

Financial Report

Heart Kids New Zealand Incorporated
For the year ended 30 November 2023

Prepared by MTM Accounting Limited

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Directory

Heart Kids New Zealand Incorporated For the year ended 30 November 2023

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
Nevan Harland
Rachael Lovelock (resigned 20 May 2023)
Arna Craig
Katie McCrae
James Lawler (appointed 20 May 2023)

Auditor

BDO Hawke's Bay
Napier

Approval of Financial Report

Heart Kids New Zealand Incorporated For the year ended 30 November 2023

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 2023.

APPROVED

For and on behalf of the Board.



Board Member **Ashlee McCormick**

Date **15 April 2024**



Board Member **Arna Craig**

Date **15 April 2024**

HKNZ Statement of Service Performance

WHY DO WE EXIST?

Heart Kids NZ (HKNZ) is the compass to help our members and their families and whānau navigate their heart journey throughout life. We are the only not for profit national organisation in Aotearoa NZ that is solely focused on supporting and advocating for all people impacted by childhood heart disease throughout life.

Our purpose is to make a real and sustained impact for our whānau affected by congenital heart disease and heart disease acquired during childhood, and to provide hope for their future.

GOVERNANCE AND MANAGEMENT

Heart Kids NZ Incorporated is governed by a Board comprised of 6 elected regional members, 1 co-opted and up to 4 additional co-opted members (section 7.3 HKNZ Constitution). Board members include:

Donna Jujnovich (Chair), Katie McRae (Deputy Chair), Arna Craig, Ashlee McCormick, Robyn Wickenden, Neven Harland, Steve Abley, James Lawler.

HKNZ is managed by a senior leadership team of four including: Dr Ruth Gorinski (CEO), Denise Kitto (Head of Operations), Sarah Morgan (Head of Family Support and Robyn Lyall (Practice Lead).

STAFF

As at 30/11/2023, HKNZ employed 35 staff and one contractor (2022 (Unaudited): 37 staff and one contractor). Seven staff are full-time, the balance part-time.

CLIENTS

HKNZ serves 5219 (2022 (Unaudited): 4971) clients of mixed ages. 2473 (47%) of our clients are over the age of 16 years (2022 (Unaudited): 2271) and 2746 (53%) are 0-16-year-olds (2022 (Unaudited): 2974). Clients reside from Northland to Southland.

WHAT DO WE DO?

Heart Kids NZ has a national network of community family support taituarā, and in Auckland, a small team of hospital support taituarā. These staff work passionately and empathetically with our heart kids, teens, adults and their families and whānau. They offer a range of services for heart families/whānau in their community including for example:

- Family connections - supporting whānau to connect with others, whose children/tamariki have similar conditions, experiences and challenges
- Access to information/education and resources to help families/ whānau understand the medical diagnoses given
- Practical, emotional and social support through face-to-face visits, phone calls, zoom meetings etc
- Prenatal support for expectant parents facing big changes, challenges and decisions with the diagnosis of a heart child
- Tailored networking for adult heart members
- Transition support from paediatric to adult cardiac services
- Help to build support networks and resilience
- Connections with other service providers in local regions
- Access to CoaguChek machines and MedicAlert bracelets for children and adults who need them
- Access to camps for heart children and teens
- Free, lifelong membership

HOW DOES HKNZ ACHIEVE ITS GOALS?

- Delivering goods and services
- Collaborating with research organisations to grow understanding of Congenital Heart Disease (CHD) and Rheumatic Heart Disease (RHD) and offer hope to members
- Working with charities with similar objectives e.g. Children and Young People's Collective

HEART KIDS NZ GOAL FRAMEWORK

Vision – Our What?

All people affected by congenital heart disease and heart disease acquired during childhood (CHD) will feel fully supported, connected, informed and hopeful for the future



Long Term Outcomes – Our Why?

