Healthy kidneys for all Australians

The path to transformation

The Australian Kidney Foundation
T/A Kidney Health Australia
ABN 37 008 464 426

Kidney Health Australia

Financial Statements
31 December 2022

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General information

The financial statements cover The Australian Kidney Foundation trading as Kidney Health Australia as an individual entity. The financial statements are presented in Australian dollars, which is The Australian Kidney Foundation's functional and presentation currency.

The Australian Kidney Foundation is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

125 Cecil Street
SOUTH MELBOURNE VIC 3205

A description of the nature of the company's operations and its principal activities are included in the annual report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17th March 2023. The directors have the power to amend and reissue the financial statements.

Financial Statements

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	2022 $	2021 $
Revenue	3	6,992,331	7,027,435
Finance income	4	(233,916)	290,800
Expenses			
Consulting fees		(1,128,593)	(842,157)
Depreciation and amortisation expense	5	(393,779)	(468,029)
Employee expenses	5	(3,068,323)	(2,522,380)
Finance costs	5	(56,470)	(69,794)
Meeting and travel expenses		(122,433)	(34,035)
Occupancy and lease expenses		(108,630)	(79,895)
Other expenses		(639,512)	(646,946)
Postage, freight and stationery expenses		(222,821)	(250,026)
Research grant expenses		(67,050)	(35,779)
Technology expenses		(510,647)	(902,599)
Telecommunication expenses		(51,484)	(59,292)
Total expenses		**(6,369,742)**	**(5,910,932)**
Surplus for the year attributable to the members of The Australian Kidney Foundation	**18**	**388,673**	**1,407,303**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets		(262,049)	(52,869)
Net gain/(loss) on sale of financial assets at fair value through other comprehensive income		(178,727)	661,938
Other comprehensive income for the year		**(440,776)**	**609,069**
Total comprehensive income for the year attributable to the members of The Australian Kidney Foundation		**(52,103)**	**2,016,372**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2022

		Note	2022 $	2021 $
Assets				
Current assets	Cash and cash equivalents	6	1,182,787	1,242,175
	Trade and other receivables	7	47,620	70,004
	Inventories		-	36,383
	Term deposits	10	145,000	145,000
	Prepayments		40,910	40,986
Total current assets			**1,416,317**	**1,534,548**
Non-current assets	Property, plant and equipment	8	1,405,149	1,474,231
	Right-of-use assets	9	388,416	633,731
	Financial assets	11	6,609,263	7,231,821
Total non-current assets			**8,402,828**	**9,339,783**
Total assets			**9,819,145**	**10,874,331**
Liabilities				
Current liabilities	Trade and other payables	12	310,740	595,107
	Lease liabilities	13	264,411	234,063
	Employee benefits	15	233,615	188,595
	Deferred revenue	3	407,805	978,022
	Provisions	16	73,778	73,091
Total current liabilities			**1,290,349**	**2,068,878**
Non-current liabilities	Lease liabilities	13	170,815	435,226
	Employee benefits	15	55,446	15,589
Total non-current liabilities			**226,261**	**450,815**
Total liabilities			**1,516,610**	**2,519,693**
Net assets			**8,302,535**	**8,354,638**
Equity	Reserves	17	(48,456)	213,593
	Retained surpluses	18	8,350,991	8,141,045
Total equity			**8,302,535**	**8,354,638**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2022

