

Performance Report

Heart Kids New Zealand Incorporated
For the year ended 30 November 2022

Prepared by MTM Accounting Limited

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Directory

Heart Kids New Zealand Incorporated For the year ended 30 November 2022

Registration Number

CC20102 / 256938

Date of Incorporation

23 July 1984

Nature of Business and Principal Activities

The provision of life-long practical and emotional support for all those affected by heart defects/disease at birth or acquired during childhood.

Registered Office

C/- MTM Accounting Ltd
Floor 3
191 Thorndon Quay
Wellington

Postal Address

PO Box 108 034
Newmarket 1149

Board Members

Donna Jujnovich
Robyn Wickenden
Ashlee McCormick
Steve Abley
Neven Harland - appointed 28 May 2022
Rachael Lovelock - appointed 25 July 2022
Arna Craig - - appointed 25 July 2022
Katie McCrae - - appointed 25 July 2022
Kelly Douglas - resigned April 2022
Rebecca Horgan - resigned May 2022
Craig McDowell - resigned May 2022
Jen Scott - resigned May 2022
Mike Green - resigned May 2022
Lisa Oakley - resigned November 2022

Auditor

BDO Hawke's Bay
Napier

Approval of Financial Report

Heart Kids New Zealand Incorporated For the year ended 30 November 2022

The Board Members are pleased to present the approved financial report including the historical financial statements of Heart Kids New Zealand Incorporated for year ended 30 November 2022.

APPROVED

For and on behalf of the Board.



Board Member

Date 6th April 2023



CEO

Date 6 April 2023

Statement of Comprehensive Revenue and Expense

Heart Kids New Zealand Incorporated For the year ended 30 November 2022

| | NOTES | 2022 | 2021 |
|--|-------|------------------|------------------|
| Revenue | | | |
| Revenue from Exchange Transactions | 4 | 11,539 | 13,638 |
| Revenue from Non-Exchange Transactions | 4 | 2,668,515 | 3,088,124 |
| Interest on Financial Assets not measured at fair value through surplus or deficit | | 10,361 | 5,665 |
| Other Income | | 5,613 | 5,585 |
| Total Revenue | | 2,696,028 | 3,113,012 |
| Expenses | | | |
| Operating Expenses | | 2,637,011 | 2,328,647 |
| Administration Expenses | | 452,440 | 605,296 |
| Total Expenses | | 3,089,451 | 2,933,943 |
| Total Comprehensive Revenue and Expense | | (393,423) | 179,069 |

These Financial Statements are to be read in conjunction with the Notes to the Financial Statements. These Financial Statements have been audited.



Statement of Changes in Equity

Heart Kids New Zealand Incorporated For the year ended 30 November 2022

| | SPECIAL PURPOSE RESERVE | ACCUMULATED REVENUE AND EXPENSE | TOTAL EQUITY |
|---|----------------------------|---------------------------------------|--------------|
| Statement of Changes in Equity | | | |
| 2020/2021 | | | |
| Balance as at 1 December 2020 | 40,112 | 1,892,142 | 1,932,254 |
| Surplus / Total Comprehensive Revenue and Expense | - | 179,069 | 179,069 |
| Net Funds received (spent) for Special Purpose Reserves | (1,250) | - | (1,250) |
| Balance as at 30 November 2021 | 38,862 | 2,071,211 | 2,110,073 |
| 2021/2022 | | | |
| Balance as at 1 December 2021 | 38,862 | 2,071,211 | 2,110,073 |
| Surplus / Total Comprehensive Revenue and Expense | - | (393,423) | (393,423) |
| Net Funds received (spent) for Special Purpose Reserves | (2,697) | - | (2,697) |
| Balance as at 30 November 2022 | 36,165 | 1,677,788 | 1,713,953 |

These Financial Statements are to be read in conjunction with the Notes to the Financial Statements. These Financial Statements have been audited.



