

## 2023 Financial Report

### Net Surplus for the Year

The Net Surplus for the year is \$80,816, an increase of \$474,239 on last year's deficit of \$393,423. The year end result over the past five years has been within the range of -\$393,423 to \$191,531.

**\$80,816**  
**Net Surplus**

### Total Assets

Assets for Heart Kids NZ Inc total \$1,794,769 in 2023, an increase of \$80,817 from \$1,713,953 last year.

**\$1,794,952**  
**Total Assets**

### Total Liabilities

Liabilities for Heart Kids NZ Inc total \$362,474 in 2023, a decrease of \$72,191 from \$434,665 last year.

**\$362,474**  
**Total Liabilities**

### Total Equity

Total Heart Kids NZ Inc Equity (Assets less Liabilities) amounts to \$1,794,796 in 2023, an increase of \$80,817 from \$1,713,952 last year.

**\$1,794,796**  
**Total Equity**

## ***Tēnā koutou katoa,***

Noted on the next pages are a summary of the financial results for the year ending 30 November 2023 prepared from the financial statements that have been audited.

### **Financial Statements**

During 2023, MTM Accounting were, and continue to be, contracted to deliver our accounting service, preparation of the year-end financial statements and participation in the audit process with BDO. MTM Accounting have also continued to strengthen our financial internal controls and report to the Board monthly.

### **Operating Performance**

#### **Operating Revenue**

The Board would like to take the opportunity to thank all those Organisations (Corporates and Funding Providers) and individuals who have supported Heart Kids NZ Inc. Heart Kids NZ Inc does not receive any government funding and is dependent on this ongoing generosity to support its work with heart children and their whānau.

The table below provides a breakdown of the Revenue for Heart Kids NZ Inc for the past two years and the percentage make up of each revenue stream against total revenue.

Overall total income has increased by 24.9% from 2022, and 8.1% from 2021. This is largely due to increases in grant, bequest, fundraising and event revenue. Covid-19 continued to impact event and fundraising activities in 2022, but less so in 2023, which has seen our income increase to be more in line with previous years. Most revenue sources increased in 2023, but the few that decreased had only minor reductions of less than \$8k each.

| Revenue source       | 2023             |              | 2022             |              |
|----------------------|------------------|--------------|------------------|--------------|
|                      | \$               | % Revenue    | \$               | % Revenue    |
| Merchandise Sales    | 3,938            | 0.1%         | 11,539           | 0.4%         |
| Interest Income      | 25,839           | 0.8%         | 10,361           | 0.4%         |
| Donations            | 296,882          | 8.8%         | 269,230          | 10.0%        |
| Grants               | 592,846          | 17.6%        | 416,495          | 15.4%        |
| Bequests             | 289,866          | 8.6%         | 127,694          | 4.7%         |
| Events               | 304,868          | 9.1%         | 199,056          | 7.4%         |
| Fundraising          | 1,846,161        | 54.8%        | 1,648,005        | 61.1%        |
| Covid-19 Subsidies   | 2,277            | 0.1%         | 8,036            | 0.3%         |
| Other Income         | 5,060            | 0.2%         | 5,613            | 0.2%         |
| <b>Total Revenue</b> | <b>3,367,737</b> | <b>100.0</b> | <b>2,696,029</b> | <b>100.0</b> |

The key revenue highlights for the 2023 year are:



**Grant Income** has increased by \$176k, taking it from \$416k in 2022 to \$593k in 2023. Half of our major grants in 2023 were received from new organisations, and we continued to have good success rates when reapplying to current philanthropic funders.



**Bequest Income** over doubled. It increased to \$290k in 2023 from \$128k in 2022, and \$20k in 2021. It included a large one-off bequest of \$239k to provide CoaguChek Machines or Other Equipment to heart children. This bequest cannot be used for any other purpose, such as administration, operations or support services.



**Event Income** increased by over 50% from \$199k in 2022 to \$305k in 2023. The 2023 income is more in line with 2021 when \$309k was raised, as 2022 saw multiple events cancelled because of Covid-19 and the income reflecting this. Event income remains

significantly reduced in comparison to pre-Covid levels and this is likely to be the long-term trend with events across the charitable sector generating less revenue.



**Fundraising Income** increased by \$198k, the largest amount of any revenue stream, from \$1.65m in 2022 to \$1.85m in 2023. It remains our largest revenue stream, but as our income sources have better diversified, it's reduced from being 61% of total revenue in 2022 to 55% in 2023. This increases our resilience, especially important given the charitable sector is particularly impacted by reductions in discretionary income and cost-of-living increases.

### Total Expenses

Total expenses have increased by 6.4%, compared with 5.3% the year before, and have been mitigated by the revenue increase of 24.9% in 2023.

Portfolio costs (excluding personnel costs) increased by \$97k, and Personal costs decreased by \$84k. The latter mainly attributable to a reduction in executive employees and the delay between roles become vacant and being filled. Overall administrative expenses decreased while operating expenses increased.

### **Balance Sheet**

|                             | <b>2023</b>      | <b>2022</b>      |
|-----------------------------|------------------|------------------|
| Current Assets              | 2,028,530        | 2,023,214        |
| Current Liabilities         | 362,474          | 434,665          |
| <b>Current Net Position</b> | <b>1,666,056</b> | <b>1,588,549</b> |
| Non-Current Assets          | 128,713          | 125,403          |
| <b>Total Equity</b>         | <b>1,794,769</b> | <b>1,713,952</b> |

The balance sheet continues to show a strong stable position with the organisation placed to weather any negative impact going forward into the future.

### Current Assets

The Current Assets have remained similar (2.03m in 2023 vs. 2.02m in 2022). There has been no significant change as funds have not been used to fund operations this year, nor have there been additional funds available for accumulation.

### Current Liabilities

The Current Liabilities have decreased by \$72k from last year with a decrease of \$38k in the Accounts Payable, \$20k decrease in Employee Entitlements, and \$14k in Revenue Received in Advance, with this mainly comprising grants received prior to year-end that are yet to be utilised.

### **Conclusion**

Compared with the prior year, Heart Kids NZ Inc has performed well in 2023 reporting a Net Surplus of \$81k. However, \$239k of income is from a bequest tagged to provide CoaguChek Machines or Other Equipment to heart children that cannot be used for any other purpose. That's meant that Heart Kids NZ Inc has not generated revenue to cover \$158k of the operating expenses it has incurred in 2023. Despite this, Heart Kids NZ Inc is in a strong financial position, has controlled costs well, and generated significantly more income than the year prior.

Ngā mihi

Ashlee McCormick,  
Chair Finance, Risk & Audit Sub-committee.