older person’s problem – our own experiences show it affects young adults as well. Children with arthritis are a special group in our community. I was fortunate to be able to visit the camp held at Matamata earlier this year and meet some of the families that were enjoying their weekend of fun and education. The parents were gaining much needed support from the camp meeting other families in a similar situation. The children were having a ball with go karts, hot pools and activities structured to meet their abilities.

It has also been my view that we need to make sure that our Governing Body is also achieving all that we expect. It is some years since we looked at the governance rules. This review is now underway with the aim of ensuring we keep that very important balance between member representation and the skills required to run a multi-million dollar organisation effectively. I consider myself fortunate to chair a Board that has such a varied and valuable skill set. My sincere thanks to all Governing Body, committee and Regional Liaison Group members who give so willingly of the time, expertise and insight for Arthritis New Zealand.

The economic challenges that face us and every other charity in New Zealand show no signs of abating. This year we have turned a corner and this makes our future brighter. There remain challenges ahead, challenges that the organisation is well positioned to meet.

Alan Henwood
A YEAR IN PICTURES

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2.  
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8.  
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10.  
11.
Arthritis New Zealand Annual Report 2012

NATIONAL GOVERNING BODY

General
The Governing Body is the legal authority for the organisation. Governing Body members are public trustees representing the interests of the organisation’s members, volunteers, the wider community, donors and supporters.

Purpose
The purpose of the Governing Body is governance focusing on the organisation’s major issues of organisational purpose, direction and performance.

Responsibilities
• To provide strategic direction and leadership for the whole organisation
• To ensure the organisation is soundly managed.
• To work in close partnership with the Chief Executive to ensure the Governing Body’s goals and objectives are achieved, supporting and resourcing the Chief Executive to carry out her responsibilities
• To appoint and terminate (if necessary) the employment of the Chief Executive, ensuring the organisation employs the best person for the position and provides fair and appropriate terms and conditions of employment
• To develop and monitor policies, which provide direction and boundaries for both its own and the Chief Executive’s functions; and
• To establish Governing Body Committees or working groups as it sees fit.

In addition Regional Representatives to the Governing Body have responsibilities to represent any concerns members in the region may have, to report on activities of the region and report back to the Regional Liaison Group on the actions and deliberations of the Governing Body.

Members
Alan Henwood – President
Kathie Smith – Immediate Past President
Peter Larmer – Vice President
Kate Anderson
Katharine Bracey
Victoria Harris
Martin Lenart
Lynne McMillan
Maureen Medley
John Pritchard
Lisa Stamp

PREVIOUS PAGE
1 2012 Childrens Camp attendees. 2 Faye Bullock, AE and David Orr Whanganui Garden Ambie. 3 Geraldine Brophy and Connor Mackie off to open the Kirkaldies Xmas window. 4 Martin Harrap ‘Cooks on Wheels’ tour and friends. 5 Sue Baker and Northland volunteers. 6 ‘Pain Report’ launch – Nicholas Leach, Frances Benge and Michael Woodhouse MP. 7 The cricket team for launch of OA Campaign. 8 Mighty River Harmony at Viva la Voice. 9 PM John Key with his signed pig for auction. 10 South Island Stash Rehash event. 11 2012 National Golf Tournament.
Kia ora koutou

Arthritis – it could surprise you. This was the theme of our two awareness campaigns over the past year. It has also been true of us an organisation.

A year ago, we embarked on a new way of meeting our mission. We put an increased emphasis on raising awareness and speaking out with and for people with arthritis as we had been asked to do. We reshaped our entire organisation to be more cost effective by centralising many services to the main centres and making much greater use of telephone services as well as small and larger group events.

We have surprised ourselves. We had planned for an increased response from the awareness campaigns. But we were amazed by the size and immediacy of the calls – as an example, in March 2011, we responded to 200 calls to our 0800 number, around 10 calls per day. In March 2012, we responded to 1440 calls to the 0800 number – more than 60 per day. It is a real credit to all our staff and volunteers that we were able to manage this level of call numbers.

People who have called us have been surprised. We were able to talk to people who hadn’t known help was available, who told us they were surprised there was so much more to know than their GP had already provided.

Not everyone liked our campaign. Some people told us arthritis had been a nasty surprise in their life. And that too can be true. It is a shock, if not a surprise, for many people to get a diagnosis of arthritis in any form. We are still at the stage of saying there is no cure for arthritis, and that is a surprise if not a shock to many. We remain committed to supporting New Zealand research into many forms of arthritis. Over the last year, we provided grants that supported research on gout, osteoarthritis and rheumatoid arthritis.

Arthritis New Zealand also supports a number of research projects by assisting researchers in accessing and selecting research study participants right across the country. We are also working with rheumatologists on projects including the barriers to smoking cessation in rheumatoid arthritis and the gout studies.

One of the highlights for many of our members and supporters this year has been the increased focus on raising the issues that face people living with arthritis. Our survey last year drew over 700 responses – and from this we have developed issues pages and been able to share the experiences of many people. The energy from people keen to work on these issues continues to surprise us.

Unfortunately, the challenges associated with raising money continue. We are very grateful for the special project grants that have allowed us to run some of the programmes like awareness campaigns, the children’s camp and the Arthritis New Zealand conference. Our ongoing operational activities are supported through a range of fundraising activities. This at times is thankless work. And yet we can be surprised by people’s generosity. Thank you for every contribution that allows us to take another step towards meeting our mission.

We would achieve nothing without the commitment and skills of our team. To our staff, our volunteers and especially the Governing Body, I acknowledge your efforts, your enthusiasm and your commitment. Thank you. Because of you thousands of people living with arthritis in New Zealand are living a better quality of life.

Sandra Kirby

Chief Executive

Arthritis New Zealand
Raising public awareness of arthritis and Arthritis New Zealand is the most important thing we do.

Awareness was the highest priority for all groups in our review of services and we are delighted that in the past year we have been able to respond to this in a variety of ways. Our “Arthritis it could surprise you” awareness campaigns have brought national and international recognition as leading edge public awareness campaigns. The television commercials, website and associated publicity were seen by thousands of people. The calls to the 0800 number and the visits to the website were almost instantaneous. The numbers of people who visit our website are consistently five or more times higher than those who call us – showing the increasing reliance on the web as people’s first point of contact.