Statement of Financial Position

Heart Kids New Zealand Incorporated As at 30 November 2022

| | NOTES | 2022 | 2021 |
|---|-------|------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 6 | 1,384,784 | 1,936,188 |
| Term Deposits | | 402,860 | 400,114 |
| Recoverables (from non-exchange transactions) | | 57,953 | 29,041 |
| Prepayments | | 134,101 | 92,637 |
| Inventory | | 5,770 | 5,234 |
| Total Current Assets | | 1,985,468 | 2,463,214 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 8 | 74,747 | 60,571 |
| Intangibles | 9 | 50,656 | 2,402 |
| Total Non-Current Assets | | 125,403 | 62,973 |
| Total Assets | | 2,110,871 | 2,526,187 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables (from exchange transactions) | | 90,957 | 59,397 |
| Employee Entitlements | | 132,435 | 107,718 |
| Revenue Received in Advance | 7 | 173,527 | 248,999 |
| Total Current Liabilities | | 396,919 | 416,114 |
| Total Liabilities | | 396,919 | 416,114 |
| Total Assets less Total Liabilities (Net Assets) | | 1,713,953 | 2,110,073 |
| Accumulated Funds | | | |
| Accumulated Revenue and Expense | | 1,677,788 | 2,071,211 |
| Special Purpose Reserves | 10 | 36,165 | 38,862 |
| Total Accumulated Funds | | 1,713,953 | 2,110,073 |

These Financial Statements are to be read in conjunction with the Notes to the Financial Statements. These Financial Statements have been audited.



Statement of Cash Flows

Heart Kids New Zealand Incorporated For the year ended 30 November 2022

| | NOTES | 2022 | 2021 |
|--|-------|------------------|-----------------|
| Statement of Cash Flows | | | |
| Cash Flows from Operating Activities | | | |
| Customers | | 17,107 | 19,223 |
| Bequests | | 127,694 | 20,050 |
| Donations | | 244,301 | 329,986 |
| Fundraising | | 1,645,733 | 1,876,656 |
| Events | | 198,381 | 317,156 |
| Grants | | 374,059 | 688,133 |
| Interest | | 8,806 | 5,231 |
| Payments to Employees | | (1,553,734) | (1,423,545) |
| Payments to Suppliers | | (1,502,745) | (1,452,646) |
| Total Cash Flows from Operating Activities | | (440,398) | 380,244 |
| Cash Flows from Investing Activities | | | |
| Sale of Property, Plant & Equipment | | 4,865 | 348 |
| Purchase of Property, Plant & Equipment | | (52,589) | (36,899) |
| Purchase of Intangible Assets | | (60,536) | - |
| Purchase of Investments - Term Deposits | | (2,746) | (4,071) |
| Total Cash Flows from/(to) Investing Activities | | (111,006) | (40,622) |
| Net Increase in Cash Flows | | (551,404) | 339,622 |
| Cash and Cash Equivalents | | | |
| Opening cash | | 1,936,188 | 1,596,566 |
| Net change in cash for the period | | (551,404) | 339,622 |
| Total Cash and Cash Equivalents | 6 | 1,384,784 | 1,936,188 |

These Financial Statements are to be read in conjunction with the Notes to the Financial Statements. These Financial Statements have been audited.



Notes to the Financial Statements

Heart Kids New Zealand Incorporated For the year ended 30 November 2022

1. Reporting Entity

These financial statements presented are those of Heart Kids New Zealand Incorporated (the "Society"). The Society is an Incorporated Society established, registered and domiciled in New Zealand. The Society is incorporated under the Incorporated Societies Act 1908. On 23 November 2007 Heart Children NZ Incorporated (now the Society) together with its affiliated branches, was registered as a charitable entity under the Charities Act 2005. For the purpose of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Society is a public benefit entity ("PBE").

The Society provides life-long practical and emotional support for those affected by heart defects at birth or in childhood. The Society includes a national office and 18 branches and smaller support groups in New Zealand. These branches and groups are run by parents of children with heart conditions and young adults who themselves have heart conditions. The branches and groups provide a range of services and support in their local areas. This network of families/ young adults form a vital self-help support system as well as contributing to the focus and direction of the national organisation.