To provide lifelong support for all people affected by the world’s most common birth difference (CHD) or heart disease acquired during childhood



Our Strategic Goals

1. Increased economic growth and sustainability
2. Equitable access and service delivery
3. Strengthened collaborative endeavour
4. Operational excellence



Our Strategic Goals

*Output 1.
Increased economic growth and sustainability*

*Measures for outputs
HKNZ collateral*

*Output 2.
Equitable access and service delivery*

*Measures for outputs
Increased Māori & Pasifika member numbers
RHD and RF clients feel supported
Awareness and understanding of RF and RHD amongst staff and clients.*

Output 3. Strengthened collaborative endeavour

*Measures for outputs
HKNZ Child Ambassadors appointed
Co-authored CHD research*

*Output 1,2,3.
Operational Excellence*

The three identified foci areas will support “One Team”¹

¹ **Operational Excellence** – One Team includes improved organisational processes and strengthened engagement



OUTPUT 1 EQUITABLE ACCESS AND SERVICE DELIVERY

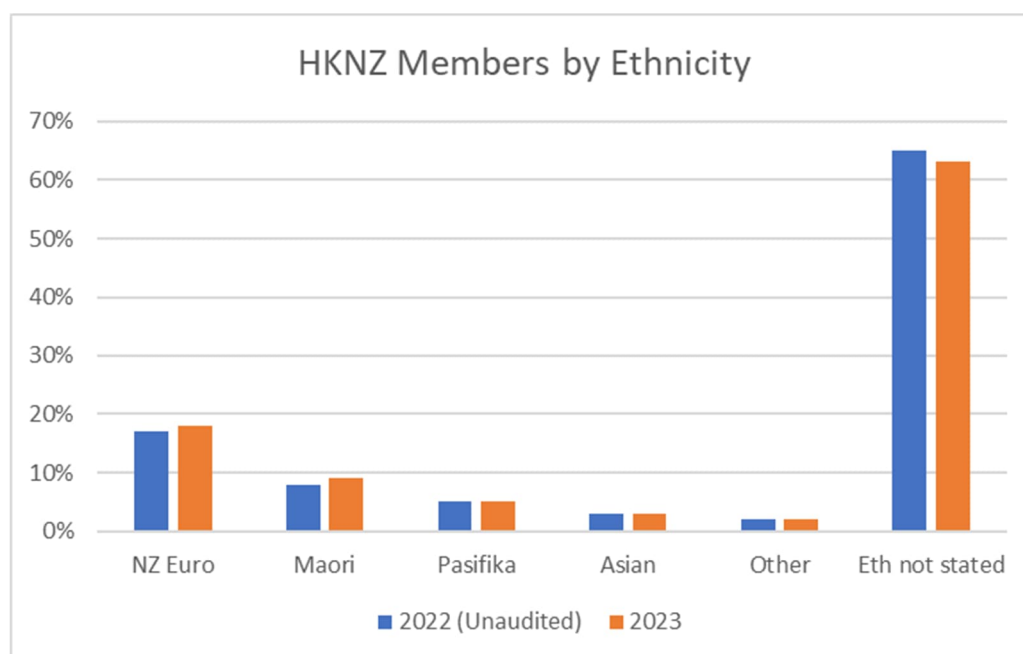
Heart Kids NZ is committed to providing equitable access and service delivery across Aotearoa NZ. The goals we hoped to achieve in the 2022-2023 period were premised on a commitment to evidencing increased inclusion of Maori, Pasifika and rheumatic fever (RF) and rheumatic heart disease clients. These goals included:

- An increase in Māori and Pasifika client numbers
- Equitable representation of ages, gender and ethnicity at Heart Kids NZ camps
- A signed Access Agreement with Kidz First Children’s Hospital enabling Heart Kids NZ to work on the ward with rheumatic fever and rheumatic heart disease clients
- A signed Memorandum of Understanding with Cure Kids to partner with them and the University of Auckland, in a joint funding proposal to Fisher & Paykel Healthcare, for financial support to grow Heart Kids NZ engagement in the RF/RHD, hospital, community and research spaces.
- Increased awareness and understanding of RF/RHD amongst staff and clients.

