

HeartKids Limited

ABN: 22 613 854 336

Financial Statements

For the Year Ended 30 June 2022

HeartKids Limited

ABN: 22 613 854 336

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For the Year Ended 30 June 2022

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HeartKids Limited

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Directors' Report For the Year Ended 30 June 2022

The directors present their report on HeartKids Limited for the financial year ended 30 June 2022.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointment
Elizabeth Foley, M Com, B Bus, FAICD, FFINSIA	Director/Chairperson	04/04/2022
Kenneth Murphy, Dip. Bus. Mgmt, Dip. HR Mgmt, FAICD, FIML, CAHRI, MAIHS, JP	Director	14/01/2019
Elle Pendrick, BA, MIH	Director	28/10/2019
Jared Brotherston, LLB, GAICD, FGIA, FCG (CS, CGP)	Director/Company Secretary	25/07/2016
Beverley Barber, FGLF, GAICD	Director	08/11/2016
Janette McClelland AM, BA(Hons), BLegS,FAICD, FACEL, FAIM	Director/Chairperson	21/09/2016. Resigned 04/04/2022
Dr Lisa Selbie, PhD	Director	08/11/2016. Resigned 31/12/2021
Rohan Geddes, BEc, FCA	Director	08/11/2016
Simone Wright, BBus CPHR GAICD	Director	14/01/2019
Matthew Tognini, BBus, Grade Dip Ed, FCA	Director	08/11/2016
Jayne Blake, GAICD	Director/Deputy Chair	25/07/2016
Lionel Henderson, B.RurSc, GAICD	Director	28/10/2019
Professor David Celermajer AO, MBBS (Hons), PhD, DSc, FAA, FAAHMS, FRACP, FCSANZ	Director	08/11/2016
Elsa van Wijk, LLB/BlntBus (Hons), GAICD	Director	01/01/2022

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

HeartKids Limited

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Directors' Report

For the Year Ended 30 June 2022

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Elizabeth Foley, M Com, B Bus,
FAICD, FFINSIA

Experience

Elizabeth Foley is a seasoned Non-Executive Director and CEO, with experience across a range of sectors, including financial services, digital innovation, health and medical research and professional services industries. Over the past ten years, Elizabeth has worked in the Australian health and medical research sector, five years as CEO and Managing Director of Research Australia, six years on the Board of the Population Health Research Network (PHRN), and three years creating the Digital Health Cooperative Research Centre (DHCRC).

Most recently Elizabeth, as CEO, led a digital transformation of The Australian Institute of Project Management, which resulted in an increase in membership and services offered, and a dynamic turnaround in profitability.

Elizabeth is currently on the Board of the Australian National Research Organisation for Women's Safety (ANROWS) and Chair of the audit and risk committee. She has also worked at Chief Executive Women as Director Research and Business Engagement. Elizabeth has exemplary formal qualifications, proven business acumen and brings stakeholder management credentials, particularly working with senior levels of government. Elizabeth is ambitious to see Australians who have congenital heart disease or who develop heart disease as children lead fulfilling and healthy lives.

Kenneth Murphy, Dip. Bus. Mgmt.,
Dip. HR Mgmt., FAICD, FIML,
CAHRI, MAIHS, JP

Experience

Ken has over 25 years of experience as a qualified Company Director/Chairman across multiple industries including Health and Community Services in both the not for profit and private sectors along with CEO and MD level experience in many industries.

Ken is also a current/past member of various Government, business, and community committees and taskforces. He brings capability with corporate governance, finance, risk management, strategic and operational development, human resource management, company restructures, mergers and acquisitions, project management, community and stakeholder engagement, funding, problem solving, innovation, and change management. Ken is the father of a heart kid Oliver (2018 Toowoomba Ambassador Two Feet & a Heartbeat).

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Directors' Report

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Information on directors

Elle Pendrick, BA, MIH

Experience

Elle has over ten years' experience successfully prosecuting significant agendas at the highest level of government, including as a Ministerial Adviser. She has worked in Australia and Cambodia on state and federal government health policy and program issues and has a Master of International Health.

Elle directly contributed to the development and launch of the National Action Plan for Childhood Heart Disease and the HeartKids blog page. She also raises the awareness of HeartKids and life as an adult with CHD through her own social media platforms. As a Heart kid she is committed to seeing HeartKids achieve its full potential.