We continue to deliver media releases and reports – and these are being picked up. Adding a personal experience to these reports makes them more impactful. Thank you to those people who have freely shared their living with arthritis experiences in this way. As well as responding to issues as they arise in the media we have promoted stories on living with pain, the value of exercise, children with arthritis and used days such as World Lupus Day to promote the “anyone at any age” message.

Our conference in May was also a great opportunity to promote our work, the New Zealand research and best practice options available. Our first experience of providing this as open conference has reinforced the valuable experience such a conference brings for all associated with arthritis.

BY THE NUMBERS

In this financial year we had:

- **5,603** Members
- **22,063** Clients
- **9,999** calls to 0800 663 463
- **79,848** website hits
- **18,663** attendances at land or water based exercise classes
- **2** Awareness campaigns
- **39** Arthritis New Zealand staff members
- **32,000** copies of *The Juice* circulated
- **80** Arthritis Children’s Camp attendees
- Over **3000** volunteers supporting our work
One of the results of the 2011 service review was strong agreement that advocacy should become a priority for Arthritis New Zealand.

We began by surveying our members, clients and volunteers and from this survey the following advocacy priorities were established:

- Improving access to new medications and rheumatology services.
- Monitoring changes to sickness and invalids benefits to ensure those with arthritis are not disadvantaged by changes to welfare benefits.
- Providing support for those who are newly diagnosed.
- Challenging the myth that arthritis affects only the elderly.
- Identifying local community issues of importance to those with arthritis and taking appropriate action.

We are developing a network of Arthritis Advocates around New Zealand as resource people who can help us give voice to the experience of living with arthritis and identify local issues and concerns in their communities. We provide training and ongoing support for those interested in becoming advocates.

We have also added an issues section to our website to provide background information on our priorities and run regular surveys to help us shape our advocacy strategy.

Making submissions and developing joint ventures with other agencies are another important component of our advocacy work and we carefully monitor media to identify advocacy opportunities.

Arthritis New Zealand approved three applications for research grants, which totaled $149,138.

The successful applicants included: pre-clinical multi-spectral imaging of cartilage and bone for early detection of osteoarthritis, smoking cessation in rheumatoid arthritis and a longitudinal observational study of clinical outcomes in gout. We also supported young researchers by awarding three summer scholarship projects.

Arthritis New Zealand is participating in other research projects by assisting researchers in accessing and selecting research study participants from across the country. We are delighted to be supporters of the varied research work around the country and commend the development of the Arthritis Research Theme for the University of Otago.
Volunteers
Arthritis volunteers throughout New Zealand are the backbone of our organisation. Their willingness to donate their time in a variety of ways ensures that many of our support programmes can continue. The extensive and sought after hydrotherapy and land based exercise classes are reliant on volunteer support. Tasks undertaken range from; administration support, fundraising, hydrotherapy/exercise, social support groups, toenail cutting and Arthritis Educator support.

It is impossible for us to measure the thousands of hours donated. Thank you all!

Awards

Northern
Regional Outstanding Service Award:
Pennie Evans – Hamilton.

Regional Community Service Awards:
Dot Palmer and Ulla Carroll – Whangarei;
Chree Barker – Auckland.

Midland/Central
The Taranaki Education Scholarship:
James Young who is in his fourth year of study at Massey University.

Southern
Regional Outstanding Service Award:
Clare Richards – Canterbury.

Regional Community Service Awards:
Cynthia Scrivener, Carol Angland, Joan Harneiss – South Canterbury;
George Barker, Lindsay Bowron, Annetta Hodges, Maureen McKain – Nelson;
Joyce Findlater – Marlborough;
Adrienne Crowe, Rowena Hart, Wendy Hocking, Barbara Watson, Lorraine West – Canterbury.

Ambassadors
We have been delighted with those who have generously agreed to join our Ambassadors programme. By allowing us to use their names and personal stories and the knowledge that arthritis can affect any one at any age is becoming more obvious. Our Ambassadors are: Billy Bowden, Geraldine Brophy, Jaynie Hudgell, Steve Joll, Matt Lockwood, James Lowe, Mary Jane O’Reilly, Neemia Tialata, Mark Treffers, Mahé Drysdale, Anna Mortlock and Anton Oliver.
REGIONAL HIGHLIGHTS

Southern Region

• Hydrotherapy and/or water-based exercise classes continuing in Invercargill, Christchurch and Nelson and land-based exercise classes continuing in Christchurch, Picton and Nelson.
• Social groups continuing in Invercargill, Timaru, Christchurch, Hokitika and Blenheim.
• Peer Support networks established in Oamaru and Christchurch.
• Regular visiting schedules implemented to Southland, North Otago, West Coast and Marlborough.
• Renegotiated contract with Canterbury and South Canterbury DHBs to deliver services in these regions.
• New contract negotiated with Well Dunedin Trust to deliver LHL courses, seminars and gout hui in Dunedin.

Midland/Central Region

• A successful series of well attended seminars throughout the greater Wellington area involving specialists in the areas of pain, orthopaedics and physiotherapy.
• Joining forces with local groups in Hawke’s Bay and Gisborne to deliver services in new ways.
• Continuing to grow our gout education work with Māori and Pasifika around the region.
• Initiating group clinics in the Capital & Coast District Health Board area.
• The Living a Healthy Life Programme, remains popular and has generated a growing waiting list parts of the region. Developing three self management modules to be piloted in Rotorua.
• A range of hydrotherapy, land and water based exercise groups are running throughout the region.

Northern Region

The past year has seen a number of exciting initiatives

• An increase in the number of clients for both clinics and group events.
• Continuing high numbers of Māori and Pasifika clients accessing services.
• The development of a very successful partnership with AUT to create a popular series of seminars.
• A successful gout education pilot programme completed with Manaia PHO, in Whangarei leading to an expanded contract with the PHO.
• The development of a Gout Champions training programme which has led to a contract with ProCare to run this programme in Auckland Central.
• The initiation of a new series of workshops on Pain Management in Waikato.
• The establishment of the position of Regional Co-ordinator has provided resource to support volunteers and support groups in the region and new support groups have been formed in Kerikeri and Warkworth.
“Mountains are conquered with small up hill steps”

Within our Donor Mail programme we share the positive stories of those with arthritis and how they deal with the daily challenges. There is never any ‘poor me’ from them but the amazing tales of day to day tasks and solutions to coping. For many of the 530,000 New Zealanders their pain and joint damage is invisible. The daily medications and injections go unseen and the children run and skip, for some of the day, like their peers.