Our desired performance measures are outlined below:

1.1 To increase the number of Māori clients on our database by 55% from 9% to 14% and

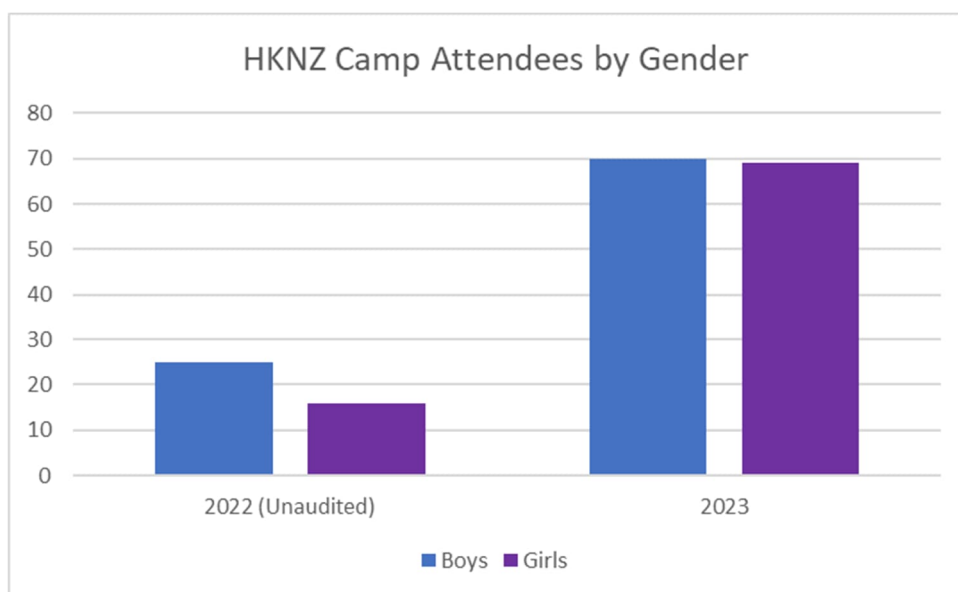
1.2 To increase the number of Pasifika clients on our database by 100% from 5% to 10%



Ethnic representation in the Heart Kids NZ membership remained almost static between 2022 and 2023. NZ European members have greater representation than Māori, Pasifika and Asian. The majority of members have not stated their ethnicity.

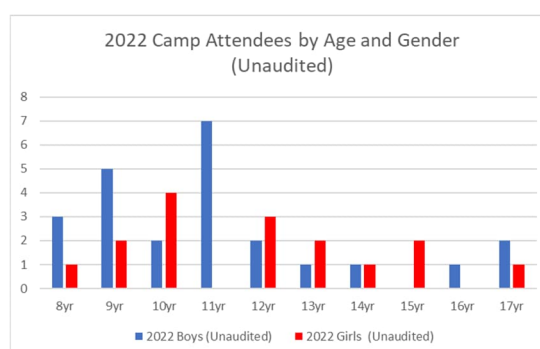
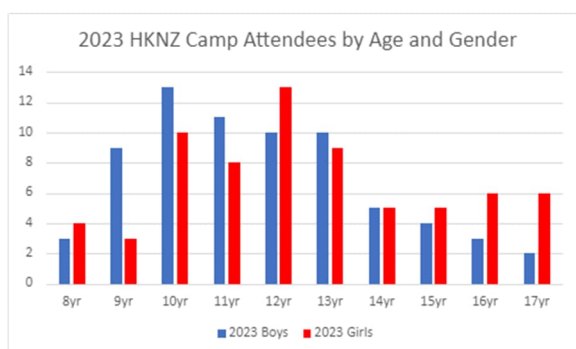
Our strategic focus on equitable access and service delivery and concomitant strengthened support of members with Rheumatic Heart Disease, provides the rationale for our goal to increase the number of Māori and Pasifika members on our database. These ethnicities are over represented in RHD statistics and are therefore our focus.

