



National Heart Foundation of Australia
ABN 98 008 419 761

Annual Report and Financial Statements 2023

For the year ended 31 December 2023

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National Heart Foundation of Australia

Directors and Office Bearers

Patron	His Excellency General the Honourable David Hurley AC DSC (ret'd) and Her Excellency Mrs Linda Hurley Governor-General of the Commonwealth of Australia
Board of Directors	
Chair	Mr Mario D'Orazio, FAIM, BA, GradDipEd
Directors	Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ Associate Professor Nicholas Cox, MBBS, FRACP, FCSANZ Ms Isabelle Demir, LLB (Hons), BCom(Hons), GAICD Ms Rebecca Davies, AO, B.Ec, LLB (Hons), FAICD Professor Gemma A Figtree, MB BS, Dphil (Oxon), FRACP, FCSANZ, FAHA Mr Ian Humphreys, LLM, LLB, BA, GradDipLegalStudies Ms Alice Tay, LLB, FGIA, GAICD Ms Jennifer L Tucker, LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD Mr Peter Matruglio, BA(Accounting), FCA, GAICD Mr Stephen Halliday, BA, GAICD Professor Ray Mahoney, PhD, Master of Health Science
Chief Executive Officer	Mr David Lloyd, MPubAdmin, BA (Hons) Philosophy
Chief Medical Advisor	Professor Garry L Jennings AO, MBBS, MD, MRCP(UK) ,FRACP, FRCP (London), FAHA, FCSANZ, FMBRCA
Chief Medical Advisor for First Nations Health	Professor Sandra Eades AO, Bmed, Phd
Company Secretary	Mr Christopher Miers LLM, LLB, B.Bus, GradDip Corp Gov, AGIA, GAICD
Auditors	Deloitte Australia
Registered Office	Level 2, 850 Collins Street, Docklands, Victoria 3008
Preferred Postal Address	Level 2, 850 Collins Street, Docklands, Victoria 3008

National Heart Foundation of Australia

Directors' Report

for the year ended 31 December 2023

The Directors present their report together with the financial report for the National Heart Foundation of Australia ("the Foundation"), for the year ended 31 December 2023 and auditors' report thereon. National Heart Foundation of Australia operates through each state in Australia as National Heart Foundation (South Australia), National Heart Foundation (Australian Capital Territory), National Heart Foundation (Tasmania), National Heart Foundation (Queensland), National Heart Foundation (Northern Territory), National Heart Foundation (Western Australia), National Heart Foundation (Victoria) and National Heart Foundation (New South Wales) are collectively referred to in this financial report as "National Heart Foundation".

Directors

The following Directors of the National Heart Foundation, all of whom are independent and non-executive, held office at any time during or since the end of the financial year:

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Mr Mario D'Orazio BA, GradDipEd (Chair elect)	Mario D'Orazio has more than 40 years' experience in media as a journalist, including print as a reporter and columnist, radio as a producer and talkback presenter, and TV as a reporter, presenter and executive producer of news, current affairs programs and lifestyle programs. He was managing director of Channel 7 Perth for more than seven years, and has wide experience in commercial and not-for-profit boards including government, education and the arts. His current directorships include the ABC National Board, the Australia Council for the Arts. He is chairman of the Australian Institute of Management WA and the Heart Foundation (WA).	Attended 8 Meetings / out of a possible 8 Meetings	Appointed 05-June-2022
Assoc. Professor David M Colquhoun MBBS, FRACP, FCSANZ, PLD, GAICD	Associate Professor David Colquhoun is a cardiologist in private practice, he is also actively involved in research and preventative cardiology, reflected in his role on the Heart Foundation's Heart Health and Research Committees. His specific interests include preventative cardiology, nutrition and psychosocial factors for heart disease. David has been a member of the Scientific Committee of the National Institute of Complementary Medicine (NICM); a member of the Scientific Committee of the Gallipoli Medical Research Foundation; and the Co-President of the Clinical and Preventive Cardiology Council of the Cardiac Society of Australian and New Zealand (CSANZ). He holds an MBBS from the University of New South Wales.	Attended 5 Meetings / out of a possible 8 Meetings	Appointed 23-Oct-2017
Assoc. Professor Nicholas Cox MBBS, FRACP, FCSANZ	Associate Professor Nicholas Cox is an interventional cardiologist with an interest in infarct angioplasty and cardiogenic shock. A/Prof Cox was an early advocate for the use of radial access for coronary intervention and has published in this field. He has performed a very high number of coronary interventions in over 15 years of practice as an interventional cardiologist. A/Prof Cox consults in all aspects of general cardiology, including the diagnosis and management of patients presenting with coronary disease, heart attack and chest pain. A/Prof Cox trained at Melbourne University, Royal Prince Alfred Hospital Sydney, and The Brigham and Women's Hospital, Harvard Medical School.	Attended 8 Meetings / out of a possible 8 Meetings	Appointed 31-Mar-2022
Ms Isabelle Demir LLB (Hons), Bcom (Hons), GAICD	Isabelle Demir has more than 20 years' experience in funds management and banking and advisory across Australasia, Europe and the Middle East. Isabelle is currently a Managing Director at Intermediate Capital Group (ICG), a global alternative asset manager. Isabelle is the Chair of the Investment Committee.	Attended 7 Meetings / out of a possible 8 Meetings	Appointed 08-Mar-2021
Ms Rebecca Davies AO FAICD	Rebecca Davies is a former lawyer and now holds a range of director and committee positions, mostly in health and related areas. She has been a consumer advocate for medical research for many years and has been a consumer representative in this area both in Australia and overseas, including for the NHMRC, MRFF and British Heart Foundation.	Attended 6 Meetings / out of a possible 8 Meetings	Appointed 31-Oct-2021

National Heart Foundation of Australia

Directors' Report (continued) for the year ended 31 December 2023

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
<p>Professor Gemma A Figtree MB BS, DPhil (Oxon), FRACP, FCSANZ, FAHA</p>	<p>Gemma is a Professor in Medicine at the University of Sydney and an Interventional Cardiologist at Royal North Shore Hospital in Sydney. She is the Chair of the University of Sydney's multi-disciplinary Cardiovascular Initiative. Discoveries in her Laboratory have been published in leading journals including the Lancet, Circulation, JACC and European Heart Journal, with > 215 publications. She was awarded a National Health and Medical Research Council (NHMRC) Excellence Award for Top Ranked Practitioner Fellow (Australia- 2018), and NSW Ministerial Award for Cardiovascular Research Excellence (2019).</p> <p>Gemma serves as a member of the Editorial Board of leading international journals including Circulation and Cardiovascular Research and an Associate Editor for Heart, Lung and Circulation. She is a strong advocate for cardiovascular research, working as President of the Australian Cardiovascular Alliance with a national team to secure \$220 Million Federal funding for the Mission for Cardiovascular Health. She chairs the MRFF Mission (CV) Expert Advisory Panel.</p>	<p>Attended 5 Meetings / out of a possible 8 Meetings</p>	<p>Appointed 31-Oct-2021</p>
<p>Mr Ian Humphreys LLM, LLB, BA, GradDipLegalStudies</p>	<p>Ian Humphreys is a partner in Ashurst's Brisbane office. He specialises in employment, energy and resources, occupational health and safety, workplace relations and workplace training.</p> <p>He provides a full range of industrial relations and employment law services to clients including many of Australia's largest corporations, employer associations and government entities including the provision of high level strategic advice and the conduct of major litigation.</p> <p>Ian is a specialist in the mining, energy and resources sector. He is a primary adviser on complex industrial disputes, workplace change initiatives and other workplace incidents.</p>	<p>Attended 8 Meetings / out of a possible 8 Meetings</p>	<p>Appointed 16-Mar-2022</p>
<p>Ms Alice Tay LLB, FGIA, GAICD</p>	<p>Alice Tay was a corporate and commercial lawyer for over 30 years. Since leaving legal practice, Alice has concentrated on her board and committee positions.</p> <p>Alice is a Director of Molonglo Financial Services Ltd which operates 4 branches of the Bendigo Community Bank in the Canberra Region, as well as a Director of Community Housing Canberra Limited. In 2020, she was appointed by the ACT Chief Minister to the University of Canberra Council where she also chairs the Audit and Risk Management Committee and is a member of the Finance Committee. Alice is a graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.</p>	<p>Attended 6 Meetings / out of a possible 8 Meetings</p>	<p>Appointed 29-May-17</p>