As Arthritis New Zealand fundraisers we only have words to convey a picture of why we need financial support. Stories are vital as we try to paint a picture.

Our Donor Mail programme endeavours to tell stories of different ages and life styles and we are grateful to the many donors who support us in this programme.

Trusts and Foundations form an important income stream and we are cognisant of the growing demands on them and the impact of falling interest rates. To the Trusts who are willing to enter into dialogue with us to ensure their criteria and ours match, thank you! We have watched with some concern the progress of the Gambling Harm Reduction Bill through Parliament. Our most recent awareness campaign touched the lives of more New Zealanders than ever, was only possible with the support of a Gaming Trust. We rely heavily on this support to ensure our services are available nationally.

There are many who may have had arthritis during their lifetime, or just watched our work from afar and then leave us that amazing final gift of a bequest. The opportunity to thank them personally is not available, but to their families and friends our gratitude for these wonderful gifts is most sincere.

Raising awareness is a primary goal and with the commitment from Pub Charity Inc we were able to create and run a television campaign on osteoarthritis. This had amazing impact. Subsequently, Abbott Laboratories supported the re-run of the ankylosing spondylitis campaign and with Pfizer their ‘Pain Report’ was launched.

Michael Woodhouse, MP has continued to lead the cross party support of politicians who belong to the Parliamentary Friends of Arthritis.

Our Juice and Joint Support magazines have continued to provide stories and advice on new and emerging trends in arthritis care and we enjoy the feedback from members and donors to these publications.

The economic climate remains challenging for charities. Recruiting volunteers to support our appeal is critical and we are indebted to those who have supported all our programmes.

To gain those corporate sponsors we need to ensure that arthritis is ‘visible’ and worthy of their support.

We are indebted to those thousands of donors, trusts, corporate sponsors and those raising money for us by having fun. Without you, the challenges become very high mountains.

Dianne Armstrong
In 2011 we introduced a new model of services and have spent the past year implementing and refining this to ensure we are able to provide information and education to an increasing number of people with arthritis within a more cost effective structure. New services were introduced including an expanded 0800 helpline, phone clinics, group clinics and workshops.

By taking greater advantage of the phone and internet for individual client services we are able to provide information and support to people in geographically remote areas. Linking people diagnosed with arthritis by way of a phone buddy system and social networking is increasingly popular alongside our traditional support groups.

In the past year we delivered Arthritis Educator services to over 29,000 clients. 4,783 people received information and advice at our individual clinics; 10,956 people attended seminars, workshops, self-management and train the trainer programmes and gout hui. A further 5,021 people were provided with brief information and support by telephone, at health expos and other events. 199,122 information and education resources were distributed.

Gout education is one of the key areas of our services and we delivered clinics and hui for people with gout and their whanau/families focusing on Māori and Pasifika communities.

We also piloted a new way of delivering services by developing a partnership with Nelson Bays Primary Health which was shown to be a valuable service for both clients and the health professionals at the PHO.

The first ‘open public day’ for people with arthritis and their families was held during the National Conference in May. Partnerships with Physiotherapy New Zealand, Auckland University of Technology, the University of Auckland and University of Otago are important for developing resources and promoting a multi-disciplinary approach in management of arthritis and the latest research.

We appreciate the generosity of many New Zealanders, support from District Health Boards, Primary Healthcare Organisations and our sponsors – together we do make a difference in helping people with arthritis.
FINANCE REPORT

The benefits of the 2011 restructure are being reflected in the positive result for 2012!

For the year ended 30 June 2012, Arthritis New Zealand recorded a net surplus of $25,500 compared with a deficit of $386,000 in the previous year.

The general economic environment coupled with the fallout from the Canterbury earthquakes continues to have an effect on Arthritis New Zealand’s ability to generate revenue.

Operating revenue was slightly down on the previous year and was buoyed by a couple of very generous grants specifically designated for the awareness campaigns run during the financial.

Operating expenses, which included the costs of the specifically-funded awareness campaigns, were also lower than in the previous year, reflecting the benefits of the restructure undertaken during the 4th quarter of 2010/11.

The small surplus for the year combined with an increase in revenue in advance and the proceeds from the sale of property, contributed to a net cash inflow of $525,000. We continue to focus attention on the need to find new sources of regular income to meet the rising costs of delivering the quality services we aspire to.

The net asset position has changed only slightly and we continue to hold sufficient reserves to see us through this prolonged period of economic uncertainty.

Arthritis New Zealand remains well-positioned to face the challenges of the next few years as we focus on the strategic priorities for the organisation.

Corporate Services Manager
Rob Mitchell

Income Sources
Total – $4,847,000

Operating Expenditure
Total – $4,813,000

[Charts and graphs showing income sources and operating expenditure with percentages]
For the Year ended 30 June 2012

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## Statement of Financial Position

*As at 30 June 2012 in New Zealand Dollars*

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, furniture and equipment</td>
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<td>731,355</td>
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<tr>
<td>Investments</td>
<td>6</td>
<td>3,133,738</td>
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<tr>
<td>Total non-current assets</td>
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<td>Trade and other receivables</td>
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<td>Cash and cash equivalents</td>
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<td>Total current assets</td>
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<td>1,954,775</td>
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<td>Total assets</td>
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<td>5,819,868</td>
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<tr>
<td><strong>Equity</strong></td>
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<tr>
<td>Funds</td>
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<tr>
<td>Reserves</td>
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<td>Total equity</td>
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<td>4,683,316</td>
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<tr>
<td><strong>Liabilities</strong></td>
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<tr>
<td>Managed Funds</td>
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<td>178,987</td>
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<td>Employee benefits</td>
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<tr>
<td>Total non-current liabilities</td>
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<tr>
<td>Trade and other payables</td>
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<td>290,152</td>
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<tr>
<td>Revenue in Advance</td>
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<td>493,293</td>
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<tr>
<td>Employee benefits</td>
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<td>172,438</td>
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<tr>
<td>Total current liabilities</td>
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<td>955,883</td>
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<tr>
<td>Total liabilities</td>
<td></td>
<td>1,136,552</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td></td>
<td>5,819,868</td>
</tr>
</tbody>
</table>