2. Equitable representation of ages, gender and ethnicities in attendance at HKNZ camp



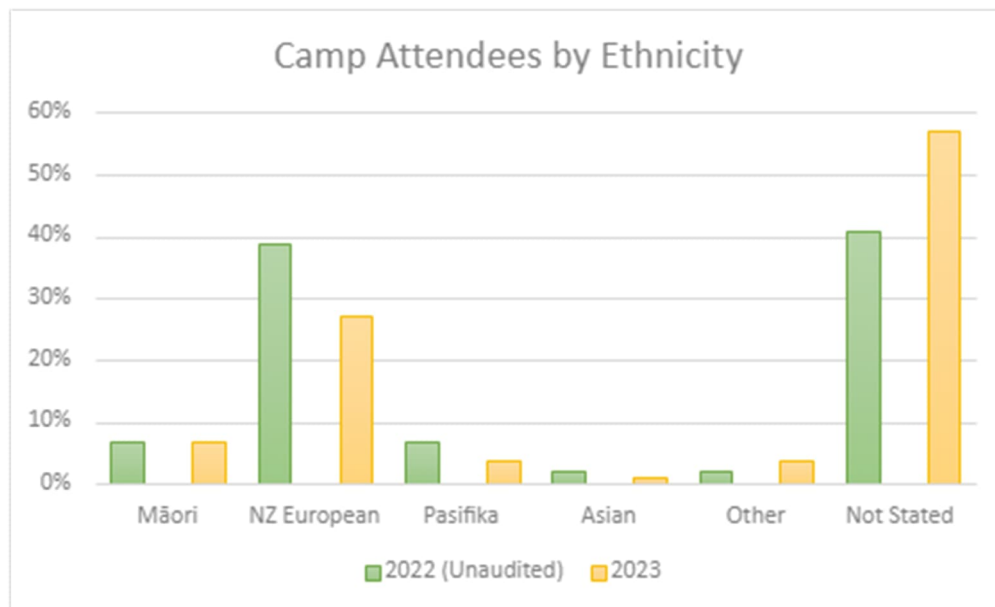
Of the 41 children/teens who attended the virtual camp in 2022, 25 were male and 16 were female. There was no endeavour made by management for this camp to have a 50:50 gender split. The emphasis in the pandemic climate was to enable any campers who wished to attend, to do so.

The 2023 camp was a face to face camp and the even gender representation was reflective of management’s desire to ensure equitable opportunities for both boys and girls to attend camp.



In terms of age representation of campers, the data confirms that in 2023, 9-13-year-old boys and 10-13-year-old girls had the highest numbers in attendance. In 2022, 9 and 11-year-old boys and 10 and 12-year-old girls had the highest attendance numbers.

As noted previously, the 2022 camp was open to all 8-17-year-old heart kids and no endeavour was made to secure an even split of gender or ages. In 2023, management accepted as many applications from heart kids as possible. Whilst we sought to have an even representation of ages, the priority was accepting the greatest number of applications possible, given there had been no Heart Kids NZ camp during the three years of the pandemic.



The Heart Kids NZ 2022 camp was virtual due to the covid-19 pandemic. The 2023 camp was in person. The data clearly demonstrate that ethnicity was not stated in 57% (2023) and 41% (2022) of attendees.

There was a higher percentage of NZ European campers in attendance at the 2022 virtual camp, than attended the in-person 2023 camp. This number reflected the 'open registration' approach to the virtual camp, versus the deliberate endeavour to achieve more equitable representation of ethnicity at the 2023 in-person camp. There was no change in the percentage of Māori campers in 2023, but a decrease (from 7% to 4%) in Pasifika attendees.



3. Signed Access Agreement with Kidz First Children's Hospital and Memorandum of Understanding with Cure Kids

- Kidz First and HKNZ Access Agreement signed (27 November 2023). Heart Kids NZ will have access to RF and RHD patients beginning 2024.
- Memorandum of Understanding signed with Cure Kids (20 June 2023) to engage in collaborative initiatives and research in the RHD/RF space in 2024, subject to successful funding.

4. Increased awareness and understanding of RF and RHD amongst staff and clients

- RHD and RF were the focus of HKNZ Awareness Month with RHD stories shared on the HKNZ website
- Health professionals keynote address at HKNZ Education Forum 2022 "Demystifying RHD and RF"



OUTPUT 2 INCREASED ECONOMIC GROWTH AND SUSTAINABILITY³

Heart Kids NZ collateral is fundamental to potential corporates, donors, individual givers, workplace giving programmes and those considering a bequest to our charity. Economic growth is dependent on these sources of income. Compelling marketing collateral is critical to Heart Kids NZ economic growth and sustainability, hence the focus on this output.