National Heart Foundation of Australia

Directors' Report (continued) for the year ended 31 December 2023

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
<p>Ms Jennifer Tucker LLB, BCom, Advanced Diploma GDip Marketing, GAICD</p>	<p>Jennifer Tucker has more than 20 years of experience across a range of senior marketing, sales and business leadership roles in the consumer products sector and is the Chair of the Revenue Committee on the Heart Foundation Board.</p> <p>Jennifer has degrees in Commerce and Law, is a graduate of the Harvard Business School AMP and Australian Institute of Company Directors Course and is a member of the Mission for Cardiovascular Research Expert Advisory Panel and Chief Executive Women.</p> <p>Jennifer's career covers developing consumer centric marketing, innovation and organizational change programs. She is the Executive Merchandise Director at Bunnings Group Limited.</p>	<p>Attended 8 Meetings / out of a possible 8 Meetings</p>	<p>Appointed 29-May-17</p>
<p>Mr Peter Matruglio BA (Accounting), FCA, GAICD</p>	<p>Peter Matruglio is an experienced professional with a proven track record of working with boards, executives and their teams to leverage finance, risk and business intelligence for competitive advantage. He has over 35 years' experience, including approximately 20 years as a partner with both Ernst & Young and Deloitte. Peter is a Fellow of Chartered Accountants Australia and New Zealand, an Australian CPA and a graduate of the Australian Institute of Company Directors. In addition, he is an Adjunct Professor with the University of Canberra Faculty of Business, Government and Law and a member of the NSW Chartered Accountants Advisory Group. Peter has also been a Member of the Heart Foundation Investment Committee since July 2023. Peter is currently the Chair of the Heart Foundation's Risk, Audit and Governance Committee (Committee Chair from 30 May 2023) .</p>	<p>Attended 8 Meetings / out of a possible 8 Meetings</p>	<p>Appointed 24-Oct-2022</p>
<p>Mr Stephen Halliday BA, GAICD</p>	<p>Stephen Halliday has more than thirty years' experience in a successful career across media, politics, government and government relations. As a government relations specialist he has worked for fourteen years as a Director with Hawker Britton. He worked with clients across the widest range of industry sectors. Stephen was Mike Rann's Chief of Staff as both Premier and Opposition Leader in South Australia (1994-2004). This followed a career including work as a Media Adviser to both Governments and Oppositions in South Australia and as a journalist in TV and radio at the ABC. Stephen has a BA (Journalism) and is a Graduate Member of the Australian Institute of Company Directors (GAICD).</p>	<p>Attended 3 Meetings / out of a possible 3 Meetings</p>	<p>Appointed 25-July-2023</p>

National Heart Foundation of Australia

Directors' Report (continued)

for the year ended 31 December 2023

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Professor Ray Mahoney PhD, Master of Health Science	Professor Mahoney is a Bidjara man with family ties to Central West Queensland who has codesigned a range of cardiovascular disease, health service evaluation and eHealth research projects with Aboriginal and Torres Strait Islander Community Controlled organisation partners and health services. He is the Discipline Lead of Population Health and Professor of Aboriginal and Torres Strait Islander Health in the College of Medicine and Public Health at Flinders University & Principal Research Scientist in the Australian eHealth Research Centre, Health & Biosecurity at CSIRO.	Attended 2 Meetings / out of a possible 3 Meetings	Appointed 8-Aug-2023

A summary of Committee meetings held and attendances of Board Members up to 31 December 2023 is set out below:

	Heart Health Committee	Risk, Audit and Governance Committee	Revenue Committee	Research Strategy Committee	Investment Committee	Nomination and Remuneration Committee
	2 Meetings	5 Meetings	0 Meetings	3 Meetings	4 Meetings	0 Meetings
Mr M D'Orazio						
A/Prof D M Colquhoun	1					
A/Prof N Cox	2					
Ms I Demir					4	
Ms R Davies	2			3		
Prof G Figtree	2					
Mr I Humphreys		5			1	
Ms A Tay		2			2	
Ms J L Tucker				1		
Mr P Matruglio		5			3	
Mr S Halliday						
Prof R Mahoney						

Corporate Governance Statement

National Heart Foundation is a company limited by guarantee, incorporated under the Corporations Act 2001 and registered under the Australian Charities and Not-For-Profits Commission (ACNC). Ultimate responsibility for the governance of the company rests with the Board of Directors. This corporate governance statement outlines how the Board meets that responsibility. The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

Role of the Board

The role of the Board is to provide strategic oversight and direction for the Foundation's activities and ensure that those organisational activities are directed towards achieving its vision of an Australia free of heart disease and its mission to reduce heart disease and improve heart health and quality of life of all Australians through our work in Risk Reduction, support, care and research. The Board must ensure that the vision and mission are achieved in the most efficient and effective way.

National Heart Foundation of Australia

Directors' Report (continued)

for the year ended 31 December 2023

Oversight by the Board

The Board oversees and monitors the performance of management by:

- > Meeting at least six times during the year.
- > Receiving detailed financial and other reports from management at those meetings.
- > Receiving additional information and input from management when necessary.
- > Assigning to the Risk, Audit and Governance, Heart Health, Research Strategy, Investment, Revenue and Executive committees the responsibility to oversee particular aspects and provide advice on the operations and administration of the Foundation.

Each Board Committee operates under its own terms of reference approved by the Board and is chaired by a Director of the Foundation and comprises at least two other Board members, and where appropriate, other relevant technical experts and consumer representatives.

Specific responsibilities of the Board

The Board fulfils its primary role by:

- > Selecting, appointing, guiding and monitoring the performance of the Chief Executive Officer ("CEO").
- > Developing the strategic plan of the National Heart Foundation in conjunction with the CEO and management.
- > Approving operating and capital budgets developed by the CEO and management.
- > Monitoring the progress of management in achievements against the strategic plan.
- > Monitoring the adherence by management to operating and capital budgets.
- > Ensuring the integrity of internal control, risk management and management information systems.
- > Ensuring stakeholders receive regular reports, including financial reports.
- > Ensuring the independence of the Foundation from government, industry and other groups in determining health and other policies and recommendations.
- > Ensuring the Foundation complies with relevant legislation and regulations.
- > Acting as an advocate for the Foundation whenever and wherever necessary.

These responsibilities are set out in a Corporate Governance Framework, including a Board Charter.

Responsibilities of management

The Board has formally delegated responsibility for the day-to-day operations and administration of the National Heart Foundation to the CEO and executive management.

Board members

All Directors are non-executive, serving in an honorary capacity without compensation. The Constitution of the Foundation specifies:

- > The Directors of the National Heart Foundation shall be the Chairman, and up to a maximum of fourteen additional Directors appointed in accordance with the Constitution.
- > No person who is an employee of the National Heart Foundation is eligible for nomination or appointment as an office bearer or Director.
- > That at each annual general meeting any Director elected as a casual director since the previous annual general meeting and a minimum of one third of the remaining Directors retire from office, but each is eligible for re-election.
- > That no director may serve more than a maximum of nine consecutive years before they become ineligible for re-election.