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with the Charities Act 2005 and NZ GAAP. The Society has elected to report in accordance with, and these financial statements comply with, Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR"). The Society is eligible to report in accordance with PBE Standards RDR because it is not publicly accountable and does not have expenditure in excess of \$30 million.

These financial statements were authorised for issue by the Board on XX XXXXXX 2023.

Basis of Measurement

These financial statements have been prepared under the historical cost convention except as noted otherwise below.

Functional and Presentation Currency

These financial statements are presented in New Zealand dollars (\$NZD), which is the Society's functional currency and presentation currency, rounded to the nearest dollar. There has been no change in the functional currency of the Society during the year.

Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

Revenue recognition - exchange versus non-exchange revenue

A judgement was made regarding the classification of revenue received by the Society. It was determined all revenue except for merchandise sales is non-exchange revenue because there is no direct exchange of fair value for these revenue streams. Merchandise sales are classified as exchange revenue.



Assumptions and Estimation Uncertainties

There are no significant assumptions or estimates made by the Society in these financial statements.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Society throughout the year. There have been no changes to accounting policies during the year.

The significant policies of the Society are detailed below.

Revenue

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Society. It is measured at the fair value of consideration received or receivable. Revenue is stated net of goods and services tax.

The Society receives revenue from both exchange and non-exchange transactions. An exchange transaction is defined as a transaction in which one entity receives assets or services (or has liabilities extinguished) and directly gives approximately equal value to another entity in exchange.

A non-exchange transaction is a transaction in which the Society receives an asset (such as cash) but does not provide approximately equal value in return. The following specific recognition criteria in relation to the Society's revenue streams must also be met before revenue is recognised.

Revenue From Exchange Transactions

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and net of returns.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Revenue From Non-Exchange Transactions

Revenue from non-exchange transactions is usually recognised when the associated asset (such as cash) is received, or the Society becomes entitled to that asset. However, where a non-exchange transaction has an associated condition (which is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction, a liability is recognised and revenue is recognised (and the liability extinguished) as the condition is met.

Donations, Events, Fundraising and Bequests

Donations, events, fundraising and bequests do not ordinarily have associated conditions and are consequently recognised when received, or when the Society becomes entitled to them. On the rare occasions in which there are conditions associated with donations or bequests, a liability is recognised when the donation or bequest is received, and revenue is recognised (and the liability extinguished) as the condition is met.

Grants

Grant revenue is recognised when it is received unless there are stipulations attached to the inflow of resources received which create a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Society to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the conditions are satisfied.

Stipulations that are 'restrictions' do not specifically require the Society to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the

immediate recognition of non-exchange revenue.

Employee Benefits

Short-Term Benefits

Short-term employee benefit liabilities (wages, salaries, annual leave entitlements) are recognised when the Society has a legal or constructive obligation to remunerate employees for services provided and that are expected to be settled wholly within 12 months of reporting date. They are measured on an undiscounted basis and expensed in the period in which employment services are provided.

Defined Contribution Plans

Defined contribution plans (such as Kiwisaver) are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

Financial Instruments

The Society initially recognises financial instruments when it becomes a party to the contractual provisions of the instrument.

The Society derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Society is recognised as a separate asset or liability.

The Society also derecognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount of the contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets

The Society classifies its financial assets depending on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At balance date, all of the Society's financial assets were classified as loans and receivables.

Loans and recoverables

Loans and recoverables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Society provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current assets. The Society's loans and recoverables comprise cash and cash equivalents, term deposits and recoverables (from non-exchange transactions).

Purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset. Loans and recoverables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, loans and recoverables are carried at amortised cost using the effective interest method.

The Society assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.



Financial Liabilities

The Society classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date. At balance date, all of the Society's financial liabilities were classified as financial liabilities at amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method. They are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. The Society's financial liabilities at amortised cost comprise payables (from exchange transactions).

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Term Deposits

Term Deposits comprise short term deposits which have original maturities greater than three months from acquisition. They are subsequently measured at amortised cost less allowance for impairment.