The two key goals Heart Kids NZ aimed to achieve in the 2022-2023 period included:

- Awareness raising and promotion of Heart Kids NZ brand and services through current and fit-for-purpose collateral that generates financial growth
- Identification of gaps in collateral, and a development plan made for production of additional brochures

Our desired performance measures are outlined below:

1. 50% of HKNZ collateral reviewed and refreshed.

In the 2023 year the 9 brochures available were reviewed, and it was determined that all were still fit-for-purpose, and no changes were made. (2022 (Unaudited): 9 of 9 brochures reviewed and refreshed).

2. Time-framed plan developed for production of identified brochures

An evaluation of Heart Kids collateral identified the need for a Workplace Giving brochure. This was written and published in June 2023 (2022 (Unaudited): no new collateral was produced).



OUTPUT 3 STRENGTHENED COLLABORATIVE ENDEAVOUR⁴

The HKNZ child/youth ambassadors have been key to strengthened collaboration with our corporate sponsors and the Starship Children's Hospital team. The ambassador programme seeks to enhance HKNZ visibility, credibility and reputation. This has been achieved through the ambassador's engagement in promotion of HKNZ campaigns e.g. Little Heart Day, Heart Heroes, Heart Stopper Challenges and Supercheap Auto campaigns.

Heart Kids NZ's commitment to collaborative research is fundamental to the realisation of our vision that "all people affected by CHD and heart disease acquired during childhood will feel fully supported, connected, informed and hopeful for the future." Research engenders hope for clients as they gain understanding of psycho-social, cultural and medical developments that facilitate an increasingly optimistic outlook.

Three key goals Heart Kids NZ aimed to achieve in the 2022-2023 period included:

- Heart Kids NZ child/youth ambassadors appointed
- Ambassador programme implemented and resultant enhanced awareness, profiling and reach of Heart Kids NZ mission through our child/youth ambassador engagement in campaigns, events and connection with Starship.
- Engagement in CHD research opportunities with the Liggins Institute and Healthy Hearts for Aotearoa NZ (HHANZ) that enhances Heart Kids NZ reputation and gives hope for the future to our clients.

Our desired performance measures are outlined below:

1. Two child ambassadors appointed

Two child and one youth ambassador appointed and contracts signed (M.Rosoman March 2023; L.Leevard February 2023; R.Howden February 2023), (2022 (Unaudited): Nil)



Leighton Leeward

Malaika Rosoman

Ryan Howden

4 Strengthened collaborative endeavour – HKNZ engagement in research that increases public awareness and donor engagement and enhanced HKNZ reputation



2. Child ambassador programme developed

Child and youth ambassadors involved in Little Heart Day, Supercheap Auto campaigns, Heroes for Heart Kids Annual Street Appeal, and Corporate Thank you Event in Auckland.



3. Two co-authored publications with Liggins Institute personnel and HHANZ funding secured

Three co-authored research papers completed (2023:3; 2022 (Unaudited):2).

\$15,000 total HHANZ funding secured for Heart Kids NZ engagement in research (2023: \$5,000; 2022 (Unaudited): \$5,000; 2021 (Unaudited): \$5,000).

1. **Pediatric Cardiology** (September 2022). <https://doi.org/10.1007/s00246-022-03006-8>. *What is Known About Critical Congenital Heart Disease Diagnosis and Management Experiences from the Perspectives of Family and Healthcare Providers: A Systematic Integrative Literature Review*. S. Watkins,¹ O. Isichei,¹ T. L. Gentles,² R. Brown,³ T. Percival,⁴ L. Sadler,² R. Gorinski,⁵ S. Crengle,⁶ E. Cloete,⁷ M. W. M. de Laat,² F. H. Bloomfield,¹ K. Ward,⁸ ©

2. **International Journal for Equity in Health**, (September 2022). *A narrative review evaluating determinants of racial and ethnic disparity in Critical Congenital Heart Disease*. ¹ Watkins S, ² Gentles T.L, ³ Ward K, ⁴ Brown R.M, ⁵ Crengle S, ² Sadler L, ⁶ Percival T, ⁷ Gorinski R, ⁸ Cloete E, ¹ Bloomfield F.H.¹