The Board is the final authority on the operations of the National Heart Foundation and has complete responsibility for the control and the overall management of the affairs, funds and property of the Foundation. It oversees corporate strategy, policy and performance, thus helping protect the rights and interests of the Foundation, its employees, donors and stakeholders. The Board ensures it is well equipped with skills and expertise relevant to the Foundation's activities to make it a stable and effective governing body. The current Board's qualifications, skills, experience and responsibilities appear on pages 4-7. Management presentations to the Board enable Directors to maintain knowledge of the business and operations of the Foundation. New Board members receive written advice of the terms and conditions of their appointment and are provided with an induction when first appointed. A formalised Board Performance Evaluation process is undertaken.

National Heart Foundation of Australia

Directors' Report (continued)

for the year ended 31 December 2023

Risk management

The Board oversees the establishment, implementation, monitoring and regular review of the risk management system of the National Heart Foundation, which is designed to protect its reputation and manage those risks that might preclude it from achieving its mission. Management is responsible for establishing and implementing the risk management system which assesses, monitors and manages operational, financial reporting and compliance risks. The financial statements of the National Heart Foundation are subject to an independent, external audit. Guidelines for internal controls have been adopted and the Foundation has also appointed an external body to undertake the internal audit function.

Ethical standards and code of conduct

Board members, all staff and volunteers are expected to comply with relevant laws, regulations and codes of conduct of relevant professional bodies, and to act with integrity, compassion, fairness and honesty at all times when dealing with colleagues and any stakeholders in the vision and mission of the National Heart Foundation. Board members, all staff and volunteers are provided with a copy of the Foundation's Code of Conduct policy during their induction to the organisation.

Involving stakeholders

The National Heart Foundation has many stakeholders, including its donors and supporters, its staff and volunteers, the broader community and suppliers. The Foundation adopts a consultative approach in dealing with its stakeholders. The Board has endorsed and is constantly reviewing the Foundation's policies and procedures that uphold the reputation and standing of the Foundation.

Principal Activities and Achievement of Objectives

The primary activities of the National Heart Foundation are directed towards achieving its mission to reduce heart disease and improve heart health and quality of life of all Australians through our work in Risk Reduction, support, care and research and the raising of funds to carry out this work. There were no significant changes in the nature of those activities during the year.

Short and Long-Term Objectives and Strategies for Achieving These Objectives

The Heart Foundation's three-year strategic plan, "Connecting Hearts" ended 31 December 2023.

At the March 2023 Board Meeting, the Board endorsed the 25 Year Vision and plan to develop the Vision 2050 strategy. 2024 will be the period in which the Foundation builds the platform of collaborations, partnerships and funding that will be needed to launch Vision 2050 in the first quarter of 2025.

Vision 2050 is aligned directly with the Foundation's vision for Australians to have the best cardiovascular health in the world and our mission to reduce heart disease and improve heart health and quality of life of all Australians through our work in Risk Reduction, support, care and research.

The key themes in Vision 2050 include:

- > Improve the prevention, early detection, and management of cardiovascular disease (CVD) Risk.
- > Improve physical and psychological recovery after a heart disease diagnosis.
- > Reduce disparities in cardiovascular care in high priority populations.

Vision 2050 will focus on reducing the prevalence and impact of risk factors for heart disease, improve the outcomes for Australians living with heart disease, fund the highest impact research into heart disease, ensure that we are financially viable, scaleable, sustainable and ethical and working as one team across all the Foundation's programs.

Review of Foundation's Results and Operations for Current Year (in \$'000's)

The Foundation's net financial result for the year is a surplus of \$11,178k (2022: \$9,006k deficit) driven mainly by a strong revenue performance and positive movements in the fair market value of its investments. The operating result of \$1,533k surplus represents an improvement from the prior year's operating deficit of \$2,889k, as a result of a strong revenue performance and good cost controls in place.

Total revenue from operating activities was \$55,910k (2022: \$49,173k), representing a 14% increase from the revenue in 2022. Bequest income of \$30,187k was up from the previous year (2022: \$27,524k) and was the major contributor to higher total revenue for the year. Non-bequest income of \$18,854k was higher than the previous year (2022: \$16,605k). The Foundation is primarily supported by generous donations from the Australian public and is continuing to review and renew its fundraising efforts and programs to develop new initiatives and refresh existing activities to enable the growth of non-bequest income.

National Heart Foundation of Australia

Directors' Report (continued)

for the year ended 31 December 2023

Total operating expenditure was \$54,377k (2022: \$52,062k). With good cost control in expenditure, total operating expenditure increased only by 4% year on year.

Research expenditure was \$21,915k (2022: \$21,660k). Currently there is funding in place for 195 active grants, compared to 200 active grants in 2022. The Foundation has delivered on its commitment to research funding in 2021-2023 of \$50 million. Financial support for previously awarded grants requiring payment in future periods totals \$30.0 million over the next five years.

Net finance income was boosted by positive movements in investments. The 2023 result includes \$6,380k of positive fair value market revaluations, compared to \$4,752k of fair value market losses in 2022, in line with market movements over the two years.

Other comprehensive income from sale and revaluation of investments is zero as the movements are recognised in the Statement of Surplus or deficit in 2023. 2022 showed a loss of \$849k in other comprehensive income. The net financial result from the Investment Portfolio was \$9,644k for 2023.

Overall, the operating result for the Foundation was in line the Board's expectations, with the Foundation delivering significant programs in 2023. The Foundation closed 2023 with overall equity of \$104,958k (2022: \$93,584k).

A comprehensive discussion about the activities of the Foundation can be found in the 2023 Annual Review.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs during 2023.

Conditions under Section 60 of the ACNC Act-2018 onwards

The Financial statements include operations in all state and territories as per the prior year. All of the State and Territories as noted in this Directors' Report as well as the National Heart Foundation have Deductible Gift Recipient status. The Financial statements only includes information relating to registered ACNC entities and their financial results are fully included in the financial statements for 2022 and 2023. The ACNC has also granted group financial reporting which allows the Annual Financial Statement and Annual Financial Report to be lodged on a joint basis removing the requirement for each entity to lodge these documents separately.

Likely Developments

In the opinion of the Directors there are no likely developments that will change the nature of the operations of the National Heart Foundation.

Environmental Regulation

The Foundation's operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However, the Directors believe that the Foundation has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Foundation.

Rounding Off

The Foundation is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

National Heart Foundation of Australia

Directors' Report (continued)

for the year ended 31 December 2023

Events Subsequent to Reporting Date

There are no items, transactions or events of a material and unusual nature that have occurred since 31 December 2023 which are likely, in the opinion of the Directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future financial years.

Insurance Premiums

The Foundation has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts, for current and former officers, including executive officers, of the Foundation and Directors and executive officers of the State and Territory Divisions. The terms of the policy prevent disclosure of the insurance premium. The insurance premiums relate to:

- > costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- > other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The premiums were paid in respect of the Directors and officers of the Foundation listed in this report, and do not contain details of premiums paid in respect of individual Directors or officers.

Indemnification

During the year, the Foundation has not made any specific payments to indemnify any person who is or has been an officer or auditor of the Foundation. The Directors have the normal indemnifications within the D&O Insurance and the Director Deed of Insurance, Indemnity and Access.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 40 and forms part of the Directors' report for financial year 2023.

Signed in accordance with a resolution of the Directors.



