

# HeartKids Limited

ABN: 22-613-854-336

## Financial Statements

For the Year Ended 30 June 2021

# HeartKids Limited

ABN: 22-613-854-336

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For the Year Ended 30 June 2021

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## HeartKids Limited

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# Directors' Report

## For the Year Ended 30 June 2021

The directors present their report on HeartKids Limited for the financial year ended 30 June 2021.

### Directors

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

Names	Position	Appointed
Janette McClelland AM	Director/Chairperson	21/09/16
Jayne Blake	Director/Deputy Chair	25/07/16
Jared Brotherston	Director/Company Secretary	25/07/16
Beverley Barber	Director	08/11/16
Dr Lisa Selbie	Director	08/11/16
Rohan Geddes	Director	08/11/16
Matthew Tognini	Director	08/11/16
Professor David Celermajer AO	Director	08/11/16
Kenneth Murphy	Director	14/01/19
Simone Wright	Director	14/01/19
Elle Pendrick	Director	28/10/19
Lionel Henderson	Director	28/10/19

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

## **Directors' Report**

### **For the Year Ended 30 June 2021**

#### **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:

**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.

## **Directors' Report**

### **For the Year Ended 30 June 2021**

#### **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 and Deputy Chair of HeartKids and Chair of the Development Advisory Committee and Nominations 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 Fitness Australia since 2018 and chair of Marine and Civil Maintenance 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.

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

##### **Experience**

Jared has been involved with HeartKids since 2011 – first, as a Director and then Chairman of HeartKids WA, then as a Director of HeartKids Australia (before and during the transition of that entity to the current federated structure) and is now Director and Company Secretary of HeartKids.

Jared also has over 20 years' experience as a director and company secretary in both Australia and New Zealand and is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. A construction and medico legal barrister and solicitor by training, Jared has held company secretarial and senior management roles in postal services, construction and transport and logistics industries. He has consulted to numerous resources and oil and gas mega projects in and around Australia. More recently, Jared held senior commercial roles in contracting and procurement and supply chain management for major mining entities.

Currently, Jared is Head of Procurement for the Southern Ports Authority, with commercial responsibility for Bunbury, Albany, and Esperance Ports.

## HeartKids Limited

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# Directors' Report

## For the Year Ended 30 June 2021

### Information on directors

#### **Beverley Barber, FGLF, GAICD**

Experience

Bev is an experienced Executive and Non Executive Director with a background spanning a range of industry sectors. Bev currently owns and manages her own consulting practice and has previously worked in the Big4 consulting firms. Throughout her career, she has worked across State, Federal and Local Governments.

In addition to experience in business transformation, organisational design, leadership and culture, Bev 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. Bev has been involved with HeartKids on both State and National Boards for over 6 years and is committed to the development and growth of HeartKids Ltd. Bev is also a chair of the Finance and Audit Committee.

#### **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.

#### **Rohan Geddes, BEc, FCA**

Experience

Rohan has over 30 years of experience in employment and payroll matters. He is a Partner at PricewaterhouseCoopers, where he leads the National Payroll Advisory and Employment Services practices, helping employers re-engineer their processes to ensure they are getting the most value out of their payroll function and are paying the right amount of their employment obligations. He has also worked in Australia and the US, providing personal tax assistance to high net income wealth individuals and expatriates. Rohan is a Heart Kid.

## HeartKids Limited

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# Directors' Report

## For the Year Ended 30 June 2021

### Information on directors

**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.

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

David is the Scandrett Professor of Cardiology at The University of Sydney, Director of Echocardiography in the Cardiology Department as well as 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.

David 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 serves 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.

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

Ken has over 20 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).

## **Directors' Report**

### **For the Year Ended 30 June 2021**

#### **Information on directors**

##### **Simone Wright, BBus CPHR GAICD**

##### **Experience**

Simone is a Director with Pearson Australia Group and is an experienced Executive Director with a background in High Tech Manufacturing, Fast Moving Consumer Goods, Architecture, Financial Services, Publishing and Education sectors.

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.

##### **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 Masters 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.