Impairment of Non - Derivative Financial Assets

The ability for loans and receivables to be collected is reviewed on an ongoing basis. Individual debts which are identified as not going to be collected are written off. A provision for impairment of loans and receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the loans and receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in surplus or deficit.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in surplus or deficit.

Subsequent recoveries of amounts written off are recognised in surplus or deficit.

Inventories

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in the production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Payables (from exchange transactions)

These amounts represent unsecured liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. As these amounts are usually paid within 30 days, they are carried at face value.



Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at initial recognition.

Items of property, plant and equipment are subsequently measured using the cost model, which means items are measured at cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Society. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in surplus or deficit over the estimated useful lives of each component of an item of property, plant and equipment.

The major depreciation rates are as follows:

Ward 23B Equipment (held at Starship Hospital) 14%- 30% Diminishing Value

Furniture and Fittings 0%- 39.6% Diminishing Value

Plant and Equipment 25%- 80.4% Diminishing Value

Motor Vehicle 26% Diminishing Value

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible Assets

Recognition and Measurement

Intangible assets are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at initial recognition.

Intangible assets are subsequently measured using the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Society. Ongoing maintenance is expensed as it is incurred.



Amortisation

Amortisation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each intangible asset.

The diminishing value amortisation rates are:

Website Development 50%

Trademarks 29.4%

Impairment of Non-Financial Assets (excluding Prepayments and Inventory)

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Society conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment.

If any indication of impairment exists:

- If the asset is a cash-generating asset (i.e. an asset held with the primary objective of generating a commercial return), an estimate of its recoverable amount is calculated.
- If the asset is a non-cash-generating asset, an estimate of its recoverable service amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount/recoverable service amount.

The recoverable amount/recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Value in use for a cash-generating asset is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. Value in use for a non-cash-generating asset is its depreciated replacement cost.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit. Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

Heart Kids New Zealand Incorporated is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Comparatives

Some comparatives have been reclassified, where necessary, in order to achieve consistency in the disclosure with the current year.



2022 2021

4. Revenue**Revenue from Exchange Transactions**

| | | |
|---|---------------|---------------|
| Merchandise Sales | 11,539 | 13,638 |
| Total Revenue from Exchange Transactions | 11,539 | 13,638 |

Revenue from Non-Exchange Transactions

| | | |
|---|------------------|------------------|
| Bequests | 127,694 | 20,050 |
| Donations | 269,230 | 329,986 |
| Events | 199,056 | 308,875 |
| Fundraising | 1,648,005 | 1,769,590 |
| Grants | 416,495 | 357,630 |
| COVID -19 Grant | 8,036 | 301,994 |
| Total Revenue from Non-Exchange Transactions | 2,668,515 | 3,088,124 |

2022 2021

Included in Revenue from Non-Exchange Transactions are major grants from:

| | | |
|--------------------------------------|---------|--------|
| Aotearoa Gaming | 38,141 | - |
| Community Trust Mid South Canterbury | 10,000 | - |
| Foundation North | 14,313 | 19,192 |
| Healthcare Otago | 10,000 | 10,000 |
| Lindsay Foundation | 10,000 | 10,950 |
| Lottery National Community Grants | 70,000 | 54,284 |
| NZ Toy Distributors | 12,349 | 8,228 |
| Pub Charity | 8,700 | 6,997 |
| The Lion Foundation | 150,000 | 76,491 |
| TOI Foundation | 7,572 | - |
| Trust House | 5,000 | - |
| NZ Community Trust | - | 5,000 |
| Auckland Airport Community Trust | - | 5,200 |
| United Way | - | 7,500 |
| Youth Town | - | 8,275 |
| Bidwell Trust | - | 10,000 |
| Scenture NZ | - | 20,000 |
| Milestone Foundation | - | 6,000 |
| Four Winds | - | 10,000 |
| JM Thompson Trust | - | 36,000 |
| Maurive Paykel Charitable Trust | - | 5,000 |
| ILT Foundation | - | 5,000 |
| MSD | - | 15,094 |