Mr Mario D'Orazio
Chair
29 April 2024

National Heart Foundation of Australia

Directors' Declaration

for the year ended 31 December 2023

In the opinion of the Directors of National Heart Foundation of Australia ("the Foundation"):

(a) the financial statements and notes, set out on pages 13 to 36, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:

(i) giving a true and fair view of the Foundation's financial position as at 31 December 2023 and its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Regulations 2022.

(b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mr Mario D'Orazio
Chair
29 April 2024

National Heart Foundation of Australia

Statement of Surplus or Deficit and Other Comprehensive Income for the year ended 31 December 2023

		\$ '000s	\$ '000s
Revenue			
Revenue from operating activities	4	55,910	49,173
Total Revenue		55,910	49,173
Research expenditure		(21,915)	(21,660)
Grant funded health programs		(5,635)	(4,193)
Health programs incl. Population health and wellbeing		(8,837)	(10,830)
Fundraising expenditure		(10,143)	(7,200)
Communications and health awareness campaigns		(3,661)	(3,778)
Administration		(4,186)	(4,401)
Total Expenditure		(54,377)	(52,062)
Results from operating activities		1,533	(2,889)
Net investment returns	6	3,163	4,023
Net realised and unrealised gains/(losses)	6	6,482	(9,292)
Net financial result from Investment Portfolio	6	9,644	(5,269)
Surplus/(Deficit) for the year before tax		11,178	(8,158)
Income tax expense	3c	-	-
Surplus/(Deficit) for the year after tax		11,178	(8,158)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
(Losses)/Gains on sale and revaluation of equities	6, 18	-	(849)
Items that may be reclassified subsequently to surplus or deficit		-	-
Total other comprehensive (deficit)/income		-	(849)
Total comprehensive income/(deficit) for the year		11,178	(9,006)

The notes on pages 17 to 36 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Financial Position

as at 31 December 2023

	Notes	2023	2022
Current Assets			
Cash and cash equivalents	7a	9,301	12,428
Other Financial Assets	9a	855	2,093
Trade and other receivables	8	2,028	2,429
Inventories		55	42
Total Current Assets		12,239	16,992
Non-Current Assets			
Investments	9b	100,411	84,373
Property, equipment and vehicles	10	3,821	3,366
Right of use leased assets	16	1,555	2,305
Intangibles	11	-	172
Total Non-Current Assets		105,788	90,216
Total Assets		118,027	107,208
Current Liabilities			
Trade and other payables	12	3,597	3,559
Contract Liability	13	5,118	4,873
Employee benefits	14	1,354	865
Provisions	17	212	-
Lease Liabilities	15	1,250	1,685
Total Current Liabilities		11,531	10,982
Non-Current Liabilities			
Contract Liability	13	133	-
Employee benefits	14	106	82
Provisions	17	385	533
Lease Liabilities	15	912	2,027
Total Non-Current Liabilities		1,536	2,642
Total Liabilities		13,067	13,624
Net Assets		104,958	93,584
Equity			
Reserves	18	8,117	7,811
Retained Earnings		96,841	85,773
Total Equity		104,958	93,584

The notes on pages 17 to 36 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Changes in Equity as at 31 December 2023

	Notes	Fair Value Reserve \$ '000s	Specific / Restricted Reserve \$ '000s	Retained Earnings \$ '000s	Total Equity \$ '000s
Balance as at 1 January 2022		8,429	12,902	81,257	102,588
Comprehensive income for the year					
Surplus/(Deficit) for the year		-	-	(8,158)	(8,158)
Other comprehensive income					
Net gains/(losses) on sale of equities	6	(849)	-	-	(849)
Net change in fair value of financial assets	6	-	-	-	-
Transfer (from)/to retained earnings - Fair Value Reserve		(7,579)	-	7,579	-
Transfer (from)/to retained earnings - Specific/Restricted Reserves	18	-	(5,093)	5,093	-
Total other comprehensive income		(8,428)	(5,093)	12,672	(849)
Total comprehensive income for the year		(8,428)	(5,093)	4,514	(9,006)
Balance as at 31 December 2022		-	7,811	85,773	93,584
Balance as at 1 January 2023		-	7,811	85,773	93,584
Comprehensive income for the year					
Surplus/(Deficit) for the year		-	-	11,178	11,178
Other comprehensive income					
Transfer (from)/to retained earnings - Specific/Restricted Reserves		-	305	(110)	195
Total other comprehensive income		-	305	(110)	195
Total comprehensive income for the year		-	305	11,068	11,373
Balance as at 31 December 2023		-	8,117	96,841	104,958

The notes on pages 17 to 36 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Cash Flows for the year ended 31 December 2023

	\$ '000s	\$ '000s
Cash flows from operating activities		
Cash receipts in the course of operations	57,240	49,760
Cash payments in the course of operations	(52,771)	(52,622)
Net financial income	3,250	4,289
Net cash from/(used in) operating activities	7,719	1,427
7b		
Cash flows from investing activities		
Proceeds from sale of property, equipment and vehicles	6	94
Acquisition of property, equipment, vehicles and computer software	(752)	(140)
Proceeds from sale of investments	5,219	105,145
Acquisition of investments	(13,538)	(97,806)
Net cash (used in)/from investing activities	(9,065)	7,294
Cash flows from financing activities		
Payment of principal on lease liabilities	(1,694)	(1,413)
Payment of interest on lease liabilities	(87)	(451)
Net cash used in financing activities	(1,781)	(1,864)
Net increase/(decrease) in cash and cash equivalents	(3,127)	6,856
Cash and cash equivalents at 1 January	12,428	5,572
Cash and cash equivalents at 31 December	9,301	12,428
7a		

The notes on pages 17 to 36 are an integral part of these financial statements

Notes to the financial statements
for the year ended 31 December 2023

1 Reporting entity

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the Directors on 29 April 2024.

(b) Basis of measurement

The financial report is prepared on a cost basis except for equity and bond instruments which are measured at fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Foundation's functional currency. The Foundation is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Leased assets and liabilities

The Foundation has entered into leases of premises as disclosed in Note 16. Management has applied the incremental borrowing rates to this calculation based with reference to the Foundation's credit rating and reasonably certain lease terms.

(ii) Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the Foundation's past experience with similar premises and estimates of likely restoration costs determined by the property manager of the leased premises. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated. Refer to Note 17.

(iii) Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in Note 3(k). Refer to Note 14.

(iv) Valuation of investments

Investments in listed equity securities are classified as fair value through profit and loss and movements in fair value are recognised directly in the Statement of Surplus or Deficit. The fair value of listed securities has been determined by reference to published price quotations in an active market.

Investments in debt instruments (bonds) and managed unit trusts are classified as fair value through profit and loss and movements in fair value are recognised directly in the Statement of Surplus or Deficit. The fair value of debt instruments has been determined by reference to published price quotations in an active market.

National Heart Foundation of Australia

Notes to the financial statements (continued)
for the year ended 31 December 2023

2 Basis of preparation (continued)

(e) Basis of financial statement accounting

Following unification in 2019, the Foundation's operations are performed under the National entity in multiple jurisdictions, with offices operating throughout Australia in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory. Heart Foundation has subsidiary companies in each State and Territory. On occasion money still flows through these divisions (subsidiaries) (ie for bequests). Subsidiaries are entities controlled by the Foundation. The Foundation 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the 'consolidated' financial statements from the date on which control commences until the date on which control ceases.

(f) Changes in accounting policies

The Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

(g) Adoption of new and revised Accounting Standards

New and amended Accounting Standards that are effective for the current year

The Foundation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2023. The new or amended standards have not had a significant impact on the Foundation's financial statements.