##### **Lionel Henderson, B.RurSc, GAICD**

##### **Experience**

Lionel is an experienced Company Director and manager of large scale research engagements. He is a Director of Business Development & Commercial with CSIRO, where he has developed the framework for several research alliances and collaboration frameworks, including public – private partnerships, and has managed CSIRO's involvement in multiple CRCs. Lionel has managed the licensing for a range of CSIRO's technologies domestically and internationally and has recently returned from a USA posting. He has also been a member and Chair of a number of external committees for CSIRO. Lionel is an experienced Company Director, having been a Director or Company Secretary for several CSIRO joint ventures, since 2004.

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 since 1988.

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

## **HeartKids Limited**

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# **Directors' Report**

## **For the Year Ended 30 June 2021**

### **Information on directors**

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.

### **Principal activities**

The principal activity of HeartKids Limited during the financial year was to provide lifelong support for more than 65,000 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.

During 2020/2021, HeartKids has continued to adapt service delivery and corporate operations to meet the ongoing restrictions imposed by COVID19. Support services, fundraising activities and the working environment have all adapted to incorporate digital methodology over the last twelve (12) months. The organisation has shown itself to be adaptive and agile, continuing to deliver excellent service to the HeartKids community and meet fundraising goals in challenging times.

### **Review of operations**

The surplus of the Company for the financial period amounted to \$169,747 (2020: surplus of: \$280,453).

## HeartKids Limited

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# Directors' Report

## For the Year Ended 30 June 2021

### Significant changes in state of affairs

During the current financial year the Company operated activities as described below for a full twelve (12) months. The Company managed its affairs with the assistance of the Federal Government's JobKeeper Scheme and has recovered well since the Scheme ended.

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

### Strategic Analysis and Future Planning

In March 2021 the Board and CEO undertook a rigorous strategic analysis of the organisation, involving independently facilitated strategic planning sessions. The Board developed a renewed vision, purpose, values and approach for HeartKids. The Board also determined six strategic priorities for the next three (3) years to guide the organisation towards future service excellence and financial growth.

### Vision, Purpose, Values and Approach

#### Vision (where we want to be)

Every child, teenager, and adult in Australia with congenital or childhood acquired heart disease has a fighting chance to live a long, healthy, and fulfilling life.

#### Purpose (why we exist)

To make a real and lasting impact for the CHD community.

#### Our values (how we do what we do)

H: Helpful and caring  
E: Excellent and united  
A: Adaptable and innovative  
R: Respectful and empowering  
T: Tenacious and brave

#### Our approach (what we do)

HeartKids is the only Australian charity to:

- Support, inform and educate families throughout their whole CHD journey; and
- Advocate for the needs of all people impacted by CHD; and
- Drive funding to unite researchers, clinicians, heart kids, families and communities through world-leading research and action programs; and
- Harness the passion of the CHD community for greater impact.

## **Directors' Report**

### **For the Year Ended 30 June 2021**

#### **Strategic Priorities**

Six (6) strategic priorities have been identified for the organisation to guide all elements of service delivery, fundraising and compliance over the next three years, from 2021 to 2024.

These strategic priorities are:

1. Develop partnerships and strategic relationships to increase reach and service delivery to our communities and leverage opportunities for advocacy and research.
2. Become the trusted leader in the provision of information and education on CHD in Australia.
3. Grow the HeartKids impact in regional, rural, and remote communities.
4. Strengthen, grow, and diversify fundraising and revenue sources.
5. Improve the transparency of reporting, compliance, and risk management across the organisation.
6. Develop an agile, adaptive, and innovative organisation by growing the skills, capacity and capabilities of our staff and volunteers.

An Operational Plan has been developed for 2021 to begin the journey towards realising the achievement of these priorities by 2024. Progress in implementing this plan is reviewed quarterly by the Board.

#### **National CHD Action Plan**

The National CHD Action Plan is well underway with all milestones being met and delivered within budget. Throughout the 2020/2021 financial year the National CHD Action Plan team progressed important work on delivering significant outcomes for the HeartKids Community, clinicians and allied health professionals.