Jared Brotherston, LLB, GAICD,
FGIA, FCG (CS, CGP)

Experience

Jared has over 18 years' experience as a chairman, non-executive director and company secretary in both Australia and New Zealand across multiple industries. He is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

A construction barrister by training, Jared has held company secretarial and senior management roles in postal services, construction and transport and logistics. He has consulted to numerous resources and oil and gas mega projects in and around Australia. More recently, Jared has held senior commercial roles in contracting and procurement and supply chain management for major mining entities in Western Australia.

Beverley Barber, FGLF, GAICD

Experience

Beverley is an experienced Executive and Non-Executive Director with a background spanning a range of industry sectors.

Beverley currently owns and manages her own consulting practice with a focus on business transformation. Throughout her career, she has worked across State, Federal and Local Governments.

Beverley is a Graduate of the Australian Institute of Company Directors and holds qualifications in management and public policy. She is also a Fellow of the Governor's Leadership Program and has significant experience in politics and government relations. Beverley has been involved with HeartKids on both State and National Boards for over 7 years and is committed to the development and growth of HeartKids Ltd. Beverley is also a chair of the Finance and Audit Committee.

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Directors' Report

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Information on directors

Janette McClelland AM,
BA(Hons), BLegS, FAICD, FACEL,
FAIM

Experience

Jan McClelland AM is the inaugural Chairperson of HeartKids Limited. Since her appointment in 2016, Jan has led HeartKids in its transition from a federated structure to a national organisation providing services and support for children, young people and adults affected by Childhood Heart Disease (CHD) and their families and carers. Jan also led the development of the National Strategic Action Plan for CHD, involving collaboration between clinicians, researchers, policy makers and consumers, and resulting in government recognition of CHD as a national strategic health priority, and funding for new program and services initiatives and research.

Jan is an experienced Executive, Chair and Non-Executive Director, with leadership and governance experience spanning government, commercial, and not for profit enterprises across a range of industry sectors.

Jan is a former Director General of the NSW Department of Education and Training and Managing Director of TAFE NSW. She is currently Deputy Chancellor and Council Member of the University of New England, Chair of the Superannuation industry's Gateway Network Governance Body, Chair of the Life Insurance Code Compliance Committee, and a Director of Stewart House Preventorium. Jan is also an independent chair and a member of government and other industry sector audit and risk committees.

Jan was awarded a Member of the Order of Australia in the 2015 Australia Day Honours for significant service to a range of education, business, social welfare, and community organisations, and to public administration.

Dr Lisa Selbie, PhD

Experience

Lisa received her Ph.D. in Molecular and Cell Biology from Northwestern University and has experience in cardiovascular research, project management, consulting, and teaching.

Lisa held research positions at the Garvan Institute of Medical Research and Queens Medical Centre, Nottingham as a Wellcome Trust Research Fellow studying cardiac neuropeptide receptors and was involved in consultancy reviews of national research funding processes.

Lisa is an adjunct lecturer with Johns Hopkins University MS/MBA Biotechnology Program developing and delivering on ground and online courses, Senior Lecturer at the School of Biotechnology and Biomolecular Sciences UNSW serves on the NSW AusBiotech Committee, and previously was Chair of HeartKids Australia and the Research Advisory Committee.

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Directors' Report

For the Year Ended 30 June 2022

Information on directors

Rohan Geddes, BEc, FCA

Experience

Rohan has been a Director of HeartKids since 2016 and currently sits on the Finance & Risk Committee and the Nominations & Remuneration Committee.

Rohan is a Partner at PricewaterhouseCoopers, where he leads the Payroll Advisory practice and co-leads the People & Organisation practice. He has over 30 years' experience helping employers on workforce related matters, ranging from employment tax and regulatory obligations to HR transformation and effectiveness reviews. In addition, Rohan has served on profit for purpose boards across multiple industries including sports, arts, and commerce.

Rohan is a Heart Kid himself, having been born with Tetralogy of Fallot. He has a deep appreciation for the support and strength provided by parents of Heart kids and is grateful for the opportunity to contribute back to the HeartKids community as a way of recognising the support he has received.