	General Reserve $	Financial Asset Revaluation Reserve $	Capital Profits Reserve $	Priscilla Kincaid-Smith Kidney Research Foundation $	Retained Surplus $	Total Equity $
Balance at 1 January 2021	2,989,611	266,463	509,276	2,572,916	-	6,338,266
Surplus for the year	-	-	-	-	1,407,303	1,407,303
Other comprehensive income for the year	-	609,069	-	-	-	609,069
Total comprehensive income for the year	**-**	**609,069**	**-**	**-**	**1,407,303**	**2,016,372**
Transfer to/(from) reserves	(2,989,611)	-	(509,276)	(2,572,916)	6,071,803	-
Transfer of realised gains on financial assets at FVTOCI to retained surplus	-	(661,939)	-	-	661,939	-
Balance at 31 December 2021	**-**	**213,593**	**-**	**-**	**8,141,045**	**8,354,638**
Balance at 1 January 2022	-	213,593	-	-	8,141,045	8,354,638
Surplus for the year	-	-	-	-	388,673	388,673
Other comprehensive income for the year	-	(440,776)	-	-	-	(440,776)
Total comprehensive income for the year	**-**	**(440,776)**	**-**	**-**	**388,673**	**(52,103)**
Transfer of realised loss on financials assets at FVTOCI to retained surplus	-	178,727	-	-	(178,727)	-
Balance at 31 December 2022	**-**	**(48,456)**	**-**	**-**	**8,350,991**	**8,302,535**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash receipts in the course of operations		6,444,498	6,639,894
Cash payments in the course of operations		(6,115,910)	(4,970,699)
		328,588	**1,669,195**
Dividends received		92,945	150,658
Interest/distributions received		147,939	148,815
Interest and other finance costs paid		(22,397)	(34,392)
Net cash from operating activities	**28**	**547,075**	**1,934,276**
Cash flows from investing activities			
Payments for property, plant and equipment	8	(79,382)	(375,210)
Payments for investments		(4,816,981)	(6,309,315)
Proceeds from disposal of investments		4,523,963	4,843,837
Proceeds from disposal of property, plant and equipment		-	92,946
Net cash used in investing activities		**(372,400)**	**(1,747,742)**
Cash flows from financing activities			
Repayment of lease liabilities		(234,063)	(341,416)
Net cash used in financing activities		(234,063)	(341,416)
Net decrease in cash and cash equivalents		(59,388)	(154,882)
Cash and cash equivalents at the beginning of the financial year		1,242,175	1,397,057
Cash and cash equivalents at the end of the financial year	**6**	**1,182,787**	**1,242,175**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1:
Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Reclassification of comparatives

Comparative figures where appropriate, have been reclassified to be comparable with the figures presented for the current financial year.

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: It is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: It is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1 (continued): Significant accounting policies

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2022. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2: Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in the employee provision note, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates.
The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3:
Revenue

	2022 $	2021 $
Bequests	2,175,102	2,073,539
Donations and fundraising income	1,264,166	1,419,669
Grants	679,623	1,202,121
Other charitable income	2,729,408	2,189,003
Other income	144,032	142,503
Government JobKeeper and Cash Flow Boost	-	600
Revenue	**6,992,331**	**7,027,435**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Revenue from contracts with customers - AASB 15

	2022	2021
Grants	679,623	1,202,121
Government JobKeeper and Cash Flow Boost	-	600
Other income	144,032	142,503
	823,655	**1,345,224**

Revenue recognised under AASB 1058 Income of NFP entities

	2022	2021
Bequests	2,175,102	2,073,539
Donations and fundraising income	1,264,166	1,419,669
Other charitable income	2,729,408	2,189,003
	6,992,331	**7,027,435**

Deferred revenue

The following table provides information about the contract liabilities from contract with customers:

	2022	2021
Deferred income - less than 12 months	364,840	858,022
Deferred income - greater than 12 months	42,965	120,000
	407,805	**978,022**

Accounting policy for revenue recognition

The company recognises revenue at the fair value of the consideration received net of goods and services tax (GST) and as follows:

Bequests

Revenue from bequests is brought to account at the fair value of the benefit received when the Foundation has control of the contribution. When assets, such as investments or properties, are received from a bequest, an asset is recognised at fair value. Fair value is determined when the Foundation gains control of the asset and the value of the asset can be reliably measured.