Some of the achievements to date include:

- A Young Persons Digital Advisory Committee was established and worked on the development of a smart phone app designed to assist young people with CHD to better manage their condition and engage with their health care more independently.
- Twelve (12) clinical domain working groups were established, involving collaboration of more than 134 health professionals and consumer community representatives to draft the content for the first Australian National Standards of Care for Childhood-onset Heart Disease.
- New consumer resources have been created targeting key areas of need which were identified in consumer research. The resources include five My Heart Story videos and two Aboriginal and Torres Strait Islander Community Stories.
- Planning of three (3) teen camps commenced during the year under report. The first camp will take place in December 2021 which will be a three-day camp exclusively for Aboriginal and Torres Strait Islander teens with CHD or RHD) on the Sunshine Coast in Queensland. This will be followed by two (2) five-day camps in 2022 for the wider CHD teen community.
- Creation of a database of more than 250 collated national and international education and training resources on CHD for health professionals.

## HeartKids Limited

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# Directors' Report

## For the Year Ended 30 June 2021

### Governance

HeartKids is committed to delivering best practice in governance, including risk management and financial management, to comply with all legislative and regulatory requirements and to manage funding and resources responsibly.

Board Committees provided guidance and support for the CEO and management team across a range of areas. The Clinical Advisory Committee provided expert, evidence-based advice on information, awareness, and support services. The Finance, Audit and Risk Committee maintained strong oversight of the financial performance and risk management of the organisation, and the Nomination and Remuneration Committee oversaw the review of the Board skills matrix, appointment of the new CEO and the appointment of directors to the Board.

### 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.

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

	Directors' Meetings	
	Number attended	Number eligible to attend
Janette McClelland AM	9	9
Jayne Blake	9	9
Jared Brotherston	7	9
Beverley Barber	8	9
Dr Lisa Selbie	9	9
Rohan Geddes	7	9
Matthew Tognini	9	9
Professor David Celermajer AO	7	9
Kenneth Murphy	9	9
Simone Wright	9	9
Elle Pendrick	7	7
Lionel Henderson	9	9

**HeartKids Limited**

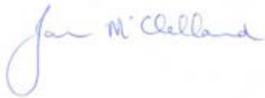
ABN: 22-613-854-336

**Directors' Report**  
**For the Year Ended 30 June 2021**

**Auditor's independence declaration**

The auditor's independence declaration in accordance with Australian Charities and Not-for-profit Commission Act 2012 for the year ended 30 June 2021 has been received and can be found on page 12 of the financial report.

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



Director: ..... ..

.. Janette McClelland AM

Dated this 25th day of November 2021

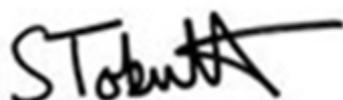
## Auditor's Independence Declaration under Australian Charities and Not-for-profit Commission Act 2012 to the Directors of HeartKids Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profit 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

25 NOVEMBER 2021  
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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## HeartKids Limited

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### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue	4	4,335,483	3,170,645
Other income	4	547,113	330,134
Fundraising expenses		(582,336)	(278,445)
Program, research, grants and support expenses		(930,678)	(426,433)
Depreciation and amortisation expense		(105,669)	(55,008)
Salaries and wages		(2,684,135)	(2,131,497)
Finance costs		(123,180)	(64,695)
Other expenses		(286,851)	(264,248)
<b>Surplus before income tax</b>		<b>169,747</b>	<b>280,453</b>
<b>Total comprehensive surplus for the year</b>		<b>169,747</b>	<b>280,453</b>

The accompanying notes form part of these financial statements.

## HeartKids Limited

ABN: 22-613-854-336

### Statement of Financial Position As At 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	3,400,598	2,161,146
Trade and other receivables	6	545,498	477,168
TOTAL CURRENT ASSETS		<u>3,946,096</u>	<u>2,638,314</u>
NON-CURRENT ASSETS			
Plant and equipment	7	240,647	109,912
Other assets		20,994	20,994
TOTAL NON-CURRENT ASSETS		<u>261,641</u>	<u>130,906</u>
TOTAL ASSETS		<u>4,207,737</u>	<u>2,769,220</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	8	739,047	242,981
Lease liabilities	9	113,035	52,849
Employee benefits	11	169,137	147,369
Deferred income	10	2,598,851	1,998,559
TOTAL CURRENT LIABILITIES		<u>3,620,070</u>	<u>2,441,758</u>
NON-CURRENT LIABILITIES			
Lease liabilities	9	125,112	46,726
Employee benefits	11	39,867	27,795
TOTAL NON-CURRENT LIABILITIES		<u>164,979</u>	<u>74,521</u>
TOTAL LIABILITIES		<u>3,785,049</u>	<u>2,516,279</u>
NET ASSETS		<u>422,688</u>	<u>252,941</u>
<b>EQUITY</b>			
Accumulated surplus		422,688	252,941
TOTAL EQUITY		<u>422,688</u>	<u>252,941</u>

The accompanying notes form part of these financial statements.