2022 2021

5. Expenses**Employee benefit expenses, included within total expenses, comprise:****Personnel Costs**

| | | |
|------------------------------|------------------|------------------|
| Personnel Costs | 1,539,290 | 1,361,217 |
| Kiwisaver Contributions | 39,198 | 36,660 |
| Total Personnel Costs | 1,578,488 | 1,397,877 |

2022 2021

Expenditure by Portfolio (Excluding Personnel Costs)

| | | |
|---|------------------|------------------|
| Family Support Services | 108,530 | 91,527 |
| Events | 52,171 | 97,608 |
| Awareness and Fundraising | 869,023 | 727,679 |
| Services | 28,800 | 13,956 |
| Administration Expenses | 452,440 | 605,296 |
| Total Expenditure by Portfolio (Excluding Personnel Costs) | 1,510,963 | 1,536,066 |

2022 2021

Total Expenses

| | | |
|--|-----------|-----------|
| Total Personnel and Portfolio Expenses | 3,100,893 | 2,933,943 |
|--|-----------|-----------|

2022 2021

6. Cash and Cash Equivalents

| | | |
|--|------------------|------------------|
| Cash on Hand | 400 | 600 |
| Cash at Bank Available on Demand (National Office) | 731,178 | 1,135,195 |
| Cash at Bank Available on Demand (Branches) | 653,206 | 800,393 |
| Total Cash and Cash Equivalents | 1,384,784 | 1,936,188 |

2022 2021

7. Revenue Received in Advance

| | | |
|--|----------------|----------------|
| Newmans Own Foundation | 81,805 | - |
| NZ Toy Distributors | 54,423 | 41,773 |
| Lion Foundation | - | 150,000 |
| Foundation North | - | 14,313 |
| Bidwell Trust | - | 10,000 |
| Thomas George Macarthy Trust | 10,000 | - |
| Other | 27,299 | 32,913 |
| Total Revenue Received in Advance | 173,527 | 248,999 |

The amounts recorded in revenue received in advance represent grants received by the Society, with conditions attached, where the conditions have not been met at balance date.



8. Property, Plant & Equipment

| | Ward 23B Equipment | Plant & Equipment | Furniture & Fittings | Motor Vehicle | Total |
|---|-----------------------|----------------------|-------------------------|------------------|----------|
| Cost | | | | | |
| Balance as at 1 December 2021 | 11,556 | 165,803 | 9,924 | 25,130 | 212,413 |
| Additions | - | 52,589 | - | | 52,589 |
| Disposals | - | (4,622) | - | (10,826) | (15,448) |
| Balance as at 30 November 2022 | 11,556 | 213,770 | 9,924 | 14,304 | 249,554 |
| | | | | | |
| Accumulated Depreciation | | | | | |
| Balance as at 1 December 2021 | 11,173 | 124,644 | 4,044 | 11,981 | 151,842 |
| Depreciation | 55 | 29,125 | 670 | 2,037 | 31,887 |
| Disposals | - | (3,412) | - | (5,510) | (8,922) |
| Balance as at 30 November 2022 | 11,228 | 150,357 | 4,714 | 8,508 | 174,807 |
| | | | | | |
| Net Book Value | | | | | |
| As at 30 November 2021 | 383 | 41,159 | 5,880 | 13,149 | 60,571 |
| As at 30 November 2022 | 328 | 63,413 | 5,210 | 5,796 | 74,747 |



9. Intangible Assets

| | Web Development | Trademarks | Total |
|--|-----------------|------------|----------|
| Cost | | | |
| Balance as at 1 December 2021 | 50,106 | 2,000 | 52,106 |
| Additions | 60,536 | - | 60,536 |
| Disposals | (50,106) | - | (50,106) |
| Balance as at 30 November 2022 | 60,536 | 2,000 | 62,536 |
| | | | |
| Accumulated Amortisation and Impairment | | | |
| Balance as at 1 December 2021 | 47,704 | 2,000 | 49,704 |
| Amortisation | 9,880 | - | 9,880 |
| Disposals | (47,704) | - | (47,704) |
| Balance as at 30 November 2022 | 9,880 | 2,000 | 11,880 |
| | | | |
| Net Book Value | | | |
| As at 30 November 2021 | 2,402 | - | 2,402 |
| As at 30 November 2022 | 50,656 | - | 50,656 |