Authorised for issue for and on behalf of the Governing Body

Chief Executive: [Signature]  
President: [Signature]

Date: 17 September 2012

The accompanying notes on pages 22 to 28 form part of and should be read in conjunction with these financial statements.
### Statement of Comprehensive Income

*For the year ended 30 June 2012 in New Zealand Dollars*

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from the Community</td>
<td>13</td>
<td>3,349,307</td>
</tr>
<tr>
<td>Income from Services &amp; Programmes</td>
<td>14</td>
<td>847,766</td>
</tr>
<tr>
<td>Members Subscriptions</td>
<td></td>
<td>106,528</td>
</tr>
<tr>
<td>Profit/(loss) on Disposal of Fixed Assets</td>
<td></td>
<td>258,818</td>
</tr>
<tr>
<td>Total operating income</td>
<td></td>
<td>4,562,419</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising Expenses</td>
<td>13</td>
<td>912,214</td>
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<tr>
<td>Expenditure on Services &amp; Programmes</td>
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<td>2,370,242</td>
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<td>Administration Expenses</td>
<td>15</td>
<td>1,243,294</td>
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<tr>
<td>Governance Costs</td>
<td></td>
<td>41,462</td>
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<tr>
<td>Research Grants Awarded</td>
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<td>166,639</td>
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<tr>
<td>Depreciation</td>
<td>5</td>
<td>78,862</td>
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<tr>
<td>Total operating expenses</td>
<td></td>
<td>4,812,713</td>
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<tr>
<td>Operating (deficit) before finance income</td>
<td></td>
<td>(250,294)</td>
</tr>
<tr>
<td>Net finance income</td>
<td>16</td>
<td>285,120</td>
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<tr>
<td>Operating surplus/(deficit) after finance income</td>
<td></td>
<td>34,826</td>
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<tr>
<td>Impairment of investments</td>
<td>17</td>
<td>(9,323)</td>
</tr>
<tr>
<td>Surplus/(Deficit) for the year</td>
<td>18</td>
<td>25,503</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair value of investments</td>
<td></td>
<td>(103,575)</td>
</tr>
<tr>
<td>Total Comprehensive Income for the year</td>
<td></td>
<td>(78,072)</td>
</tr>
</tbody>
</table>

The accompanying notes on pages 22 to 28 form part of and should be read in conjunction with these financial statements.
## Statement of Changes in Equity

*For the year ended 30 June 2012 in New Zealand Dollars*

<table>
<thead>
<tr>
<th>Note</th>
<th>Research Funds</th>
<th>General Funds</th>
<th>Special Purpose Funds</th>
<th>Investment Fair Value Reserve</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2010</td>
<td>2,619,890</td>
<td>1,503,064</td>
<td>337,564</td>
<td>459,573</td>
<td>4,920,091</td>
</tr>
<tr>
<td>Total Comprehensive Income for the period</td>
<td>(228,329)</td>
<td>(158,284)</td>
<td>–</td>
<td>–</td>
<td>(386,613)</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>227,910</td>
<td>227,910</td>
<td>227,910</td>
<td>227,910</td>
<td>227,910</td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td>2,391,561</td>
<td>1,327,525</td>
<td>354,819</td>
<td>687,483</td>
<td>4,761,388</td>
</tr>
<tr>
<td>Balance at 1 July 2011</td>
<td>2,391,561</td>
<td>1,327,525</td>
<td>354,819</td>
<td>687,483</td>
<td>4,761,388</td>
</tr>
<tr>
<td>Total Comprehensive Income for the period</td>
<td>12,198</td>
<td>13,305</td>
<td>–</td>
<td>–</td>
<td>25,503</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>(103,575)</td>
<td>(103,575)</td>
<td>(103,575)</td>
<td>(103,575)</td>
<td>(103,575)</td>
</tr>
<tr>
<td>Balance at 30 June 2012</td>
<td>2,403,759</td>
<td>1,324,089</td>
<td>371,560</td>
<td>583,908</td>
<td>4,683,316</td>
</tr>
</tbody>
</table>

The accompanying notes on pages 22 to 28 form part of and should be read in conjunction with these financial statements.
Statement of Cash Flows

For the year ended 30 June 2012 in New Zealand Dollars

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was provided from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from the community</td>
<td>3,630,615</td>
<td>3,601,934</td>
</tr>
<tr>
<td>Income from Services &amp; Programmes</td>
<td>697,395</td>
<td>887,280</td>
</tr>
<tr>
<td>Members Subscriptions</td>
<td>114,775</td>
<td>94,976</td>
</tr>
<tr>
<td></td>
<td>4,442,785</td>
<td>4,584,190</td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>2,191,240</td>
<td>2,817,655</td>
</tr>
<tr>
<td>Payments to employees &amp; volunteers</td>
<td>2,305,697</td>
<td>3,030,035</td>
</tr>
<tr>
<td>Research Grants paid</td>
<td>142,350</td>
<td>353,486</td>
</tr>
<tr>
<td></td>
<td>4,639,287</td>
<td>6,201,176</td>
</tr>
<tr>
<td><strong>Net Cash (Outflow) from Operating Activities</strong></td>
<td>18</td>
<td>(196,502)</td>
</tr>
</tbody>
</table>

| **Cash Flows from Investing Activities** | | |
| Cash was provided from: | | |
| Sale of Property, furniture & equipment | 446,801 | 1,461 |
| Interest & Dividends received | 246,888 | 256,248 |
| Sale of Investments | 485,417 | 37,285 |
| | 1,179,106 | 294,994 |
| Cash was applied to: | | |
| Purchase of property, plant and equipment | 47,538 | 21,352 |
| Purchase of Investments | 409,513 | 37,123 |
| | 457,051 | 58,475 |
| **Net Cash Inflow from Investing Activities** | 722,055 | 236,519 |
| **Net Increase/(Decrease) in cash and cash equivalents** | 525,553 | (1,380,467) |
| Cash and cash equivalents at 1 July | 1,125,985 | 2,516,164 |
| Effect of exchange rate fluctuations on cash held | – | (9,712) |
| **Cash and cash equivalents at 30 June** | 8 | 1,651,538 | 1,125,985 |

The accompanying notes on pages 22 to 28 form part of and should be read in conjunction with these financial statements.
Notes to the financial statements

1. Reporting entity
The Arthritis Foundation of New Zealand Inc (the Foundation) is registered under the Incorporated Societies Act 1908 & the Charities Act 2005 and is domiciled in New Zealand. It operates under the name Arthritis New Zealand.