**HeartKids Limited**

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**Statement of Changes in Equity**

**For the Year Ended 30 June 2021**

	<b>Accumulated surplus</b>
	<b>\$</b>
<b>Balance at 1 July 2020</b>	<b>252,941</b>
Surplus attributable to members of the entity	<b>169,747</b>
<b>Balance at 30 June 2021</b>	<b><u>422,688</u></b>
<b>Balance at 1 July 2019</b>	(27,512)
Surplus attributable to members of the entity	<b>280,453</b>
<b>Balance at 30 June 2020</b>	<b><u>252,941</u></b>

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 2021

	2021	2020
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from donations	1,942,657	1,765,984
Receipts from grants	2,714,553	2,366,735
Receipts from fundraising	721,092	233,125
Receipts from sponsorships	35,068	47,118
Receipts from interest earned	1,188	1,545
Payments to suppliers and employees	(3,492,477)	(2,682,492)
Payments for research	(577,395)	(394,914)
Net cash provided by operating activities	<u>1,344,686</u>	<u>1,337,101</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of plant and equipment	<u>(1,853)</u>	<u>(3,707)</u>
Net cash provided by/(used in) investing activities	<u>(1,853)</u>	<u>(3,707)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from lease liabilities	<u>(103,381)</u>	<u>(47,700)</u>
Net cash provided by/(used in) financing activities	<u>(103,381)</u>	<u>(47,700)</u>
Net increase in cash and cash equivalents held	1,239,452	1,285,694
Cash and cash equivalents at beginning of year	<u>2,161,146</u>	<u>875,452</u>
<b>Cash and cash equivalents at end of financial year</b>	5 <u><u>3,400,598</u></u>	<u><u>2,161,146</u></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 2021

The financial report covers HeartKids Limited as an individual entity. HeartKids Limited is a not-for-profit Company, registered 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 25 November 2021.

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 - Reduced Disclosure Requirements 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.

### 2 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).

#### 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(a) Revenue and other income**

###### **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.

###### **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) 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(b) Goods and services tax (GST)**

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.

##### **(c) 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 assets useful life to the Company, commencing when the asset is ready for use.

##### **(d) 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(d) Financial instruments**

###### **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 that 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.

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

###### *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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(d) Financial instruments**

###### **Financial assets**

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 assets 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 contract asset 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.

###### **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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **2 Summary of Significant Accounting Policies**

##### **(e) Cash and cash equivalents**

Cash and cash equivalents comprises 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.

##### **(f) 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.

##### **(g) 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.

##### **(h) 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.

##### **(i) Adoption of new and revised accounting standards**

The AASB has issued new amended Accounting Standards and Interpretations that have a mandatory application dates for future reporting periods. The directors do not expect the adoption of these standards to have any impact on the reported position or performance of the company.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 3 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.

#### 4 Revenue and Other Income

	2021	2020
	\$	\$
Revenue earned		
- Grants	1,872,591	1,143,007
- Donations	1,942,657	1,765,984
- Fundraising activities	520,235	261,654
	<u>4,335,483</u>	<u>3,170,645</u>

Other Income		
- Other income	10,213	20,134
- Government subsidies	536,900	310,000
	<u>547,113</u>	<u>330,134</u>

#### 5 Cash and Cash Equivalents

Cash at bank and in hand	3,390,749	2,151,297
Short-term deposits	9,849	9,849
	<u>3,400,598</u>	<u>2,161,146</u>

#### 6 Trade and Other Receivables

CURRENT		
Trade receivables	211,836	127,372
Prepayments	65,578	67,191
GST receivable	65,718	-
Other receivables	202,366	282,605
	<u>545,498</u>	<u>477,168</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.