Donations and fundraising income

Revenue is received from appeals, donations and fundraising events and is brought to account on a cash received basis. When assets, such as investments or properties, are received from a donation, both in-kind revenue and an asset is recognised, at fair value. They are recognised when the Foundation gains control of the asset and the value of the asset can be reliably measured.

Grants

Grants are as a result of a contract with a customer with enforceable rights and obligations that are 'sufficiently specific'. Revenue is recognised when these performance obligations are met. Any additional income is treated as deferred.

Other charitable income

Other charitable income is brought to account on a cash received basis.

Other income

Other income comprises of revenue received from publications, sale of Kidney Smart products (Kidney Vital and Kidney Check) as well as other general income.

Note 4:
Finance income

	2022 $	2021 $
Distribution income	142,801	146,199
Dividend income	92,945	150,658
Fair value (loss)/gain on financial assets at FVTPL	(474,800)	(8,673)
Interest	5,138	2,616
Finance income	**(233,916)**	**290,800**

Finance income

Finance income comprises interest income on funds invested, dividend income, distribution income and gain or loss on financial assets carried at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss. Dividend income and distribution income is recognised in profit or loss as the date the Foundation's right to receive payment is established.

Note 5:
Expenses

	2022 $	2021 $
Surplus includes the following specific expenses:		
Depreciation		
Buildings	24,564	24,544
Leasehold improvements	8,731	4,522
Motor vehicles	87,657	31,467
Buildings right-of-use assets	245,315	334,220
Office furniture, equipment and under construction	27,512	73,276
Total depreciation	**393,779**	**468,029**
Finance costs		
Interest paid - bank	687	1,007
Interest paid - lease liabilities	21,710	33,385
Investment management fees	34,073	35,402
Finance costs expensed	**56,470**	**69,794**
Superannuation expense		
Defined contribution superannuation expense	271,175	193,992
Employee benefits expense excluding superannuation	2,797,148	2,328,388

Note 6:
Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash and cash equivalents	1,182,787	1,242,175

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 changes in value.

Note 7:
Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	15,985	2,471
Other receivables	31,635	67,533
	47,620	**70,004**

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 8:
Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Buildings	981,547	981,547
Less: Buildings accumulated depreciation	(164,108)	(139,544)
	817,439	**842,003**
Leasehold Property	281,921	281,653
Less: Accumulated depreciation	(265,920)	(257,190)
	16,001	**24,463**
Office, equipment and under construction	851,134	2,074,568
Less: Accumulated depreciation	(817,732)	(2,031,911)
	33,402	**42,657**
Motor vehicles	785,000	724,144
Less: Accumulated depreciation	(246,693)	(159,036)
	538,307	**565,108**
Software	409,845	641,088
Less: Accumulated depreciation	(409,845)	(641,088)
	-	**-**
	1,405,149	**1,474,231**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Buildings $	Leasehold Property $	Office Furniture, Equipment $	Motor Vehicles $	Total $
Balance at 1 January 2022	842,003	24,463	42,657	565,108	1,474,231
Additions	-	269	18,257	60,856	79,382
Depreciation expense	(24,564)	(8,731)	(27,512)	(87,657)	(148,464)
Balance at 31 December 2022	**817,439**	**16,001**	**33,402**	**538,307**	**1,405,149**

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold property	9 - 15 years
Office furniture and equipment	3 - 15 years
Motor vehicles	10 years

The Australian Kidney Foundation owns the Kidney Transplant Houses in Adelaide and Melbourne. The Transplant Houses are designed to help people in rural areas who live far away from treating hospitals.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 9:
Right-of-use assets

	2022 $	2021 $
Non-current assets		
Land and buildings - right-of-use	735,946	735,946
Less: Accumulated depreciation	(347,530)	(102,215)
	388,416	**633,731**

Additions to the right-of-use assets during the year were nil (31 December 2021: **$735,946**).