The principal activity of the Foundation is to raise awareness and provide advocacy, information, education, and support services for people affected by arthritis.

The financial statements of the Foundation are for the year ended 30 June 2012. The financial statements were authorised for issue by the Governing Body on 17th September 2012.

2. Basis of preparation
Statement of compliance and basis of preparation
The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZGAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS). The Foundation has applied the Framework for Differential Reporting for entities adopting NZIFRS and its interpretations.

The Foundation is a public benefit entity, as defined under NZ IAS 1.

The Foundation qualifies for differential reporting exemptions as it has no public accountability and the Foundation is small in terms of the size criteria specified in Framework for Differential Reporting. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except for NZ IAS 7, Statement of Cash Flows.

Basis of measurement
The financial statements are prepared on the historical cost basis, except for financial instruments that are classified as available-for-sale which are stated at their fair value.

Presentation currency
These financial statements are presented in New Zealand dollars ($).

3. Significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue
GRANT FUNDING
The Foundation’s activities are supported by grants, sponsorship and donations. Grants received that are subject to conditions are initially recognised as a liability and revenue is recognised only when the services are performed or conditions are fulfilled.

BEQUESTS
Revenue from bequests is recognised when the bequest funds are received. Where a bequest is given with specified conditions, the funds received are placed in an appropriate reserve fund and applied to expenditure that meets the specified conditions.

SERVICES PROVIDED
Revenue from services rendered is recognised in profit or loss as the services are provided.

MEMBERS SUBSCRIPTIONS
Members Subscriptions are recognised in the membership period to which they relate.

CASH CONTRIBUTIONS FROM THE COMMUNITY
Cash contributions from the community in the form of general donations and appeals are recognised in the Statement of Comprehensive Income at the point at which they are receipted into the Foundation’s bank account.

Expenses
OPERATING LEASE PAYMENTS
Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income over the lease term as an integral part of the total lease expense.

Finance Income
Finance income comprises dividend and interest income. Interest income is recognised as it accrues, using the effective interest method.

Income tax
The Foundation is registered as a Charitable Foundation and is exempt from Income Tax. The Foundation is not exempt from indirect tax legislation such as Goods and Services Tax, Fringe Benefit Tax, PAYE or ACC and accordingly it is required to comply with these regulations.

Goods and Services Tax
All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Investments
SHARES, BONDS AND CAPITAL NOTES
The Foundation’s investments in shares, bonds & capital notes are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value which is based on listed market information. The fair
value of the shares is their quoted bid price at the end of the reporting period.

Changes in fair value, other than impairment losses, are recognised within reserves in equity. An equity investment is considered impaired when its fair value has decreased by more than 20% of its carrying value or its fair value has been below its cost for a prolonged period exceeding 9 months. Such loss is recorded in the Statement of Comprehensive Income. When an investment is sold, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

**TERM DEPOSITS**
The Foundation’s investments in term deposits are classified as held-to-maturity investments. They are measured at amortised cost and it is the Foundation’s policy to hold these investments until maturity date.

**Property, furniture and equipment**
Items of property, furniture and equipment are stated at cost, less accumulated depreciation and impairment losses. Depreciation is charged to the Statement of Comprehensive Income using the straight line method. Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The residual value of assets is reassessed annually.

**Cash and cash equivalents**
Cash and cash equivalents comprise cash balances, foreign currency call accounts and short-term deposits maturing within next 12 months.

**Impairment**
The carrying amounts of the Foundation’s assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of other assets, e.g. property, furniture and equipment, is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. The assets of the Foundation are used in providing the Foundation services and are therefore considered for impairment on the overall performance of the Foundation.

**Employee benefits**

**LONG SERVICE LEAVE**
The Foundation’s net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the employees’ current salary and a probability factor related to the number of years until the date of the employees’ eligibility for long service leave.

**Provisions**
A provision is recognised when the Foundation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market rates and, where appropriate, the risks specific to the liability.

**New standards issued but not yet effective**
The Foundation has elected not to early adopt the new standards and amendments that have been published but are not yet effective. These new standards are not considered to have a material impact on the Foundation.

4. Financial risk management
The Foundation is subject to market risk (including currency risk and price risk), credit risk, cash flow interest rate risk and liquidity risk. The Foundation does not have any derivatives.

**Market risk**
The Foundation invests in cash in bank accounts, fixed interest investments and equities. Investments are constantly monitored by the Foundation. There has been no change to the Foundation’s exposure to market risks or the manner in which it manages and measures the risk.

**Foreign currency risk**
The Foundation is indirectly exposed to currency risk on its Australian investments. The Governing Body does not consider this to be a significant financial risk for the Foundation and accordingly, no sensitivity analysis is provided. The Foundation has no other exposure to foreign currency risk.

**Price Risk**
The Foundation has moderate exposure to price risk through its investments in New Zealand and Australian equities. This risk is managed by holding a diversified portfolio across a broad range of companies. The Foundation has no other exposure to price risk. A 10% change in price will increase/decrease the value of investments held at reporting date by $211,926 (2011: $178,765) with corresponding increase/decrease in the reserves.
Interest rate risk
The Foundation has minimal exposure to interest rate risk on financial liabilities as it does not have borrowings which are subject to interest charge. The sensitivity below has been determined based on the exposure to interest rates on the book value of interest-bearing financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease in interest rate is used. At reporting date, if interest rate had been 50 basis points higher or lower and all other variables held constant, the surplus would increase/decrease by $13,330 (2011: $13,113).

Credit Risk
Credit risk is the risk that the counterparty to a transaction with the Foundation will fail to discharge its obligations, causing The Foundation to incur a financial loss.

Financial Instruments, which potentially subject the Foundation to credit risk, consist principally of bank balances, trade and other receivables, bonds and capital notes. The carrying amounts of these items reflected in the Statement of Financial Position represent the Foundation’s maximum exposure to credit risk for such loans and receivables. The Foundation does not have any guarantees. The Foundation continuously monitors its exposure to credit risk.