New and revised Australian Accounting Standards on issue but not yet effective

There are no new and revised Australian Accounting Standards, Interpretations and amendments that are not yet effective and that are expected to have a material impact on the Foundation's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this financial report.

(a) Revenue recognition

(i) Charitable support

Revenue is received from appeals, donations, fundraising events and is brought to account on a cash received basis, in accordance with AASB 1058 *Income for Not-For-Profit Entities*. When assets, such as cash, investments or properties, are received from a bequest, an asset and corresponding revenue is recognised, at fair value, when the Foundation gains control of such assets and the value of the asset can be reliably measured.

(ii) Interest and dividend revenue and distributions from managed funds

Interest revenue is recognised as it accrues on a daily basis. Dividend revenue is recognised when the right to receive payment is established. Where dividends are franked the dividend is recognised inclusive of imputation credits, which are refunded by the Australian Taxation Office ("ATO"). Distributions from managed investment funds are recognised as revenue in the period to which they relate.

(iii) Grants for health programs and research (contract liability)

Grants received for specific health programs or research are captured in accordance with AASB 15 *Revenue from Contracts with Customers*, meaning they are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as a contract liability as recognised in Note 13. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body.

(iv) Services of volunteers

A number of volunteers, including Directors and members of committees, donate an amount of their time to the activities of the Foundation across Australia and also supported the Foundation by participating and raising funds through the Walking programs. However, as no objective basis exists for recording and assigning market values to these volunteer services, they are not reflected in the financial statements as either revenue or expenses.

Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
<i>Charitable support:</i> Funding from philanthropic sources (non-bequest)	Revenue is recognised upon receipt.
<i>Charitable support:</i> Bequests	Revenue is recognised upon receipt.
<i>Sale of Goods:</i> Jump Rope, Walking merchandise and Heart Foundation publications	Revenue is recognised when goods are transferred to the customer.
<i>Interest and dividend revenue and distributions from managed funds</i>	Revenue is recognised on receipt.
<i>Grant funding contracts with funds paid in advance:</i> The Foundation's grant funding agreements are enforceable contracts with specific outcome and performance obligations. Invoicing is based on contractual milestones and usually payable within 30 days.	Revenue is recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount is recognised as a contract liability.

Notes to the financial statements (continued)
for the year ended 31 December 2023

3 Significant accounting policies (continued)

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"). Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ("ATO") is included as a current asset or current liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

(c) Income tax

The Foundation is exempt from paying income tax due to being classified as a charitable institution in terms of section 50(5) of the Income Tax Assessment Act 1997. The Foundation is also endorsed as Deductible Gift Recipient and falls under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Inventories

Inventories, representing Jump Rope, Walking merchandise and Heart Foundation publications, are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs and include purchase prices plus design and freight costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of disposal.

(e) Property, equipment and vehicles

(i) Recognition and measurement

Items of property, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to Note 3(j)(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive Income.

(ii) Depreciation

Depreciation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of property, equipment and vehicles from the date they are acquired and are ready for use. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

> buildings	40 years
> leasehold improvements	5 - 10 years
> office furniture and equipment	3 - 10 years
> motor vehicles	4 years

Depreciation methods, remaining useful lives and the residual values of individual assets, if not insignificant, are reviewed at each reporting date.

(iii) Reclassification to assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, equipment and vehicles are no longer depreciated.

(f) Leased assets including property and equipment

The Foundation has applied AASB 16 to account for its Leases.

At inception of a contract, the Foundation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Foundation uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured if there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (eg. Consumer Price Index (CPI)). Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or, if this is zero, is recorded in profit and loss.

The Foundation presents right-of-use assets that do not meet the definition of investment property in 'property, equipment and vehicles' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

(ii) As a lessor

At the inception or on modification of a contract that contains a lease component, the Foundation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Foundation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Foundation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Foundation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Foundation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Foundation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Foundation applies AASB 15 to allocate the consideration in the contract.

The Foundation recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Notes to the financial statements (continued)
for the year ended 31 December 2023

3 Significant accounting policies (continued)

(g) Intangible assets

(i) Computer software

Significant items of computer software are stated at cost less accumulated amortisation and impairment losses. Minor expenditure on computer software is expensed as incurred.

(ii) Amortisation

Amortisation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of computer software from the date it is acquired and is ready for use. Estimated useful lives are deemed to be 2-3 years. Remaining useful lives are reassessed annually. No residual value is assumed.

(h) Non-derivative financial assets

The Foundation initially recognises loans and receivables on the date when they originated. All other financial assets are initially recognised on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through Surplus or Deficit, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Foundation subsequently measures financial assets at either amortised cost or fair value.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. On initial recognition, the Foundation classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- > the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- > the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

(ii) Financial assets measured at fair value

In the prior years, financial instruments were classified as measured at amortised cost, Fair Value Other Comprehensive Income (FVOCI) or Fair Value Through Profit Loss (FVTPL). For the financial year ended 31 December 2023, financial instruments were classified as measured at amortised cost or Fair Value Through Profit Loss (FVTPL).

(iii) Financial assets – Business model assessment

The Foundation makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- > the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- > how the performance of the portfolio is evaluated and reported to the Foundation's management; —the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- > how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- > the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Foundation's continuing recognition of the asset.

for the year ended 31 December 2023

3 Significant accounting policies (continued)**(h) Non-derivative financial assets (continued)****(iv) Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Foundation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Foundation considers:

- > contingent events that would change the amount or timing of cash flows.
- > terms that may adjust the contractual coupon rate, including variable-rate features.
- > prepayment and extension features.
- > terms that limit the Foundation's claim to cash flows from specified assets (e.g. non-recourse features). A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(v) Financial assets – Subsequent measurement and gains and losses

- > For the financial year ended 31 December 2023, financial instruments were classified as measured at amortised cost or Fair Value Through Profit Loss (FVTPL).
- > Financial assets at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit & loss. The Foundation holds managed funds measured using this method.
- > Financial assets at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- > Debt investments at FVOCI. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- > Equity investments at FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Foundation holds equity share investments using this method.

(vi) Share capital

The Foundation has no issued capital and is a company limited by guarantee. If the Foundation is wound up each member would have a liability of an amount not exceeding \$20. Refer Note 21.

(vii) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank accounts and short term deposits maturing within 90 days and are stated at fair value. Bonds and term deposits maturing beyond 90 days are classified as investments.

(i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Foundation classifies all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables that are stated at cost, this being equivalent to fair value. Research grants and fellowships are payable generally by quarterly instalments over a period of up to three years. Liabilities are recognised for these payments as they become due and payable, with the balance of the approved grants and fellowships recorded as unenforceable commitments.

(j) Impairment**(i) Non-derivative financial assets including receivables**

Each financial asset not classified at fair value through surplus or deficit is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset and can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. An impairment loss in respect of amortised cost investments is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at an appropriate effective interest rate and is recognised directly in the Surplus or Deficit. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.

Notes to the financial statements (continued)
for the year ended 31 December 2023

3 Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any objective evidence that they are impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss for an individual asset measured under the cost model is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income, whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income to the extent that an impairment loss was previously recognised in the Statement of Surplus or Deficit and Other Comprehensive Income. The recoverable amount of an asset is its depreciated replacement cost and its fair value less costs to sell. Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Impairment losses are recognised in Surplus or Deficit. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Calculation of recoverable amount

The recoverable amount of assets is their depreciated replacement cost as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate cash inflows.

(k) Employee benefits

(i) Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Foundation expects to pay at each reporting date. Short term employee benefits are expensed as the related service is provided.