The company leases land and buildings for its offices, under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	$
Balance at 1 January 2022	633,731
Depreciation expense	(245,315)
Balance at 31 December 2022	**388,416**

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 10:
Term Deposits

	2022 $	2021 $
Current assets		
Term Deposit	145,000	145,000

Note 11:
Financial assets

	2022 $	2021 $
Non-current assets		
Managed funds - FVTPL	3,890,218	3,663,741
Equity securities - FVTOCI	2,719,045	3,568,080
	6,609,263	**7,231,821**

Accounting policy for financial assets
Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met:

i. it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
ii. the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 12:
Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	105,651	338,801
Accrued expenses	113,501	234,910
Other payables	91,588	21,396
	310,740	**595,107**

Refer to Note 19 for further information on financial instruments.

The Foundation's exposure to credit and liquidity risks related to trade and other payables is disclosed in Note 19. Its carrying value is equal to fair value.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 13:
Lease liabilities

	2022 $	2021 $
Current liabilities		
Lease liability	264,411	234,063
Non-current liabilities		
Lease liability	170,815	435,226
	435,226	**669,289**

Future lease payments

Future lease payments are due as follows:		
Within one year	272,931	255,773
One to five years	170,815	443,746
More than five years	-	-
	443,746	**699,519**

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: Future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 14:
Financial guarantee contracts

Name Financial Guarantee - ANZ
Nature Financial Guarantee **Balance** 51,088.95 **CCY** AUD
Limit (AUD) 85,000 **Terms of Liability** P/R

Name Financial Guarantee - ANZ
Nature Financial Guarantee **Balance** - **CCY** AUD
Limit (AUD) 60,000 **Terms of Liability** P/R

Note 15:
Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	202,929	146,507
Long service leave	30,686	42,088
	233,615	**188,595**
Non-current liabilities		
Long service leave	55,446	15,589
	289,061	**204,184**

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 16: Provisions

	2022 $	2021 $
Current liabilities		
Lease make good	73,778	73,091

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2022	Make Good $
Carrying amount at the start of the year	73,091
Additional provisions recognised	687
Carrying amount at the end of the year	**73,778**

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 17:
Reserves

	2022 $	2021 $
Financial asset revaluation reserve	(48,456)	213,593

Financial asset revaluation reserve

The revaluation reserve relates to the cumulative net change in the fair value of equity investments - fair value through other comprehensive income.

Note 18:
Retained surpluses

	2022 $	2021 $
Retained surpluses at the beginning of the financial year	8,141,045	6,071,803
Surplus for the year	388,673	1,407,303
Transfer from financial asset revaluation reserve	(178,727)	661,939
Retained surpluses at the end of the financial year	**8,350,991**	**8,141,045**

Note 19:
Financial instruments

Financial risk management objectives

The company's activities expose it to a variety of financial risks: Market risk (including price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

The entity holds the following financial instruments:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	1,182,787	1,242,175
Other receivables	31,635	67,533
Managed funds	3,890,218	3,663,741
Equity securities	2,719,045	3,568,080
	7,823,685	**8,541,529**

Other market risk

Sensitivity analysis - equity and unit price risk

All the Foundation's equity investments are listed shares on the Australian Stock Exchange and managed funds. These investments represent **$6,609,263** (2021: **$7,231,821**) as part of the total securities.

For such investments classified as fair value, a 10% increase in the ASX 500 at the reporting date would have increased the equity or surplus and deficit by **$660,926** (2021: an increase of **$723,182**). An equal change in the opposite direction would have decreased equity or surplus and deficit by **$660,926** (2020: a decrease of **$723,182**). The analysis is performed on the same basis for 2021.

Price risk

The company is not exposed to any significant price risk.

Credit risk

The company is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

All trade and other payables have a remaining contractual maturity of 1 year or less.

Remaining contractual maturities

Details about the financial guarantee contracts are provided in Note 14. The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The company does not expect these payments to eventuate.