3. **Perinatal Society of Australia and NZ (PSANZ) Congress** Christchurch NZ. (Manuscript accepted for presentation 12/11/23). *Unravelling the Complex Web of Factors Influencing Critical Congenital Heart Disease Outcomes in New Zealand: An Exploration of Ethnicity and Beyond*. S. Watkins,¹ O. Isichei,¹ T. L. Gentles,² R. Brown,³ T. Percival,⁴ L. Sadler,² R. Gorinski,⁵ S. Crengle,⁶ E. Cloete,⁷ M. W. M. de Laat,² F. H. Bloomfield,¹ K. Ward,⁸

4. **The Lancet** (submission Nov. 2023). *Parent and Healthcare Professional Experiences of Critical Congenital Heart Disease*. Watkins S, MBChB,¹ Ward K, PhD² Brown R, PhD,³ Crengle S, PhD,⁴ de Laat MWM, PhD,⁵ Percival T, FRACP,⁶ Sadler L, MBChB,⁵ Cloete E, PhD,⁷ Gorinski R, PhD,⁸ Gentles T, FRACP,⁵ Bloomfield FH, PhD.¹

5. **Jama Paediatrics** (30/11/2023). *A Cohort Study Exploring Why Critical Congenital Heart Disease Outcomes Differ by Ethnicity*. Watkins S,¹ Sadler L,² Cloete E,³ Ward K,⁴ Brown R,⁵ Crengle S,⁶ de Laat MWM,² Percival T,⁷ Gorinski R,⁸ Bloomfield FH,¹ Gentles T,²



Statement of Comprehensive Revenue and Expense

Heart Kids New Zealand Incorporated For the year ended 30 November 2023

	NOTES	2023	2022
Revenue			
Revenue from Exchange Transactions	6	3,938	11,539
Revenue from Non-Exchange Transactions	6	3,332,901	2,668,515
Total Revenue		3,336,839	2,680,055
Other Income			
Interest on Financial Assets not measured at fair value through surplus or deficit		25,839	10,361
Other revenue		5,060	5,613
Total Other Income		30,899	15,974
Expenses			
Operating Expenses		2,521,842	2,273,980
Administration Expenses		765,080	815,472
Total Expenses		3,286,922	3,089,451
Total Comprehensive Revenue and Expense		80,816	(393,423)



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

Statement of Changes in Equity

Heart Kids New Zealand Incorporated For the year ended 30 November 2023

	SPECIAL PURPOSE RESERVE	ACCUMULATED REVENUE AND EXPENSE	TOTAL EQUITY
Statement of Changes in Equity			
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
2022/2023			
Balance as at 1 December 2022	36,165	1,677,788	1,713,953
Surplus / Total Comprehensive Revenue and Expense	-	80,816	80,816
Net Funds received (spent) for Special Purpose Reserves	239,145	(239,145)	-
Balance as at 30 November 2023	275,310	1,519,459	1,794,769



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

Statement of Financial Position

Heart Kids New Zealand Incorporated As at 30 November 2023

	NOTES	2023	2022
Assets			
Current Assets			
Cash and Cash Equivalents	8	1,229,233	1,384,784
Term Deposits		443,743	402,860
Recoverables (from non-exchange transactions)		200,251	57,953
Prepayments		125,610	134,101
Inventory		4,790	5,770
Other Receivables		24,902	37,746
Total Current Assets		2,028,530	2,023,214
Non-Current Assets			
Property, Plant and Equipment	10	49,948	74,747
Intangibles	11	78,765	50,656
Total Non-Current Assets		128,713	125,403
Total Assets		2,157,242	2,148,618
Liabilities			
Current Liabilities			
Payables (from exchange transactions)		90,598	128,703
Employee Entitlements		112,242	132,435
Revenue Received in Advance	9	159,633	173,527
Total Current Liabilities		362,474	434,665
Total Liabilities		362,474	434,665
Total Assets less Total Liabilities (Net Assets)		1,794,769	1,713,953
Equity			
Accumulated Revenue and Expense		1,519,459	1,677,788
Special Purpose Reserves	12	275,310	36,165
Total Equity		1,794,769	1,713,953