10. Equity

Special Purpose Reserve

The special purpose reserve consists of funds received by the Society that have been specified for a particular use. Amounts included within the special purpose reserve include:

| | 2022 | 2021 |
|---|---------------|---------------|
| Special Purpose Reserve | | |
| Calliope Fun Run Proceeds | 3,143 | 3,143 |
| HK Canterbury - First Time Fathers (of heart babies) Trust | - | 2,697 |
| HK Bay of Plenty Jesse's Health Scholarship | 7,072 | 7,072 |
| HK Canterbury - fund for family support in regions with no branch | 4,950 | 4,950 |
| HK Mending Broken Heart Book | 5,000 | 5,000 |
| Camp | 1,000 | 1,000 |
| Private Donation for Hospital Heart Kids Register | 15,000 | 15,000 |
| Total Special Purpose Reserve | 36,165 | 38,862 |

The Society's national support team (NST) holds funds in trust for the Auckland Branch. These funds represent the unspent proceeds donated to the branch by the Calliope Fun Run held each year. These funds are separately identified for the future benefit of the Auckland Branch.

First Time Fathers (of heart babies) Trust closed down in 2012 and transferred their funds to HK Canterbury. These funds are to be distributed to families in need visiting Starship for the first time, and not to be used for other purposes.

Jesse's Health Scholarship - HK BOP Branch. \$7,000k from a fundraiser organised by Jesse's dad has been put aside for a scholarship to enable HK BOP to improve the health and wellbeing on HK in the region.

The HK Canterbury fund for family support in regions with no branch is funds paid by the Canterbury branch to national office to be used to support families in NZ where there is not a Heart Kids branch.

A donation of \$5,000 was received to assist with the ongoing production of the book Mending a Broken Heart.

A \$1,000 donation was received from Lotto New Zealand for participating in an advertisement with the funds to be used for the next physical camp.

The donation for Hospital Heart Kids register is funds held until Starship Hospital is ready to proceed with this register.

11. Operating Lease Commitments

The Society does not currently have any operating leases (2021: nil).



12. Related Party Transactions

Key Management Personnel Remuneration

Key management personnel includes executive employees and the Board. The Board perform their duties in an honorary capacity. The aggregate remuneration of key management personnel and the number of individuals (determined on a full time equivalent basis), receiving remuneration is as follows:

| | | 2022 | | | 2021 | | | |
|------------------------|----------------------------------|--------------------|-----------------|-------------|----------------------------------|--------------------|-----------------|-------------|
| | No. of Individuals (FTE'S) | Remuneration \$ | Kiwisaver \$ | Other \$ | No. of Individuals (FTE'S) | Remuneration \$ | Kiwisaver \$ | Other \$ |
| Executive Employees | 3.77 | 456,106 | 13,683 | 30,000 | 4.67 | 503,397 | 15,102 | - |

13. Commitments and Contingencies

There were no capital commitments or contingencies as at 30 November 2022 (2021: nil).

14. Events Subsequent to Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report.



INDEPENDENT AUDITOR'S REPORT
To the Members of Heart Kids New Zealand Incorporated

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Heart Kids New Zealand Incorporated ("the Society"), which comprise the statement of financial position as at 30 November 2022 and the statement of comprehensive revenue and expense, 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.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 30 November 2022 and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Control over donations, events and fundraising income prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. As a result, the completeness of revenue from these income streams is unable to be determined. Consequently, we were unable to determine whether any adjustments should be made to the reported amounts for donations, events and fundraising income.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Officers' Responsibilities for the Financial Statements

The Officers are responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal controls as the Officers determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Officers are responsible on behalf of the Society for assessing the Society'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 Officers either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (NZ) 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 decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Hawke's Bay

Napier

New Zealand

6 April 2023