## HeartKids Limited

ABN: 22-613-854-336

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 7 Property, plant and equipment

	2021	2020
	\$	\$
<b>Right of use assets</b>		
At cost	390,495	147,275
Accumulated depreciation	(155,097)	(50,405)
Total buildings	<u>235,398</u>	<u>96,870</u>
<b>Motor vehicles</b>		
At cost	19,045	19,045
Accumulated depreciation	(19,045)	(19,045)
Total motor vehicles	<u>-</u>	<u>-</u>
<b>Office equipment</b>		
At cost	69,776	67,924
Accumulated depreciation	(64,527)	(54,882)
Total office equipment	<u>5,249</u>	<u>13,042</u>
	<u><u>240,647</u></u>	<u><u>109,912</u></u>

#### (a) Movements in Carrying Amounts

	Right of use asset	Office Equipment	Total
	\$	\$	\$
<b>Year ended 30 June 2021</b>			
Balance at the beginning of the year	96,870	13,042	109,912
Additions	243,220	1,852	245,072
Depreciation	(104,692)	(9,645)	(114,337)
<b>Balance at the end of the year</b>	<u><u>235,398</u></u>	<u><u>5,249</u></u>	<u><u>240,647</u></u>

#### 8 Trade and Other Payables

CURRENT		
Trade payables	493,308	20,468
GST payable	-	70,835
Sundry payables and accrued expenses	137,325	78,095
Other payables	108,414	73,583
	<u><u>739,047</u></u>	<u><u>242,981</u></u>

## HeartKids Limited

ABN: 22-613-854-336

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 9 Lease liabilities

	2021	2020
	\$	\$
CURRENT		
Lease liabilities	<u>113,035</u>	<u>52,849</u>
NON-CURRENT		
Lease liabilities	<u>125,112</u>	<u>46,726</u>

#### 10 Deferred income

CURRENT		
Fundraising monies received in advance	44,866	18,871
Grants received in advance	<u>2,553,985</u>	<u>1,979,688</u>
	<u>2,598,851</u>	<u>1,998,559</u>

#### 11 Employee Benefits

CURRENT		
Provision for employee benefits	<u>169,137</u>	<u>147,369</u>
NON-CURRENT		
Provision for employee benefits	<u>39,867</u>	<u>27,795</u>

## HeartKids Limited

ABN: 22-613-854-336

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 12 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:

Financial assets at amortised cost	-	9,849
Loans and receivables at amortised cost	545,498	477,168
Financial liabilities at amortised cost	<u>(3,046,002)</u>	<u>(2,226,572)</u>
<b>Financial liabilities</b>	<b><u>(2,500,504)</u></b>	<b><u>(1,739,555)</u></b>

Financial liabilities are composed by grant received in advance, lease liabilities and provisions.

#### Grant funding and Grants received in advance

Grant funding that contain 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 on receipt.

## HeartKids Limited

ABN: 22-613-854-336

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 13 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$204,704 (2020: \$196,928).

### 14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021.

### 15 Related Parties

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

Key management personnel - refer to **Note 13**.

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.

### 16 Impact of COVID 19 on continuing operations

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report.

It is not possible to estimate the impact of the outbreak's near-term and long-term effects or Government's varying efforts to combat the outbreak and support businesses. That being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this time.

### 17 Events after the end of the Reporting Period

The financial report was authorised for issue on 25 November 2021 by the Board of Directors.

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.

### 18 Statutory Information

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

HeartKids Limited  
21 Fennell Street  
PARRAMATTA, NSW 2150

**HeartKids Limited**

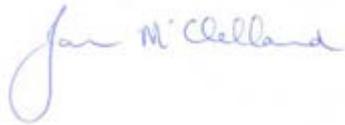
ABN: 22-613-854-336

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 27, are in accordance with the Australian Charities and Not-for-profit Commission Act 2012 and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2021 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 with the continuing support of creditors.

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



Director .....  
Janette McClelland AM

Dated this 25th day of November 2021

## 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 2021, 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 Limited, 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 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards 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 Standards) (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 2021, 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 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.

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

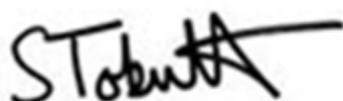
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a 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

25 NOVEMBER 2021  
SYDNEY, NSW