(ii) Other long term benefits

The provisions for employee entitlements to long service leave represent legal and constructive obligations resulting from employees' services provided up to reporting date, that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at actuarial present values based on wage and salary rates, including related on-costs, which the Foundation expects to pay at each reporting date using:

- > assumed rate of future increases in wage and salary rates: 2023: 3% (2022: 2.75%).
- > discount rate based on corporate securities which most closely match the terms to maturity of the related liabilities: 2023: 5.2% (2022: 5.8%).
- > expected settlement dates: 2023: 2 years (2022: 2 years).

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date. The provision is calculated using the following weighted averages:

- > assumed rate of future increases in wage and salary rates: 2023: 3% (2022: 2.75%).
- > discount rate based on corporate securities which most closely match the terms to maturity of the related liabilities: 2023: 5.2% (2022: 5.8%).
- > expected settlement dates based on turnover history: 2023: 10 years (2022: 10 years).

(l) Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the true value of money and risks specific to the liability. Provisions consist of make good of leased premises.

(m) Segment reporting

The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment (Australia).

(n) Finance income and finance costs

Finance income comprises interest income, dividend income, fair value movement of managed funds and gains on disposal of financial assets. Finance costs comprise management fees, losses on disposal, fair value movement of bonds and impairment of financial assets.

Notes to the financial statements (continued)
for the year ended 31 December 2023

3 Significant accounting policies (continued)

(o) Financial risk management

The Foundation has exposure to the following risks from their use of financial instruments:

- > credit risk.
- > liquidity risk.
- > market risk.
- > operational risk.

Further details in respect of each of these risks are set out in Note 24 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board's policy is to maintain a strong capital base so as to maintain supporter, donor, creditor and market confidence and to sustain future development of the business. There were no changes in the Foundation's approach to capital management during the year. The Foundation is not subject to externally imposed capital requirements.

(p) Determination of fair values

A number of the Foundation's accounting policies and disclosures required the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

(i) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

(ii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

	2023	2022
	\$ '000s	\$ '000s
4 Revenue from operating activities		
Income for NFP entities - AASB 1058		
Charitable support - bequests	30,187	27,524
Charitable support - non-bequests	18,854	16,605
<i>Total revenue from fundraising activities</i>	<u>49,041</u>	<u>44,130</u>
Revenue from contracts with customers - AASB 15		
Grants for specific health programs and research - Government	5,635	4,193
Grants for specific health programs and research - other	875	577
Sale of goods	84	72
Other	276	202
<i>Total revenue from operating activities</i>	<u>6,870</u>	<u>5,044</u>
Total revenue from operating activities	<u>55,910</u>	<u>49,173</u>
All revenue is raised for the information, education, research and advocacy programs of Heart Health. All revenue is raised within Australia.		
5 Auditors' remuneration		
Audit services	111	110
Other services	8	22
Total Auditors' remuneration	<u>119</u>	<u>132</u>
6 Finance income and costs		
Recognised in surplus/(deficit)		
Interest income	445	545
Dividend income and distributions from managed funds	2,976	3,743
Fees of external investment managers	(299)	(264)
Gain/Loss on foreign exchange	40	-
Net Investment returns	<u>3,163</u>	<u>4,023</u>
Net Unrealised gains / (losses) on managed funds and bonds	6,380	(4,752)
Net Realised gains / (losses) on managed funds and bonds	102	(4,540)
Net realised and unrealised gains/(losses)	<u>6,482</u>	<u>(9,292)</u>
Net financial result from Investment Portfolio	<u>9,644</u>	<u>(5,269)</u>
Recognised in other comprehensive income		
Realised loss on disposal of shares	-	(849)
Net deficit taken directly to retained earnings	-	(849)
Net fair value (decrements)/increments of financial assets	-	-
Net finance income and costs recognised in Other Comprehensive Income	<u>-</u>	<u>(849)</u>

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

7a Cash and cash equivalents	2023 \$ '000s	2022 \$ '000s
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0%-1.25% (2022: 0% to 1.30%)	9,301	12,428
	9,301	12,428
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 24. The carrying value of cash and cash equivalents is equal to cost.		
Included within cash and cash equivalents is restricted cash of \$2.4m (2022: \$2.13m), which was received specifically for restricted purposes.		
7b Reconciliation of cash flows from operating activities		
Net surplus/(deficit)	11,178	(8,158)
Adjustments for non cashflows:		
Depreciation / Amortisation expense	1,363	2,081
Make good provision expense		80
Gain/ (loss) on disposal of investments	-	-
Net realised and unrealised (gains)/losses on investments	(6,482)	9,157
Net gain on PPE	(3)	(40)
Transactions processed directly through specific reserve	195	-
Interest on lease liabilities - classified under financing activities	87	451
Accrued Interest & Dividend	-	(140)
	6,338	3,430
Changes in assets and liabilities		
Decrease (Increase) in receivables	401	(430)
Decrease in current investments	-	541
(Increase) Decrease in inventories	(14)	20
(Decrease) Increase in payables	78	705
Increase (Decrease) in grants income deferred	339	(2,314)
(Decrease)/ Increase in make good provisions	64	
Increase (Decrease) in employee benefits	513	(525)
	1,381	(2,003)
Net cash from/(used in) operating activities	7,719	1,427
8 Trade and other receivables		
Other receivables and prepayments	2,028	2,429
	2,028	2,429
The carrying value of trade and other receivables is equal to cost. The Foundation's exposure to credit risk related to trade and other receivables is disclosed in Note 24.		
9a Other Current Financial Assets		
Term deposits	855	2,093
	855	2,093
9b Non-current investments		
Non-current term deposits	1,362	-
Listed shares	-	-
Unlisted units in managed funds	75,672	65,084
Bonds	23,378	19,289
	100,411	84,373
Total Current and non-current Financial Assets and Investments	101,266	86,466

The carrying value of investments is equal to fair value. The Foundation's exposure to interest rate risk and equity/unit price risk is disclosed in Note 24.

The remaining balance of specific restricted reserves excluding cash are held within the investment portfolio.

National Heart Foundation of Australia

Notes to the financial statements (continued)
for the year ended 31 December 2023

10 Property, equipment and vehicles

	Freehold land	Buildings	Leasehold improvements	Office furniture & equipment	Motor Vehicles	Total
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Cost						
Balance at 1 January 2022	1,660	2,075	250	1,735	96	5,817
Acquisitions	-	5	74	61	-	140
Disposals	-	-	-	(23)	(76)	(99)
Balance at 31 December 2022	1,660	2,080	324	1,773	20	5,858
Balance at 1 January 2023	1,660	2,080	324	1,773	20	5,858
Acquisitions	-	338	-	414	-	752
Disposals	-	-	-	(24)	-	(24)
Balance at 31 December 2023	1,660	2,418	324	2,163	20	6,586
Depreciation & impairment losses						
Balance at 1 January 2022	-	730	115	1,344	68	2,257
Depreciation charge for the year	-	89	8	184	4	285
Disposals	-	-	-	-	(52)	(52)
Balance at 31 December 2022	-	819	123	1,528	20	2,490
Balance at 1 January 2023	-	819	123	1,528	20	2,490
Depreciation charge for the year	-	95	11	185	-	291
Disposals	-	-	-	(18)	-	(18)
Balance at 31 December 2023	-	914	134	1,695	20	2,763
Carrying Amounts						
At 31 December 2022	1,660	1,261	201	245	-	3,366
At 31 December 2023	1,660	1,505	190	467	-	3,821