Simone Wright, BBus CPHR
GAICD

Experience

Simone Wright (CPHR GAICD) has held Directorships with Pearson Australia Group and is an experienced Executive with a background in High Tech Manufacturing, Fast Moving Consumer Goods, Architecture, Financial Services, Publishing and Education sectors. She is the Chief Human Resources Officer for Victoria University while balancing her director career.

She has worked extensively in reporting to Boards on matters of risk and compliance and was a member of the HeartKids Steering Committee for the Government Action Plan. In addition to experience in strategic human resources management, organisational design, leadership capability, employee experience, wellness and skills development, Simone has post graduate qualifications in business management and the new world of work.

As a parent of a heart child Simone is committed to the purpose of heart kids and ensuring a successful HeartKids Ltd.

Matthew Tognini, BBus, Grade
Dip Ed, FCA

Experience

Matthew has a passion for helping businesses achieve their potential. Throughout his career as a chartered accountant, he has worked closely with his clients to help them not only achieve financial independence but to also help them to optimise their business structures and operations.

In his business career Matthew has worked and specialised in SME business clients. He has overseen taxation compliance, strategic planning, restructuring and human resources issues for a variety of clients.

Matthew came to HeartKids through the diagnosis of his daughter, before birth, with a complex congenital heart condition.

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Directors' Report

For the Year Ended 30 June 2022

Information on directors

Jayne Blake, GAICD

Experience

Jayne has been a Director of HeartKids since 2011, previously in the roles of Chair of HeartKids Australia, Chair HeartKids New South Wales and has also been Chair of the Audit, Risk and Compliance Committee and Chair of the Alignment and Engagement Committee of HeartKids Australia. In June 2015, Jayne was appointed as Caretaker Chief Executive Officer of HeartKids Australia and led the integration process from the HeartKids federated structure to HeartKids Ltd. Jayne is now a Director of HeartKids, Chair of the Nominations and Remuneration Committee and a member of the Finance and Risk Committee.

Jayne is an experienced company director, with broad cross functional expertise including key executive roles in finance, sales, commercial and customer relations. In addition to the HeartKids Board, Jayne is also Chair of the Board of AUSactive since 2018 and Chair of the Marine and Civil Maintenance Board since July 2020. Jayne established JBC International, a coaching and consulting business in 2009, specialising in assisting other organisations to effectively plan for and drive sustainable business growth.

Lionel Henderson, B.RurSc,
GAICD

Experience

Lionel is an experienced Company Director, having been a Director or Company Secretary for several CSIRO joint ventures since 2004, and is currently a director of a number of food industry companies, a technology transfer consultant, and a member of the Science Advisory Board for a synthetic biology company. He was a Director of Business Development & Commercial with CSIRO for 17 years, where he developed the framework for several research alliances and collaboration frameworks, including public - private partnerships, and he managed CSIRO's involvement in multiple CRCs. Lionel managed the licensing for a range of CSIRO's technologies domestically and internationally and was based in the US for most of 2018. He has also been a member and Chair of a number of external committees for CSIRO.

Prior to joining CSIRO, he managed a horticultural biotechnology company for 10 years, which had a significant international business and large intellectual property portfolio. Lionel has a science background and has worked in the commercialisation of new technologies for over 30 years

As the grandfather of a Heart Kid, Lionel is committed to the success of HeartKids Ltd.

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Directors' Report

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Information on directors

Professor David Celermajer AO,
MBBS (Hons), PhD, DSc, FAA,
FAAHMS, FRACP, FCSANZ

Experience

David Celermajer AO is the Scandrett Professor of Cardiology at The University of Sydney, Director of Adult Congenital Heart Services at the Royal Prince Alfred Hospital and Clinical Director at The Heart Research Institute.

Some of David's major achievements include NSW Health Minister's Award for Lifetime Achievement in Cardiovascular Research in 2012, Simon Dack Award for excellence in cardiology in 2010, Fellow of the Australian Academy of Science since 2006 and Commonwealth Health Minister's Award for Excellence in Health and Medical Research, for outstanding lifetime contribution in 2002.

Prof Celermajer has extensive experience as a Board director in the not-for-profit sector. He has been on the Board of HeartKids Australia since 2016. He was on the Board of the Menzies School of Health Research from 2009 to 2017 inc. He has served as a Trustee for the Sir Zelman Cowen Universities Fund. He also has extensive experience in medical research administration, having been the Foundation Director of Research at RPA Hospital in Sydney and the Chairman of the Research Committee for the Heart Foundation of Australia from 2005-2011. He is currently Director of Research for Cardiology at RPA Hospital.