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

Statement of Cash Flows

Heart Kids New Zealand Incorporated For the year ended 30 November 2023

	NOTES	2023	2022
Statement of Cash Flows			
Cash Flows to Operating Activities			
Proceeds from:			
Customers		7,450	17,107
Bequests		289,866	127,694
Donations		306,753	244,301
Fundraising		1,692,692	1,645,733
Events		283,438	198,381
Grants		592,544	374,059
Interest		24,087	8,806
Payments to Employees		(1,509,080)	(1,553,734)
Payments to Suppliers		(1,734,271)	(1,502,745)
Total Cash Flows to Operating Activities		(46,521)	(440,398)
Cash Flows to Investing Activities			
Sale of Property, Plant & Equipment		-	4,865
Purchase of Property, Plant & Equipment		(11,612)	(52,589)
Purchase of Intangible Assets		(56,535)	(60,536)
Purchase of Investments - Term Deposits		(40,883)	(2,746)
Total Cash Flows to Investing Activities		(109,030)	(111,006)
Net Decrease in Cash Flows		(155,551)	(551,404)
Cash and Cash Equivalents			
Opening cash		1,384,784	1,936,188
Net change in cash for the period		(155,551)	(551,404)
Total Cash and Cash Equivalents	8	1,229,233	1,384,784



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

Notes to the Financial Statements

Heart Kids New Zealand Incorporated For the year ended 30 November 2023

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 2024.

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.

Accounting policies

The accounting policies detailed in the following notes have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Society, except as explained in Note 3, which addresses changes in accounting policies.

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. Changes in Accounting Policies

(a) Changes due to the initial application of new, revised, and amended PBE Standards

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments is effective for periods beginning after 1 January 2022 and was adopted by the Society on 1 December 2022.

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised cost to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, measurement of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has not had a material impact on the Society's measurement and recognition of financial instruments.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is effective for periods beginning after 1 January 2022 and was adopted by the Society on 1 December 2022.

PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the statement of service performance.

4. Significant Accounting Policies

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.

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.



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 conditions are 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 conditions are 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 the Society 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

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Society becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTSD, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short term receivables and payables at the original invoice amount if the effect of discounting is immaterial. The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and



- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Society considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Society considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Society’s claim to cash flows from specified assets (e.g., non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

(c) Derecognition

Financial assets

The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Society derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Society also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit

(d) Impairment of non-derivative financial assets

The Society recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Society measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Society 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 Society’s historical experience and informed credit assessment and including forward-looking information.

The Society assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.



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.

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 20%- 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 over the estimated useful lives of each intangible asset.

The straight line 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 Society 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.

5. Financial instruments categories

The following tables are comparisons of carrying amounts of the Society's financial assets and liabilities in each of the financial instrument categories:

	2023	2022
Financial Assets		
Amortised cost		
Cash and Cash Equivalents	1,229,233	1,384,784
Recoverables (from non-exchange transactions)	200,251	57,953
Term Deposits	443,743	402,860
Total Amortised cost	1,873,227	1,845,597
Total Financial Assets	1,873,227	1,845,597
	2023	2022
Financial Liabilities		
Payables (from exchange transactions)	90,598	128,703
Total Financial Liabilities	90,598	128,703

2023 2022

6. Revenue**Revenue from Exchange Transactions**

Merchandise Sales	3,938	11,539
Total Revenue from Exchange Transactions	3,938	11,539

Revenue from Non-Exchange Transactions

Bequests	289,866	127,694
Donations and Fundraising	2,143,043	1,917,235
Events	304,868	199,056
Grants	592,846	416,495
COVID -19 Grant	2,277	8,036
Total Revenue from Non-Exchange Transactions	3,332,901	2,668,515

2023 2022

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

Aotearoa Gaming	-	38,141
BlueSky Comm	5,500	-
Catalytic Foundation	10,000	-
Community Trust Mid South Canterbury	-	10,000
Foundation North	21,560	14,313
Four Winds	5,520	-
Grassroots Trust	6,285	-
Healthcare Otago	10,000	10,000
Kiwi Gaming	9,429	-
Lindsay Foundation	39,850	10,000
Lottery National Community Grants	70,000	70,000
Newmans Own Foundation	60,547	-
Nikau Foundation	5,000	-
NZ Community Trust	10,000	-
NZ Toy Distributors	23,793	12,349
ProCare Charitable Trust	29,000	-
Pub Charity	-	8,700
Rata Foundation	20,000	-
Sargood Bequest	5,000	-
The Lion Foundation	160,000	150,000
TOI Foundation	6,690	7,572
Trust House	5,000	5,000