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

11 Intangibles	2023 \$ '000s	2022 \$ '000s
Computer Software		
Cost		
Balance at 1 January	1,440	1,440
Acquisitions	-	-
Disposals	-	-
Balance at 31 December	<u>1,440</u>	<u>1,440</u>
Amortisation		
Balance at 1 January	1,268	754
Amortisation charge for the year	172	514
Disposals	-	-
Balance at 31 December	<u>1,440</u>	<u>1,268</u>
Carrying amounts		
1 January	172	686
31 December	-	172
12 Trade and other payables		
Payables and accrued expenses	<u>3,597</u>	<u>3,559</u>
	3,597	3,559
The carrying value of trade and other payables is equal to cost. The Foundation's exposure to liquidity risk that relates to trade and other payables is disclosed in Note 24.		
13 Contract liability		
Balance at 1 January	4,873	7,187
Amounts received	6,981	2,597
Income recognised as revenue	(6,603)	(4,911)
Balance at 31 December	<u>5,251</u>	<u>4,873</u>
The carrying value of contract liabilities is equal to cost. The Foundation's exposure to liquidity risk relating to contract liabilities is disclosed in Note 24.		
Current contract liabilities	5,118	4,873
Non-current contract liabilities	133	0
	<u>5,251</u>	<u>4,873</u>
14 Employee benefits		
Aggregate liability for employee benefits including on-costs:		
Current - long service leave and annual leave	1,354	865
Non-current - long service leave	106	82
Total employee benefits	<u>1,461</u>	<u>947</u>
<i>Personnel expenses:</i>		
Wages and salaries	17,319	13,891
Contributions to superannuation plans	1,724	1,398
Total personnel expenses	<u>19,043</u>	<u>15,288</u>

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

15 Loans and Borrowings	2023 \$ '000s	2022 \$ '000s
Current Liabilities		
Lease Liabilities	1,250	1,685
	<u>1,250</u>	<u>1,685</u>
Non-Current Liabilities		
Lease Liabilities	912	2,027
	<u>912</u>	<u>2,027</u>
	<u><u>2,162</u></u>	<u><u>3,712</u></u>

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

	Nominal Interest Rate	Year of maturity	2023		2022	
			Face Value	Carrying amount	Face Value	Carrying amount
Lease liabilities	3% - 6%	2023 - 2027	2,480	2,162	4,110	3,712
Total interest-bearing liabilities			<u>2,480</u>	<u>2,162</u>	<u>4,110</u>	<u>3,712</u>

Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	1,364	114	1,250
Between one and five years	1,116	203	912
Later than five years			
	<u>2,480</u>	<u>317</u>	<u>2,162</u>
Current liability	1,364	114	1,250
Non-current liability	1,116	203	912
	<u>2,480</u>	<u>317</u>	<u>2,162</u>

Information on the Foundation's exposure to liquidity and interest rate risk relating to loans and borrowings is disclosed in Note 24.

Bank and corporate card facilities

The following facilities are in place at 31 December 2023:

	Facility value \$'000s	Used balance \$'000s	Unused balance \$'000s
Business card facility	265	12	253
Contingent liability facility	250	149	101

National Heart Foundation of Australia

Notes to the financial statements (continued)

for the year ended 31 December 2023

16 Leases

A. Leases as lessee

The Foundation leases offices around Australia. These leases run for between 1 and 5 years, including renewal options. Lease payments are generally subject to an annual percentage increase and periodic market rent reviews.

The Foundation leases IT equipment which have been classified as leases of low value items. The Foundation has elected not to recognise right-of-use assets and lease liabilities for these.

	2023	2022
	\$ '000s	\$ '000s
(i) Right-of-use assets		
Balance at 1 January	2,305	5,488
Depreciation charge for the year	(899)	(1,321)
Additions to right-of-use	148	1,705
Derecognition of right-of-use assets	-	(3,568)
Balance at 31 December	1,555	2,305

(ii) Amounts recognised in profit and loss

Leases under AASB 16

Interest on lease liabilities	87	451
Income from sub-leasing right-of-use assets presented in 'other income' (Note (iv))	262	132
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-

(iii) Amounts recognised in statement of cash flows

Total cash outflow for leases	1,781	1,864
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(iv) Extension options

Some property leases contain extension options exercisable by the Foundation up to one year before the end of the non-cancellable contract period. The Foundation assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Foundation reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

17 Provisions

	Make good of lease premises	Total
	\$ '000s	\$ '000s
Balance at 1 January 2022	453	453
Future obligations incurred	80	80
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	-
Balance at 31 December 2022	533	533
Current	-	-
Non-current	533	533
	533	533

	Make good of lease premises	Total
	\$ '000s	\$ '000s
Balance at 1 January 2023	533	533
Future obligations incurred	64	64
Balance at 31 December 2023	597	597
Current	212	212
Non-current	385	385
	597	597

The carrying value of make good for leased premises is equal to fair value. The Foundation's exposure to liquidity risk related to the make good provision is disclosed in Note 24.

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

18 Reserves and Equity	2023 \$ '000s	2022 \$ '000s
Movements in reserves during the year:		
Fair Value (related to investments)		
Balance at beginning of year	-	8,429
Net change in fair value of equities	-	(8,429)
Balance at end of year	<u>-</u>	<u>-</u>
Specific or restricted purposes		
Balance at beginning of year	7,811	12,902
Transfer to/from retained earnings		(5,093)
Income received	511	-
Amounts set aside for specific purposes	-	-
Interest credited/(debited)	246	-
Fair value movement	-	-
Payments for research	(451)	(1,733)
Payments for health programs	-	(124)
Payments for corporate programs	-	-
Balance at end of year	<u>8,117</u>	<u>7,811</u>
Total Reserves balance at year end	<u>8,117</u>	<u>7,811</u>
Reserves at beginning of year	7,811	21,331
Retained earnings at beginning of year	85,773	81,257
Total equity at beginning of year	<u>93,584</u>	<u>102,588</u>
Operating surplus/(deficit) for the year	11,178	(8,158)
Other comprehensive income	-	(849)
Other reserve movements	195	-
Total comprehensive income	<u>11,373</u>	<u>(9,006)</u>
Total Equity at end of year	<u>104,958</u>	<u>93,584</u>

Nature and purpose of reserves

Fair value reserve

The fair value reserve was used in prior years and included the cumulative net change in the fair value of investments. Financial investments are now held at FVTPL. These assets are subsequently measured at fair value with gains and losses, including any interest or dividend income recognised in the Statement of Surplus or Deficit and Other Comprehensive Income.

Specific or restricted purposes

Funds and bequests received for specific or restricted purposes or funds set aside for non-recurring expenditure to be incurred in subsequent years are accounted for separately so as to maintain their identity. All revenue and expenses relating to these funds are recorded initially through the Statement of Surplus or Deficit and Other Comprehensive Income, with their net effect then transferred from retained earnings to this reserve. The value of committed research funding is disclosed in Note 19.

19 Capital and other commitments

Research grants and fellowships

Board approved future commitments for existing research grants and fellowships as per agreements are payable as follows:

	2023 \$ '000s	2022 \$ '000s
2023	-	18,012
2024	14,744	11,437
2025	9,064	5,324
2026	4,201	3,197
2027	1,867	-
2028	72	-
	<u>29,949</u>	<u>37,970</u>

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

20 Contingencies

The directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required.

	2023 \$ '000s	2022 \$ '000s
Performance guarantees	876	820
	<u>876</u>	<u>820</u>

Individual members of the Foundation have guaranteed as party to their operating leases in Melbourne, Sydney and Brisbane, the payment of rentals in accordance with the signed agreements for the specified lease terms. The terms of the lease agreements required specific state based members of the Foundation to secure bank guarantees of the below minimum compensation payments to the lessor in the event of default:

	\$
Melbourne lease Lease expiry 31 October 2024	602,023
Sydney lease Lease expiry 21 August 2027	149,131
Brisbane lease - Lease at 1 Lease expired 31 December 2023	69,011
Abbotsford Road, Bowen Hills	
Brisbane lease - Lease at Level 3, Lease expiry 1 September 2029	
127 Creek St, Brisbane	
	56,210
	<u>876,375</u>

The Directors considered no liability is required to be recognised in respect of these guarantees as the Foundation is in compliance with the lease agreements.

