

Building a **better** **kidney future**

Financial Report 2021

The Australian Kidney Foundation
T/A Kidney Health Australia
ABN 37 008 464 426
31 December 2021



Prevention
Detection
Support
Research

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General information

The financial statements cover The Australian Kidney Foundation 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 18 March 2022. The directors have the power to amend and reissue the financial statements.

Statements

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	3	7,027,435	7,283,634
Finance income	4	290,800	202,551
Expenses			
Consulting fees		(842,157)	(274,740)
Depreciation and amortisation expense	5	(468,029)	(752,998)
Employee expenses	5	(2,522,380)	(2,287,829)
Finance costs	5	(69,794)	(40,255)
Meeting and travel expenses		(34,035)	(17,072)
Occupancy and lease expenses		(79,895)	(75,343)
Other expenses		(646,946)	(640,382)
Postage, freight and stationery expenses		(250,026)	(223,641)
Research grant expenses		(35,779)	(284,279)
Technology expenses		(902,599)	(557,067)
Telecommunication expenses		(59,292)	(44,634)
Total expenses		(5,910,932)	(5,198,240)
Surplus for the year attributable to the members of The Australian Kidney Foundation		1,407,303	2,287,945
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets		(52,869)	(94,752)
Net gain on sale of financial assets at fair value through other comprehensive income		661,938	139
Other comprehensive income for the year		609,069	(94,613)
Total comprehensive income for the year attributable to the members of The Australian Kidney Foundation		2,016,372	2,193,332

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 2021

		Note	2021 \$	2020 \$
Assets				
Current assets	Cash and cash equivalents	6	1,242,175	1,397,057
	Trade and other receivables	7	70,004	566,541
	Inventories	8	36,383	43,746
	Prepayments	9	185,986	242,405
Total current assets			1,534,548	2,249,749
Non-current assets	Property, plant and equipment	10	1,474,231	1,312,878
	Right-of-use assets	11	633,731	163,183
	Financial assets	12	7,231,821	5,165,947
Total non-current assets			9,339,783	6,642,008
Total assets			10,874,331	8,891,757
Liabilities				
Current liabilities	Trade and other payables	13	595,107	473,006
	Lease liabilities	14	234,063	193,039
	Employee benefits	16	188,595	207,639
	Deferred revenue	3	978,022	1,604,776
	Provisions	17	73,091	61,362
Total current liabilities			2,068,878	2,539,822
Non-current liabilities	Lease liabilities	14	435,226	-
	Employee benefits	16	15,589	13,669
Total non-current liabilities			450,815	13,669
Total liabilities			2,519,693	2,553,491
Net assets			8,354,638	6,338,266
Equity				
	Reserves	18	213,593	2,989,611
	Retained surpluses	18	8,141,045	3,348,655
Total equity			8,354,638	6,338,266

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 2021

	General Reserve	Financial Asset Revaluation Reserve	Capital Profits Reserve	Priscilla Kincaid-Smith Kidney Research Foundation	Retained Surplus	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	701,666	361,215	509,137	2,572,916	-	4,144,934
Surplus for the year	-	-	-	-	2,287,945	2,287,945
Other comprehensive income for the year	-	(94,752)	139	-	-	(94,613)
Total comprehensive income for the year	-	(94,752)	139	-	2,287,945	2,193,332
Transfer from accumulated surplus	2,287,945	-	-	-	(2,287,945)	-
Balance at 31 December 2020	2,989,611	266,463	509,276	2,572,916	-	6,338,266
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 financials assets at FVTOCI to retained surplus	-	(661,939)	-	-	661,939	-
Balance at 31 December 2021	-	213,593	-	-	8,141,045	8,354,638

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 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Cash receipts in the course of operations		6,597,745	5,067,202
Cash payments in the course of operations		(4,937,223)	(4,693,119)
		1,660,522	374,083
Dividends received		150,658	125,203
Interest/distributions received		148,815	56,938
Interest and other finance costs paid		(34,392)	(30,626)
Net cash from operating activities	25	1,925,603	525,598
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(375,210)	(12,658)
Payments for investments		(6,309,315)	-
Proceeds from disposal of investments		4,852,510	22,853
Proceeds from disposal of property, plant and equipment		92,946	-
Net cash (used in)/from investing activities		(1,739,069)	10,195
Cash flows from financing activities			
Repayment of lease liabilities		(341,416)	(527,145)
Net cash used in financing activities		(341,416)	(527,145)
Net increase/(decrease) in cash and cash equivalents		(154,882)	8,648
Cash and cash equivalents at the beginning of the financial year		1,397,057	1,388,409
Cash and cash equivalents at the end of the financial year	6	1,242,175	1,397,057

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

Notes to the financial statements

31 December 2021

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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 2021. 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