2023 2022

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

Personnel Costs	1,459,875	1,539,289
Kiwisaver Contributions	34,402	39,198
Total Personnel Costs	1,494,277	1,578,487

2023 2022

Expenditure by Portfolio (Excluding Personnel Costs)

Family Support Services	125,887	108,530
Events	166,672	52,171
Awareness and Fundraising	73,914	869,023
Services	839,833	28,800
Administration	765,080	815,472
Total Expenditure by Portfolio (Excluding Personnel Costs)	1,971,386	1,873,995

2023 2022

Total Expenses

Total Personnel and Portfolio Expenses	3,286,922	3,089,451
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2023 2022

8. Cash and Cash Equivalents

Cash on Hand	200	400
Cash at Bank Available on Demand (National Office)	709,345	731,178
Cash at Bank Available on Demand (Branches)	519,688	653,206
Total Cash and Cash Equivalents	1,229,233	1,384,784



	2023	2022
9. Revenue Received in Advance		
Charities Aid Foundation	8,811	-
Eastern & Central Co	5,000	-
Foundation North	3,440	-
Keith Laugesen Trust	5,000	-
Newmans Own Foundation	21,257	81,805
NZ Toy Distributors	50,630	54,423
Rata Foundation	20,000	-
Rotorua Trust	10,000	-
The North and South Trust	5,250	-
Thomas George Macarthy Trust	7,894	10,000
Other	22,351	27,299
Total Revenue Received in Advance	159,633	173,527

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.

10. Property, Plant & Equipment

	Ward 23B Equipment	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Cost					
Balance as at 1 December 2022	11,556	213,770	9,924	14,304	249,554
Additions	-	11,612	-		11,612
Disposals	-	(6,084)	-	-	(6,084)
Balance as at 30 November 2023	11,556	219,298	9,924	14,304	255,082
Accumulated Depreciation					
Balance as at 1 December 2022	11,228	150,357	4,714	8,508	174,807
Depreciation	48	34,239	571	1,507	36,365
Disposals	-	(6,038)	-	-	(6,038)
Balance as at 30 November 2023	11,276	178,558	5,285	10,015	205,134
Net Book Value					
As at 30 November 2022	328	63,413	5,210	5,796	74,747
As at 30 November 2023	280	40,740	4,639	4,289	49,948



11. Intangible Assets

	Web Development	Trademarks	Total
Cost			
Balance as at 1 December 2022	60,536	2,000	62,536
Additions	56,534	-	56,535
Disposals	-	-	-
Balance as at 30 November 2023	117,070	2,000	119,070
Accumulated Amortisation and Impairment			
Balance as at 1 December 2022	9,880	2,000	11,880
Amortisation	28,426	-	28,426
Disposals	-	-	-
Balance as at 30 November 2023	38,306	2,000	40,306
Net Book Value			
As at 30 November 2022	50,656	-	50,656
As at 30 November 2023	78,764	-	78,764



12. 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:

	2023	2022
Special Purpose Reserve		
Calliope Fun Run Proceeds	3,143	3,143
HK Canterbury - First Time Fathers (of heart babies) Trust	-	-
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
Bequest for Coagu Check Machines	239,145	-
Total Special Purpose Reserve	275,310	36,165

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. A Bequest was received to provide CoaguChek Machines or Other Equipment to children with heart defects.

13. Operating Lease Commitments

The Society does not currently have any operating leases (2022: nil).



14. 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:

		2023				2022		
	No. of Individuals (FTE'S)	Remuneration \$	Kiwisaver \$	Other \$	No. of Individuals (FTE'S)	Remuneration \$	Kiwisaver \$	Other \$
Executive Employees	3	380,144	9,190	-	3.77	456,106	13,683	30,000

15. Commitments and Contingencies

There were no capital commitments or contingencies as at 30 November 2023 (2022: nil).

16. Events Subsequent to Balance Date

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