Elsa van Wijk, LLB/BlntBus
(Hons), GAICD

Experience

Elsa is an experienced and trusted adviser to Australian and international organisations and their boards. Her experience has been gained in the technology and innovation sectors, developing, and delivering digital content and solutions to consumers and clients. She has shaped, developed, and implemented strategy and organisational direction in multidisciplinary teams. Elsa engages and builds strong relationships with stakeholders to achieve organisational goals. Elsa has a child with CHD so is acutely aware of the journey and experiences of heart families. Elsa has joined the HeartKids Board to contribute to and achieve equitable access to support and allied health services and funding to all CHD patients and their families.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Jared Brotherston (Director) held the position of Company secretary at the end of the financial year.

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Directors' Report For the Year Ended 30 June 2022

Principal activities

The principal activity of HeartKids Limited during the financial year was to provide lifelong support for more than 75,000 Australian babies, children, teenagers, and adults affected by congenital and childhood onset heart disease, and their families and carers through programs and services to improve the lives and future of those affected by Congenital/Childhood onset Heart Disease (CHD) across Australia.

Review of operations

The surplus of the Company after providing for income tax amounted to \$306,950 (2021: surplus of \$169,747).

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Members' guarantee

HeartKids Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10, subject to the provisions of the company's constitution. At 30 June 2022 the number of members was 12 (2021: 12)

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings		
Number eligible to attend	Number attended	
Elizabeth Foley, M Com, B Bus, FAICD, FFINSIA	2	2
Kenneth Murphy, Dip. Bus. Mgmt, Dip. HR Mgmt, FAICD, FIML, CAHRI, MAIHS, JP	8	7
Elle Pendrick, BA, MIH	8	8
Jared Brotherston, LLB, GAICD, FGIA, FCG (CS, CGP)	8	4
Beverley Barber, FGLF, GAICD	8	6
Janette McClelland AM, BA(Hons), BLegS,FAICD, FACEL, FAIM	7	7
Dr Lisa Selbie, PhD	3	3
Rohan Geddes, BEc, FCA	8	8
Simone Wright, BBus CPHR GAICD	8	8
Matthew Tognini, BBus, Grade Dip Ed, FCA	8	8
Jayne Blake, GAICD	8	8
Lionel Henderson, B.RurSc, GAICD	8	8
Professor David Celermajer AO, MBBS (Hons), PhD, DSc, FAA, FAAHMS, FRACP, FCSANZ	8	6
Elsa van Wijk, LLB/BIntBus (Hons), GAICD	4	4

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**Directors' Report
For the Year Ended 30 June 2022**

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2022 has been received and can be found on page 10 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director:

Elizabeth Foley

Dated 18 November 2022

Auditors' Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Directors of HeartKids Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



SCOTT TOBUTT
PARTNER

18 NOVEMBER 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au

HeartKids Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	5	4,896,982	4,335,483
Other income	5	80,066	547,113
Fundraising expenses		(559,053)	(582,336)
Program, research, grants and support expenses		(429,589)	(930,678)
Depreciation and amortisation expense		(141,667)	(105,669)
Salaries and wages		(3,036,899)	(2,684,135)
Finance costs		(187,794)	(123,180)
Other expenses		(315,096)	(286,851)
Surplus for the year		306,950	169,747
Other comprehensive income for the year		-	-
Total comprehensive surplus for the year		306,950	169,747

The accompanying notes form part of these financial statements.

HeartKids Limited

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Statement of Financial Position As at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,445,698	3,400,598
Trade and other receivables	7	320,884	545,498
TOTAL CURRENT ASSETS		4,766,582	3,946,096
NON-CURRENT ASSETS			
Plant and equipment	8	-	5,249
Right of use assets	9	51,040	235,398
Other assets	10	7,041	20,994
TOTAL NON-CURRENT ASSETS		58,081	261,641
TOTAL ASSETS		4,824,663	4,207,737
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	466,272	739,047
Lease liabilities	9	50,693	113,035
Employee benefits	13	242,926	169,137
Deferred income	12	3,271,181	2,598,851
TOTAL CURRENT LIABILITIES		4,031,072	3,620,070
NON-CURRENT LIABILITIES			
Lease Liabilities	9	5,042	125,112
Employee benefits	13	58,911	39,867
TOTAL NON-CURRENT LIABILITIES		63,953	164,979
TOTAL LIABILITIES		4,095,025	3,785,049
NET ASSETS		729,638	422,688
EQUITY			
Accumulated surplus		729,638	422,688
TOTAL EQUITY		729,638	422,688