Liquidity Risk
Liquidity risk is the risk that the Foundation will have insufficient funds on hand to meet its commitments. The Foundation actively monitors its liquidity position to ensure that sufficient funds are available to meet its liabilities as they arise.

The Foundation deems that exposure to liquidity risk is minimal due to minimal long term liabilities. Short term liquidity risk is managed through maintaining adequate reserves and cash to match financial liabilities. The Foundation continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and obligations.

5. Property, Furniture & Equipment

<table>
<thead>
<tr>
<th></th>
<th>Furniture &amp; Equipment</th>
<th>Land &amp; Buildings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>709,655</td>
<td>650,000</td>
<td>1,359,655</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>525,925</td>
<td>102,375</td>
<td>628,300</td>
</tr>
<tr>
<td>Carrying value</td>
<td>183,730</td>
<td>547,625</td>
<td>731,355</td>
</tr>
<tr>
<td>Current year depreciation</td>
<td>53,488</td>
<td>25,374</td>
<td>78,862</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>678,213</td>
<td>911,086</td>
<td>1,589,299</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>487,120</td>
<td>151,517</td>
<td>638,637</td>
</tr>
<tr>
<td>Carrying value</td>
<td>191,093</td>
<td>759,569</td>
<td>950,662</td>
</tr>
<tr>
<td>Current year depreciation</td>
<td>80,846</td>
<td>28,312</td>
<td>109,158</td>
</tr>
</tbody>
</table>

The estimated useful lives of major classes of assets and resulting rates of depreciation are as follows:
- Office furniture & Equipment 10-30% SL
- Buildings 3% SL

6. Investments

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares</td>
<td>423,292</td>
<td>442,873</td>
</tr>
<tr>
<td>Bonds</td>
<td>412,981</td>
<td>638,657</td>
</tr>
<tr>
<td>Capital Notes</td>
<td>21,800</td>
<td>21,600</td>
</tr>
<tr>
<td></td>
<td>858,073</td>
<td>1,103,130</td>
</tr>
<tr>
<td><strong>Research funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares</td>
<td>1,695,974</td>
<td>1,344,781</td>
</tr>
<tr>
<td>Bonds</td>
<td>542,684</td>
<td>799,703</td>
</tr>
<tr>
<td>Capital Notes</td>
<td>37,007</td>
<td>36,693</td>
</tr>
<tr>
<td></td>
<td>2,275,665</td>
<td>2,181,178</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>3,133,738</td>
<td>3,284,308</td>
</tr>
</tbody>
</table>
The Foundation holds investments in listed New Zealand and Australian companies. These investments are held as available-for-sale investments which means that they are recorded at fair value which is the market price at balance date. These investments are considered to be Level One in the fair value hierarchy, whereby market prices are readily available. The Foundation holds listed bonds and capital notes returning between 3.3% and 8.3% per annum (2011: 3.1% and 8.9%). The bonds and capital notes are valued at fair value, which is the market value at balance date.

**7. Trade and other receivables**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>245,197</td>
<td>101,440</td>
</tr>
<tr>
<td>Prepayments</td>
<td>29,042</td>
<td>15,831</td>
</tr>
<tr>
<td>Sundry receivables</td>
<td>25,582</td>
<td>29,645</td>
</tr>
<tr>
<td>GST receivable</td>
<td>3,416</td>
<td>5,951</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>303,237</strong></td>
<td><strong>152,867</strong></td>
</tr>
</tbody>
</table>
## 10. Employee Benefits

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll accruals</td>
<td>84,970</td>
<td>73,702</td>
</tr>
<tr>
<td>Liability for holiday pay</td>
<td>87,468</td>
<td>83,768</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>172,438</td>
<td>157,470</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability for long-service leave</td>
<td>1,682</td>
<td>1,960</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>174,120</td>
<td>159,430</td>
</tr>
</tbody>
</table>

## 11. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>224,367</td>
<td>138,204</td>
</tr>
<tr>
<td>Non-trade payables and accrued expenses</td>
<td>65,785</td>
<td>69,145</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>290,152</td>
<td>207,349</td>
</tr>
</tbody>
</table>

## 12. Revenue in Advance

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants from the Community</td>
<td>445,568</td>
<td>19,000</td>
</tr>
<tr>
<td>Grants from New Zealand Lottery Grants Board</td>
<td>–</td>
<td>149,262</td>
</tr>
<tr>
<td>Grants from other Government Agencies</td>
<td>5,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Membership Subscriptions</td>
<td>42,725</td>
<td>34,478</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>493,293</td>
<td>203,740</td>
</tr>
</tbody>
</table>

Revenue in Advance includes grants awarded for specific purposes. Due to conditions of these grants being unfulfilled at 30 June 2012, in that the expenditure is yet to be incurred, the amount is recorded as revenue in advance at 30 June 2012.

## 13. Contributions from the Community

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations, appeals &amp; fundraising</td>
<td>1,115,384</td>
<td>1,228,392</td>
</tr>
<tr>
<td>General purpose bequests</td>
<td>809,718</td>
<td>1,415,994</td>
</tr>
<tr>
<td>Special Purpose Bequests - Research</td>
<td>–</td>
<td>1,546</td>
</tr>
<tr>
<td>Special Purpose Grants – Public Awareness Campaigns</td>
<td>703,059</td>
<td>39,875</td>
</tr>
<tr>
<td>Grants from Community Trusts</td>
<td>414,582</td>
<td>1,021,662</td>
</tr>
<tr>
<td>Grants from NZ Lottery Grants Board</td>
<td>149,262</td>
<td>286,606</td>
</tr>
<tr>
<td>Grants from Community Organisation Grants Schemes</td>
<td>24,200</td>
<td>64,136</td>
</tr>
<tr>
<td>Grants from other Government Agencies</td>
<td>18,550</td>
<td>11,475</td>
</tr>
<tr>
<td>Sponsorship income</td>
<td>114,552</td>
<td>53,187</td>
</tr>
<tr>
<td><strong>Total Contributions from the Community</strong></td>
<td>3,349,307</td>
<td>4,122,873</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Benefits</td>
<td>434,017</td>
<td>552,707</td>
</tr>
<tr>
<td>Advertising &amp; Direct Marketing</td>
<td>388,432</td>
<td>353,022</td>
</tr>
<tr>
<td>Lottery Prizes</td>
<td>40,874</td>
<td>133,359</td>
</tr>
<tr>
<td>Other Fundraising Costs</td>
<td>48,891</td>
<td>120,792</td>
</tr>
<tr>
<td><strong>Total Fundraising Costs</strong></td>
<td>912,214</td>
<td>1,159,880</td>
</tr>
<tr>
<td><strong>Net Contributions from the Community</strong></td>
<td>2,437,093</td>
<td>2,962,993</td>
</tr>
</tbody>
</table>
Contributions from the community to support the Foundation in pursuit of its mission are gratefully acknowledged. Gifts of money and property are included in the Financial Statements. Support is also given through the provision of services at special or discounted rates. The Foundation also relies on gifts of volunteer time and expertise to complete work in many essential roles such as National Governance (Board and Committees), Regional Liaison Groups, Promotion, Fundraising, Investments, Administration, Accounting, Awards and Grants. No attempt has been made to record the value of these contributions. Sponsorship income is received as part of co-operative projects completed with other organisations.