	2021 \$	2020 \$
Bequests	2,073,539	3,317,857
Donations and fundraising income	1,419,669	1,063,837
Grants	1,202,121	700,851
Other charitable income	2,189,003	1,296,430
Other income	142,503	182,309
Government JobKeeper and Cash Flow Boost	600	722,350
Revenue	7,027,435	7,283,634

Disaggregation of revenue

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

Revenue from contracts with customers - AASB 15

Grants	1,202,121	700,851
Government JobKeeper and Cash Flow Boost	600	722,350
Other charitable income	2,189,003	1,296,430
Other income	142,503	182,309
Revenue recognised under AASB 1058 Income of NFP entities	-	-
Bequests	2,073,539	3,317,857
Donations and fundraising income	1,419,669	1,063,837
	7,027,435	7,283,634

Contract balances

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

Deferred income - less than 12 months	858,022	1,554,776
Deferred income - greater than 12 months	120,000	50,000
	978,022	1,604,776

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

	2021 \$	2020 \$
Distribution income	146,199	52,350
Dividend income	150,658	125,203
Fair value (loss)/gain on financial assets at FVTPL	(8,673)	20,411
Interest	2,616	4,587
Finance income	290,800	202,551

Finance income

Finance income comprises interest income on funds invested, dividend income and distribution income. 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

	2021 \$	2020 \$
Surplus includes the following specific expenses:		
Depreciation		
Buildings	24,544	24,539
Leasehold improvements	4,522	17,705
Motor vehicles	31,467	-
Buildings right-of-use assets	334,220	475,801
Office furniture, equipment and under construction	73,276	199,260
Total depreciation	468,029	717,305
Amortisation		
Software	-	35,693
Total depreciation and amortisation	468,029	752,998
Finance costs		
Interest paid - bank	1,007	5,728
Interest paid - lease liabilities	33,385	9,629
Management fees	35,402	24,898
Finance costs expensed	69,794	40,255
Superannuation expense		
Defined contribution superannuation expense	193,992	180,562
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	2,041,471	1,953,544

Note 6: Cash and cash equivalents

	2021	2020
	\$	\$
Current assets		
Cash	265,707	166,753
Cash on deposit	976,468	375,304
Term deposits	-	855,000
	1,242,175	1,397,057

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

	2021	2020
	\$	\$
Current assets		
Trade receivables	2,471	238,412
Other receivables	67,533	328,129
	70,004	566,541

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: Inventories

	2021	2020
	\$	\$
Current assets		
Inventory	36,383	43,746

Accounting policy for inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 9: Prepayments

	2021	2020
	\$	\$
Current assets		
Prepayments	185,986	242,405

Note 10: Property, plant and equipment

	2021 \$	2020 \$
Non-current assets		
Buildings	981,547	981,547
Less: Buildings accumulated depreciation	(139,544)	(115,000)
	842,003	866,547
Leasehold Property	281,653	257,323
Less: Accumulated depreciation	(257,190)	(252,667)
	24,463	4,656
Office, equipment and under construction	2,074,568	2,450,956
Less: Accumulated depreciation	(2,031,911)	(2,353,390)
	42,657	97,566
Motor vehicles	724,144	471,678
Less: Accumulated depreciation	(159,036)	(127,569)
	565,108	344,109
Software	641,088	1,468,581
Less: Accumulated depreciation	(641,088)	(1,468,581)
	-	-
	1,474,231	1,312,878

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 and under construction	Motor vehicles	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2021	866,547	4,656	97,566	344,109	1,312,878
Additions	-	24,329	18,367	332,514	375,210
Impairment	-	-	-	(80,048)	(80,048)
Depreciation expense	(24,544)	(4,522)	(73,276)	(31,467)	(133,809)
Balance at 31 December 2021	842,003	24,463	42,657	565,108	1,474,231

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 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 11: Right-of-use assets

	2021 \$	2020 \$
Non-current assets		
Land and buildings - right-of-use	735,946	730,974
Less: Accumulated depreciation	(102,215)	(567,791)
	633,731	163,183

Additions to the right-of-use assets during the year were **\$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.

During the year, the Victorian and Queensland leases ended and new leases were entered into for Victoria and South Australia.

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 2021	163,183
Additions	735,946
Depreciation expense	(265,398)
Balance at 31 December 2021	633,731

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 12: Financial assets

	2021	2020
	\$	\$
Non-current assets		
Managed funds	3,663,741	2,452,318
Equity securities	3,568,080	2,713,629
	7,231,821	5,165,947

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, its carrying value is written off.