Note 20:
Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 20 (continued):
Fair value measurement

	Level 1 $	Level 2 $	Level 3 $	Total $
2022				
Assets				
Financial assets	2,719,045	3,890,218	-	**6,609,263**
Total assets	**2,719,045**	**3,890,218**	**-**	**6,609,263**
2021				
Assets				
Financial assets	3,568,080	3,663,741	-	**7,231,821**
Total assets	**3,568,080**	**3,663,741**	**-**	**7,231,821**

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.
For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances, and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 21:
Key management personnel disclosures

Directors

The following persons were Directors of The Australian Kidney Foundation during the financial year:

Director	Appointed
Prof. Carol Pollock AO	December 2014 (Appointed Chair December 2017)
Ms Sandhya Chakravarty	July 2020
Mr Steve Francis	July 2020
Mr Lachlan Haynes	July 2020
Mr David Morgan	December 2014 (Resigned March 2022)
Mr David Parker	April 2010 (Resigned June 2022)
Mr Monojit Ray	June 2017
Ms Rhonda Renwick OAM	June 2017
Mr Peter Haddad AO	June 2017 (Appointed Deputy Chair July 2020)

Non-executive Directors are not paid compensation. Reasonable out of pocket expenses are reimbursed for Board-related activities.

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the company, directly or indirectly, during the financial year:

Executive	Role and appointed
Mr Christopher Forbes	Chief Executive Officer, appointed October 2018
Mr Rohit Chand	Chief Operating Officer, appointed August 2021
Prof. Karen Dwyer	Clinical Director, appointed March 2021
Mrs Breonny Robson	GM Clinical Programs & Partnerships, appointed May 2010
Mrs Claire Baxter	GM Fundraising, appointed April 2018
Mrs Maria O'Sullivan	GM Marketing and Community, appointed March 2019

Non-executive

The terms and conditions of transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Compensation

The aggregate compensation made to members of key management personnel of the company is set out below:

	2022 $	2021 $
Short-term employee benefits	1,217,509	934,507
Other long term benefits	28,151	19,809
	1,245,660	**954,316**

Note 22:
Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	2022 $	2021 $
Audit services		
Audit of the financial statements	44,000	39,000
Other services		
Accounts preparation	5,000	4,000
	49,000	**43,000**

Note 23:
Contingent assets

The company had no contingent assets as at 31 December 2022 and 31 December 2021.

Note 24:
Contingent liabilities

The company had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Note 25:
Commitments

The company had no commitments for expenditure as at 31 December 2022 and 31 December 2021.

Note 26:
Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in Note 21.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 27:
Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 28:
Reconciliation of surplus to net cash from operating activities

	2022 $	2021 $
Surplus for the year	388,673	1,407,303
Adjustments for:		
Depreciation and amortisation	393,779	468,029
Net fair value loss on financial assets	474,800	8,673
Change in operating assets and liabilities:		
Decrease in trade and other receivables	22,384	496,538
Decrease in inventories	36,383	7,363
Decrease in prepayments	76	56,419
(Decrease)/increase in trade and other payables	(284,367)	122,101
Increase in provisions	687	11,729
Decrease in deferred income	(570,217)	(626,754)
Increase/(decrease) in employee benefits	84,877	(17,125)
Net cash from operating activities	**547,075**	**1,934,276**

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Professor Carol Pollock AO
Chair

17 March 2023

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DECLARATION OF INDEPENDENCE BY ELIZABETH BLUNT TO THE DIRECTORS OF KIDNEY HEALTH AUSTRALIA

As lead auditor of The Australian Kidney Foundation for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Elizabeth Blunt
Director

BDO Audit Pty Ltd

Melbourne, 17 March 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of The Australian Kidney Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Australian Kidney Health Foundation (the registered entity), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of The Australian Kidney Health Foundation, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the registered entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Elizabeth Blunt
Director

Melbourne, 17 March 2023

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Kidney Health Australia