14. Services and Programmes

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Health Contract Income</td>
<td>366,674</td>
<td>360,474</td>
</tr>
<tr>
<td>Other Contract Income</td>
<td>327,811</td>
<td>289,654</td>
</tr>
<tr>
<td>Client Service Charges</td>
<td>82,321</td>
<td>69,330</td>
</tr>
<tr>
<td>Other income</td>
<td>70,960</td>
<td>91,658</td>
</tr>
<tr>
<td><strong>Total Income from Services and Programmes</strong></td>
<td><strong>847,766</strong></td>
<td><strong>811,116</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>1,096,265</td>
<td>1,576,632</td>
</tr>
<tr>
<td>Arthritis Information Resources</td>
<td>26,434</td>
<td>25,668</td>
</tr>
<tr>
<td>Volunteer Coordination &amp; Development</td>
<td>30,129</td>
<td>33,750</td>
</tr>
<tr>
<td>Public Awareness Campaigns (Fully-funded)</td>
<td>703,059</td>
<td>39,875</td>
</tr>
<tr>
<td>General Awareness &amp; Newsletters</td>
<td>66,341</td>
<td>75,499</td>
</tr>
<tr>
<td>Service Delivery Direct Costs</td>
<td>278,317</td>
<td>229,431</td>
</tr>
<tr>
<td>Service Delivery Support</td>
<td>169,697</td>
<td>346,945</td>
</tr>
<tr>
<td><strong>Total Cost of Services and Programmes</strong></td>
<td><strong>2,370,242</strong></td>
<td><strong>2,327,800</strong></td>
</tr>
<tr>
<td><strong>Net Cost of Arthritis Services and Programmes</strong></td>
<td><strong>(1,522,476)</strong></td>
<td><strong>(1,516,684)</strong></td>
</tr>
</tbody>
</table>

The Foundation is contracted nationally to the Ministry of Health through Capital & Coast DHB to provide arthritis information services.

15. Administration Expenses

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees</td>
<td>17,540</td>
<td>26,135</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>790,105</td>
<td>816,540</td>
</tr>
<tr>
<td>Legal Expenses</td>
<td>2,303</td>
<td>2,115</td>
</tr>
<tr>
<td>Property &amp; Office Expenses</td>
<td>230,813</td>
<td>305,563</td>
</tr>
<tr>
<td>Communications Expenses</td>
<td>47,418</td>
<td>54,844</td>
</tr>
<tr>
<td>Travelling Expenses</td>
<td>52,184</td>
<td>72,147</td>
</tr>
<tr>
<td>Non-recurring Restructure Costs</td>
<td>–</td>
<td>269,790</td>
</tr>
<tr>
<td>General Administration Expenses</td>
<td>122,931</td>
<td>114,289</td>
</tr>
<tr>
<td><strong>Total Administration Expenses</strong></td>
<td><strong>1,243,294</strong></td>
<td><strong>1,661,423</strong></td>
</tr>
</tbody>
</table>
16. Net Finance Income

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>26,591</td>
<td>48,906</td>
</tr>
<tr>
<td>Interest income</td>
<td>70,511</td>
<td>58,530</td>
</tr>
<tr>
<td>(Loss)/Profit on sale of investments</td>
<td>(3,571)</td>
<td>1,965</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>93,531</td>
<td>109,401</td>
</tr>
<tr>
<td><strong>Research funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>112,156</td>
<td>44,749</td>
</tr>
<tr>
<td>Interest income</td>
<td>78,802</td>
<td>104,919</td>
</tr>
<tr>
<td>Profit/(Loss) on disposal of investments</td>
<td>631</td>
<td>(342)</td>
</tr>
<tr>
<td>(Loss) on Foreign Currency</td>
<td>–</td>
<td>(9,712)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>191,589</td>
<td>139,614</td>
</tr>
</tbody>
</table>

Net Finance Income 285,120 249,015

17. Impairment of Investments

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Research Fund</strong></td>
<td>(9,323)</td>
<td>(14,406)</td>
</tr>
<tr>
<td><strong>Total Impairment of investments</strong></td>
<td>(9,323)</td>
<td>(14,406)</td>
</tr>
</tbody>
</table>

18. Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Surplus/(Deficit) for the Year</td>
<td>25,503</td>
<td>(386,613)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>78,862</td>
<td>109,158</td>
</tr>
<tr>
<td>Finance Income</td>
<td>(275,798)</td>
<td>(234,609)</td>
</tr>
<tr>
<td>(Profit)/Loss on Disposal of Property, furniture &amp; equipment</td>
<td>(258,818)</td>
<td>15,938</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(455,754)</td>
<td>(109,513)</td>
</tr>
</tbody>
</table>

Movements in Working Capital & Non-Current Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increase)/Decrease in Current Assets</td>
<td>(150,369)</td>
<td>76,165</td>
</tr>
<tr>
<td>Increase/(Decrease) in Current Liabilities</td>
<td>387,323</td>
<td>(1,184,186)</td>
</tr>
<tr>
<td>(Decrease) in Non-Current Liabilities</td>
<td>(3,205)</td>
<td>(12,839)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>233,749</td>
<td>(1,120,860)</td>
</tr>
</tbody>
</table>

Net Cash (Outflow) from Operating Activities (196,502) (1,616,986)

19. Operating leases

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases as lessee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cancellable property lease rentals are payable as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>87,471</td>
<td>141,161</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>–</td>
<td>72,587</td>
</tr>
</tbody>
</table>

20. Contingencies

There are no material contingent liabilities at the end of the reporting period. (2011: $nil)

21. Subsequent events

There have been no significant events after the end of the reporting period that have affected the accuracy of these financial statements.
Independent Auditor’s Report

To the members of The Arthritis Foundation of New Zealand Incorporated

Report on the financial statements

We have audited the accompanying financial statements of The Arthritis Foundation of New Zealand Incorporated (“the Foundation”) on pages 18 to 28. The financial statements comprise the statement of financial position as at 30 June 2012, 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.