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2022

	Acumulated surplus
	\$
Balance at 1 July 2021	422,688
Surplus attributable to members of the entity	306,950
Balance at 30 June 2022	729,638
Balance at 1 July 2020	252,941
Surplus attributable to members of the entity	169,747
Balance at 30 June 2021	422,688

The accompanying notes form part of these financial statements.

HeartKids Limited

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Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from donations	2,597,643	1,942,657
Receipts from grants	2,597,018	2,714,553
Receipts from fundraising	606,631	721,092
Receipts from sponsorships	20,886	35,068
Receipts from interest received	613	1,188
Payment to suppliers and employees	(4,228,350)	(3,492,477)
Payments for research	(429,589)	(577,395)
Net cash provided by operating activities	<u>1,164,852</u>	<u>1,344,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	-	(1,853)
Net cash used in investing activities	<u>-</u>	<u>(1,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(119,752)	(103,381)
Net cash used in financing activities	<u>(119,752)</u>	<u>(103,381)</u>
Net increase in cash and cash equivalents held	1,045,100	1,239,452
Cash and cash equivalents at beginning of year	3,400,598	2,161,146
Cash and cash equivalents at end of financial year	6 <u>4,445,698</u>	<u>3,400,598</u>

The accompanying notes form part of these financial statements.

HeartKids Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial report covers HeartKids Limited as an individual entity. HeartKids Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of HeartKids Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 18 November 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profit Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 New Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

The following Accounting Standard are the most relevant to the Company:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

The Company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred and recognised as a contract liability until those conditions are satisfied.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Fundraising income

Fundraising income is recognised in the year which the event that it relates to takes place.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Government subsidies

Government grants are recognised when there is reasonable certainty that the grant will be received, and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(e) Financial instruments

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset, i.e., decision making rights in relation to changing how and for what purpose the asset is used.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e., leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period, Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(i) Deferred income

The Company receives monies from philanthropic funds and other third parties to fund research and other specific activities. Consideration received for these activities is initially deferred, included in Deferred income and is recognised as revenue in the period when the goods or service is provided.

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Summary of Significant Accounting Policies

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

There were no significant estimates and judgements made in preparing these financial statements.

HeartKids Limited

ABN: 22 613 854 336

Notes to the Financial Statements For the Year Ended 30 June 2022

5 Revenue and Other Income

	2022	2021
	\$	\$
Revenue		
Grants	1,810,549	1,872,591
Donations	2,597,264	1,942,657
Fundraising activities	489,169	520,235
	<u>4,896,982</u>	<u>4,335,483</u>
Other Income		
Other income	33,950	10,213
Government subsidies	46,116	536,900
	<u>80,066</u>	<u>547,113</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated by timing of Timing of transfer of services, and the following table shows this breakdown:

Timing of revenue recognition

- At a point in time	3,086,433	2,462,892
- Over time	1,810,549	1,872,591
	<u>4,896,982</u>	<u>4,335,483</u>

6 Cash and Cash Equivalents

Cash at bank and in hand	4,428,698	3,390,749
Short-term deposits	17,000	9,849
	<u>4,445,698</u>	<u>3,400,598</u>

HeartKids Limited

ABN: 22 613 854 336

Notes to the Financial Statements For the Year Ended 30 June 2022

7 Trade and Other Receivables

	2022	2021
	\$	\$
Trade receivables	264,554	211,836
Provision for doubtful debts	(51,201)	-
	<u>213,353</u>	<u>211,836</u>
Prepayments	36,644	65,578
GST receivable	24,778	65,718
Other receivables	46,109	202,366
	<u>320,884</u>	<u>545,498</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Property, plant and equipment

Motor vehicles		
At cost	19,045	19,045
Accumulated depreciation	(19,045)	(19,045)
Total motor vehicles	<u>-</u>	<u>-</u>
Office equipment		
At cost	69,776	69,776
Accumulated depreciation	(69,776)	(64,527)
Total office equipment	<u>-</u>	<u>5,249</u>
Total property, plant and equipment	<u>-</u>	<u>5,249</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office equipment
	\$
Balance at the beginning of period	5,249
Depreciation expense	(5,249)
Balance at the end of the year	<u>-</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Leases

Company as a lessee

The Company leases buildings for their corporate office and other buildings

The lease terms are generally between 2-3 years. A minority of the leases include renewal options ranging between 1-6 years.