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 13: Trade and other payables

	2021	2020
	\$	\$
Current liabilities		
Trade payables	338,801	20,586
Accrued expenses	234,910	193,668
Other payables	21,396	258,752
	595,107	473,006

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 14: Lease liabilities

	2021	2020
	\$	\$
Current liabilities		
Lease liability	234,063	193,039
Non-current liabilities		
Lease liability	435,226	-
	669,289	193,039

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 15: Financial guarantee contracts

Name The Australian Kidney Foundation
Nature Financial Guarantee **Balance** 51,088.95 **CCY** AUD
Limit (AUD) 85,000 **Terms of Liability** P/R

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

Note 16: Employee benefits

	2021	2020
	\$	\$
Current liabilities		
Annual leave	146,507	182,641
Long service leave	42,088	24,998
	188,595	207,639
Non-current liabilities		
Long service leave	15,589	13,669
	204,184	221,308

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 17: Provisions

	2021	2020
	\$	\$
Current liabilities		
Lease make good	73,091	61,362

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:

2021	Make good
	\$
Carrying amount at the start of the year	61,362
Additional provisions recognised	15,000
Provision used/reversed during the year	(3,271)
Carrying amount at the end of the year	73,091

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 18: Reserves

	2021 \$	2020 \$
General reserve	-	(2,989,611)
Financial asset revaluation reserve (213,593)		(266,463)
Capital profits reserve	-	(509,276)
Priscilla Kincaid-Smith Kidney Research Foundation reserve	-	(2,572,916)
Accumulated surplus	(8,141,045)	-
	(8,354,638)	(6,338,266)

General reserve

Relates to prior and current year surplus/deficits.

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.

Capital profits reserve

This reserve relates to the cumulative net gains or losses from the sale of equity investments.

The Priscilla Kincaid-Smith Kidney Research Foundation reserve

This reserve relates to the Priscilla Kincaid-Smith Kidney Research Foundation.

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:

	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	1,242,175	1,397,057
Other receivables	67,533	566,541
Managed funds	3,663,741	2,452,318
Equity securities	3,568,080	2,713,629
	8,541,529	7,129,545

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 **\$7,231,821** (2020: **\$5,165,947**) 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 **\$723,182** (2020: and increase of **\$516,595**). An equal change in the opposite direction would have decreased equity or surplus and deficit by **\$723,182** (2020: a decrease of **\$516,595**). The analysis is performed on the same basis for 2020.

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 15. 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 \$
2021				
Assets				
Financial assets	2,948,080	3,663,741	-	6,611,821
Total assets	2,948,080	3,663,741	-	6,611,821
2020				
Assets				
Financial assets	3,866,724	2,004,977	-	5,871,701
Total assets	3,866,724	2,004,977	-	5,871,701

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	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
Mr David Parker	April 2010
Mr Monojit Ray	June 2017
Ms Rhonda Renwick	June 2017
Mr Peter Haddad	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 Matthew Hubbard	Chief Financial Officer and Company Secretary, resigned April 2021
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:

	2021	2020
	\$	\$
Short-term employee benefits	934,507	966,234
Other long term benefits	19,809	16,987
	954,316	983,221

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:

	2021	2020
	\$	\$
Audit services		
Audit of the financial statements	39,000	46,000
Other services		
Accounts preparation	4,000	-
Other assurance services	-	13,578
	4,000	13,578
	43,000	59,578

Note 23: 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 24: Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 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 25: Reconciliation of surplus to net cash from operating activities

	2021	2020
	\$	\$
Surplus for the year	1,407,303	2,287,945
Adjustments for:		
Depreciation and amortisation	468,029	752,998
Other non-cash adjustments	-	(10,782)
Bequest revenue on share transfer	-	(2,382,795)
In kind donations for property, plant and equipment and equities	-	(38,080)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	496,538	(272,253)
Decrease/(increase) in inventories	7,363	(43,746)
Decrease/(increase) in prepayments	56,419	(34,176)
Increase/(decrease) in trade and other payables	122,101	(239,831)
Increase in other provisions	11,729	-
(Decrease)/increase in deferred income	(626,754)	476,697
(Decrease)/increase in employee benefits	(17,125)	29,621
Net cash from operating activities	1,925,603	525,598

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 2021 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
Chair

18 March 2022

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 Foundation (the registered entity), which comprises the statement of financial position as at 31 December 2021, 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 directors' declaration.

In our opinion the accompanying financial report of The Australian Kidney 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 2021 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.

Other matter

The financial report of The Australian Kidney Foundation, for the year ended 31 December 2020 was audited by another auditor who expressed an unmodified opinion on that report on 13 May 2021.

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



Elizabeth Blunt
Director

Melbourne, 18 March 2022



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DECLARATION OF INDEPENDENCE BY ELIZABETH BLUNT TO THE DIRECTORS OF THE AUSTRALIAN KIDNEY FOUNDATION

As lead auditor of The Australian Kidney Foundation for the year ended 31 December 2021, 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.

A handwritten signature in black ink, appearing to be 'EB' followed by a stylized flourish.

Elizabeth Blunt
Director

BDO Audit Pty Ltd

Melbourne, 18 March 2022



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