Governing Body’s responsibility for the financial statements

The governing body is responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the governing body determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation’s preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Foundation.

Opinion

In our opinion the financial statements on pages 18 to 28:
• comply with generally accepted accounting practice in New Zealand;
• give a true and fair view of the financial position of the Foundation as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:
• we have obtained all the information and explanations that we have required; and
• in our opinion, proper accounting records have been kept by The Arthritis Foundation of New Zealand Incorporated as far as appears from our examination of those records.

17 September 2012
Acknowledgements

The primary goal of Arthritis New Zealand is to raise awareness and provide advocacy, information, education and support services for people affected by arthritis. Our work is only possible with the support of so many and those listed below are but a few. Their financial contributions are vital to you.

MAJOR SPONSORS

SUPPORTERS
PlumbQuick
Kalamazoo Wyatt-Wilson

Diagnostics
Kalamazoo

Orange Box

LOTTERY SPONSORS
Albany Toyota

Hot Spring Spa Pools

Sharp NZ Corporation

First Travel Group Motor Trade Association

GRANTS RECEIVED

Grants have been received from the many Trusts & Foundations who support our work in the community.

A D Hally Trust
A K Franks Charitable Trust
ACE Shacklock Charitable Trust
Air Rescue Services Ltd
Albert (Pat) Devine Charitable Trust
APEPSI TRUST
APEPSI TRUST
Ara Lodge No 348 Charitable Trust Board
Ashburton Trust Charitable Foundation
B & C Hewett Charitable Trust
Beatrice Georgeson Trust
Bill Blackadder Trust
Canterbury Arthritis Support Trust
Christchurch City Council - Strengthening Communities Fund
COGS – Aoraki
COGS – Coastal Otago / Waitaki
COGS – Hawkes Bay – Tamatea / Tamaki-Nui-A-Rua

COGS – Kinikiriroa / Hamilton City
COGS – Manukau
COGS – North Taranaki
COGS – Papakura/Franklin
COGS – Rodney/North Shore
COGS – South Taranaki
COGS – Wellington
COGS – Whangarei/Kaipara
COGS – Whitianga
COGS Waiparapapa
Dunedin City Council – Community Grants
Four Winds Foundation
Grassroots Trust
Hamilton City Council – Community Wellbeing Grant
Hamilton City Council – Maori & Pacific Project Fund 2012
Hilda Curtis Charitable Trust
Infinity Foundation Ltd
J N Williams Memorial Trust
Jack Jeffs Charitable Trust
John Beresford Swan Dudding Trust

Joyce Fisher Charitable Trust
Kaiapoi Community Board
Mainland Foundation
Mana Community Grants Foundation (Inc)
Mt Wellington Foundation
Nelson City Council
New Zealand Community Trust (NZCT)
North and South Trust
Oxford Sports Trust
Pelorus Trust
Pub Charity Inc
R G & E F MacDonald Trust Board
Redwood Trust Inc
Rehabilitation Welfare Trust
Rodmore No 2 Charitable Trust
Rotorua Energy Charitable Trust
Rotorua Energy Charitable Trust
Sir John Logan Campbell Residuary Estate
SKYCITY Auckland Community Trust

Southern Victorian Charitable Trust Inc.
Southland District Council Community Development Fund
Tawa Community Grants
Ted and Mollie Carr Endowment Fund
The Lion Foundation
The Page Trust
The Trusts Community Foundation
The Vernon Hall Trust Fund
Trinlsey Charitable Trust (formerly Arthur Hensley)
Trust Waikato
Waikato WODF Karamu Trust
Waikato-Tainui Te Kauhanganui Inc.
Waimate District Council – Community Grants Fund
Wanganui District Council
West Coast Community Trust
Winton & Margaret Bear Charitable Trust

BEQUESTS

We gratefully acknowledge the following people and their families for their generosity and support in ensuring their interests in our services continue.

Estate Nancy Joan Burgess
Estate E Ponya Family Trust
Estate Thora Stackwood
Estate Betty Lorraine Ferguson
Estate Jean Wilson Henderson
Estate William Alfred Robinson
Estate Ngaire Frances Dodds
Estate Kathryn McFarland
Estate Henry George Sparks
Estate Noeline A Burge
Estate Rosemary Phillips
Estate Carol Audrey Ashwell
Estate Vincent D A Blanchard
Estate Avril Yearbury
Estate Bernard J Russell
Estate of Dorothy Friskin
Estate David Gordon Webb
Estate Mervyn Douglas Fahey
Estate Margaret West
Estate Graeme Charles Warren
Estate R F Bowden
Estate of Leonora Knapp
Estate Helen Olive Nicholls
Estate William John Guiford
Estate Constance Catherine Holmes
Estate Roma Mary Sims
Estate Graham Elliot Gruzelier
Estate Fay Joan Hindmarsh
Estate June Margaret Sutherland
Estate of W H Meek
Estate of Elizabeth Kennedy
Estate of Malcolm C Scott
Estate John & Elsie Walsh Trust
Estate of Helen Jean Lamb
Estate Pieter Koene
Estate N E Ross
Estate Joan Sinclair

Estate Mary Ellen Connell
Estate Claire Lee
Estate Eileen P Huston
Estate Audrey I Gibson
Estate of Francis Herbert Ryan
Estate Arthur Gilbert
Estate Martha Jones
Estate Joan Helen Miller
Edith Lillian Grace Tongue Trust
Estate of Colin Armishaw
Estate John Richard Larcombe
Joan Paterson Charitable Trust
Irene Munro Charitable Trust
Estate Janet Elsie Street
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**Midland/Central (Wellington)** 04 472 1427

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