The Company has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.

Right-of-use assets

	Buildings
	\$
Opening balance	235,398
Depreciation expense	(48,353)
Balance written off	<u>(136,005)</u>
Balance at end of year	<u>51,040</u>

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
	\$	\$	\$	\$
2022				
Lease liabilities	54,334	5,080	59,414	55,735
2021				
Lease liabilities	134,650	122,967	257,617	238,147

During the financial year, the company has renewed the Melbourne office's lease agreement for an additional 2 years, commencing on 18 March 2021.

On 29 June 2022 the company has entered on a new lease agreement for the Sydney office, with commencement date on 1 July 2022. The lease term is 3 years with no renewal option. A write-off of \$136,005 has been recognised at 30 June 2022 related to the previous lease agreement, which had its termination date on 31 October 2022 and was early terminated effectively on 30 June 2022.

The right of use asset and lease liability for the new lease agreement has been recognised at the commencement date.

HeartKids Limited

ABN: 22 613 854 336

Notes to the Financial Statements For the Year Ended 30 June 2022

10 Other assets

	2022	2021
	\$	\$
Non-current Term deposit	7,041	20,994

11 Trade and Other Payables

Trade payables	279,351	493,308
Sundry payables and accrued expenses	132,042	137,325
Other payables	54,879	108,414
	<u>466,272</u>	<u>739,047</u>

12 Deferred income

Fundraising monies received in advance	104,140	44,866
Grants received in advance	3,167,041	2,553,985
	<u>3,271,181</u>	<u>2,598,851</u>

Grant funding that contains specific conditions and enforceable obligations on the use of those funds are recognised as and when the Company satisfies its performance obligations stated within the grant agreements. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on the Company are recognised as income when the Company obtains control of those funds, which is usually upon receipt.

13 Employee Benefits

CURRENT

Provision for employee benefits	242,926	169,137
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NON-CURRENT

Provision for employee benefits	58,911	39,867
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HeartKids Limited

ABN: 22 613 854 336

Notes to the Financial Statements

For the Year Ended 30 June 2022

14 Financial Risk Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate and equity price risk. The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	4,445,698	3,400,598
Trade and other receivables	320,884	545,498
Term Deposit	7,041	20,994
	<u>4,773,623</u>	<u>3,967,090</u>
Financial liabilities		
Trade and other payables	466,272	739,047
Lease Liabilities	55,735	238,147
	<u>522,007</u>	<u>977,194</u>

15 Related Parties

The Company's related parties include its key management personnel.

Key management personnel - refer to Note 16.

Unless otherwise stated, none of the transactions recorded during the period incorporate special terms and conditions and no guarantees were given or received to any related parties.

Transactions with related parties

The following transactions occurred with related parties:

	2022
	\$
Donations received from directors	<u>7,505</u>

16 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$234,000 (2021: \$204,704).

HeartKids Limited

ABN: 22 613 854 336

Notes to the Financial Statements

For the Year Ended 30 June 2022

17 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor PKF, for:		
Auditing or reviewing the financial statements	<u>12,750</u>	11,250

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

19 Events after the end of the Reporting Period

The financial report was authorised for issue on 18 November 2022 by the Board of Directors.

On 29 June 2022 the company has entered on a new lease agreement for the Sydney office, with commencement date on 1 July 2022. The lease term is 3 years with no renewal option. The right of use asset and lease liability for the new lease agreement has been recognised at the commencement date.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

20 Statutory Information

The registered office and principal place of business of the company is:

HeartKids Limited
Suite 205, 25 Grose Street
Parramatta, NSW 2150

HeartKids Limited

ABN: 22 613 854 336

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 27, are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Dated 18 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEARTKIDS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HeartKids Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of HeartKids, has been prepared in accordance with *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Simplified Disclosure Requirements and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standard) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

Other Information (cont'd)

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

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF



SCOTT TOBUTT
PARTNER

18 NOVEMBER 2022
SYDNEY, NSW