21 Company limited by guarantee

The National Heart Foundation of Australia ("the Foundation") is a company incorporated in Australia under the Corporations Act 2001 as a company limited by guarantee. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year afterwards for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of \$20. There are 24 members as at 31 December 2023.

22 Related parties

Key management personnel and director related parties.

The following were Key management personnel of the Foundation at any time during the reporting period, and, unless otherwise indicated were Directors or executive staff of the Foundation for the entire period:

Non-executive Directors

Mr Mario D'Orazio BA, GradDipEd
Associate Professor D M Colquhoun MBBS, FRACP, FCSANZ
Ms Isabelle Demir, LLB (Hons), BCom(Hons), GAICD
Ms Rebecca Davies, AO, B.Ec, LLB (Hons), FAICD
Professor Gemma A Figtree, MB BS, Dphil (Oxon), FRACP, FCSANZ, FAHA
Mr Ian Humphreys, LLM, LLB, BA, GradDipLegalStudies
Ms Alice Tay, LLB, FGIA, GAICD
Ms Jennifer L Tucker, LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD
Mr Peter Matruglio BA (Accounting), FCA, GAICD
Mr Stephen Halliday, BA, GAICD (commenced 25 July 2023)
Professor Ray Mahoney, PhD, Master of Health Science (commenced 8 August 2023)

Non-executive Directors did not receive any remuneration from the Foundation during the current financial year. Apart from details disclosed in this note, no director has entered into a material contract with the Foundation since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

22 Related parties (continued)

Key Management Personnel

Mr David Lloyd - Chief Executive Officer
 Prof G Jennings - Chief Medical Officer
 Ms M De Bondt - Chief Operating Officer
 Mr C Miers - General Counsel & Company Secretary
 Ms E Bowen - National Manager Health Research & Innovation
 Ms L Smith - National Manager Population Health & Wellbeing
 Mr P Thomas - National Manager Public & Local Affairs
 Ms M Wood - National Manager Revenue

	2023 \$ '000s	2022 \$ '000s
The compensation of key management personnel was as follows:		
Short term employee benefits	1,846	1,543
Other long term benefits	168	52
Termination benefits	-	264
Total	2,014	1,859

Transactions between related parties

During the year, the Foundation entered into transactions with related parties. Transactions between the Foundation and related parties are disclosed below:

	2023 \$'000	2022 \$'000
Ashurst Australia	10	-
There are no amounts outstanding at the reporting date.		

DGR Entities and ACNC Registered Charities

All entities included in Note 2(e) are DGR and ACNC Registered Charities. The Financial statements include all state and territory entities, as per the prior year. All of the State and Territory entities as noted in the Directors' Report as well as the National Heart Foundation have Deductible Gift Recipient status. The Financial statements only include information relating to registered ACNC entities and their financial results are fully included in the financial statements for 2022 and 2023. The ACNC has also granted group financial reporting which allows the Annual Financial Statement and Annual Financial Report to be lodged on a joint basis removing the requirement for each entity to lodge these documents separately.

23 Subsequent events

There are no items, transactions or events of a material or unusual nature that have occurred since 31 December 2023 which are likely, in the opinion of the Directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future financial years.

24 Financial instruments

Exposure to credit, liquidity, market, interest rate, other market price and operational risks arises in the normal course of the Foundation's business.

Credit Risk

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Foundation's receivables and investment securities. The Foundation does not require collateral in respect of financial assets. Exposure to credit risk is monitored by management on an ongoing basis. The credit risk relating to the Foundation's financial assets which are recognised in the Statement of Financial Position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments. Investments are allowed only in liquid securities and equity securities in Australian shares that are in compliance with the Foundation's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Foundation's financial assets have high credit quality. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia.

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

24 Financial instruments (continued)

Credit Risk (continued)

At the reporting date, there were no significant concentrations of credit risk apart from the performance guarantees referred to in note 20 relating to the Melbourne, Brisbane and Sydney office lease agreements.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices or foreign exchange movements will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board.

The maximum exposure to these risks is represented by the carrying amount of each financial asset in the Statement of Financial Position as summarised below:

	Notes	2023 \$ '000s	2022 \$ '000s
Financial Assets			
Cash*		9,301	12,428
Total cash and cash equivalents *	7a	9,301	12,428
Trade and other receivables *	8	2,028	2,429
Investments - listed shares #	9	-	-
Investments - unlisted units in managed funds ##	9	75,672	65,084
Investments - bonds amortised cost *	9	23,378	19,289
Term deposits - current *	9	855	2,093
Term deposits - non-current *	9	1,362	-
		112,595	101,323

* Financial assets held at cost/amortised cost

Financial assets held at fair value through other comprehensive income

Financial assets held at fair value through surplus/(deficit)

Impairment loss from trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 \$ '000s	2022 \$ '000s
Balance at 1 January of provision for doubtful debts	-	-
Realisation of impairment (loss)/recovery previously provided	-	-
Balance at 31 December of provision for doubtful debts	-	-
Impairment loss/(recovery) recognised in surplus or deficit	-	-

Based on receivables history, the Foundation believes that no impairment allowance is necessary in respect of trade receivables, as trade and other receivables predominately relate to grants income accrued.

Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

Trade and other payables, and contract liabilities have contractual cash flows which are 5 years or less. Provisions relating to obligations for office leases have contractual cash flow obligations until lease expiry, which are all between 1 and 5 years.

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

24 Financial instruments (continued)

Liquidity Risk (continued)

The maximum exposure to liquidity risk is represented by the carrying amount of each financial liability in the Statement of Financial Position as summarised below:

	Notes	2023 \$ '000s	2022 \$ '000s
Non derivative financial liabilities			
Lease liabilities	15	2,162	3,712
Contract liability	13	5,251	4,873
Trade and other payables	12	3,597	3,559
		11,010	12,143

2023 \$000's	Contractual Cash Flows						
	Carrying Amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	5+ years
Lease liabilities	2,162	2,480	257	1,107	449	667	-
Contract liability	5,251	5,251	1,771	3,347	133	-	-
Trade payables	3,597	3,597	3,597	-	-	-	-
Total	11,010	11,328	5,625	4,454	582	667	-

Contracted cash flows for the contract liability were classified above based on the expiry date of the contract. Therefore the classification of the cash flows above does not align with the current non-current classification within the statement of financial position.

Interest Rate Risk

The Foundation has limited exposure to interest rate risk as it does not have borrowings or fixed rate debt securities that would change in their fair value due to changes in interest rates.

The Foundation's exposure to this risk is controlled by ensuring that cash securities are limited to short dated bank bills no longer than 90 days.

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown in the Sensitivity Analysis Disclosure as noted below.

Fair value sensitivity analysis for fixed rate instruments

The Surplus or Deficit would be affected by changes in the fixed interest rate as shown in the Sensitivity Analysis Disclosure. The analysis assumes all other variables remain constant. The analysis is performed using a change of 2% (2022: change of 2%).

Cash flow sensitivity analysis for variable rate instruments

A change of 2% in interest rates at the reporting date would have increased/(decreased) equity and surplus/(deficit) by the amounts shown in the Sensitivity Analysis Disclosure. This analysis assumes all other variables remain constant.

Equity/Unit Price Risk

Equity/unit price risk arises from fair value securities held by the Foundation as part of managing the investment of available funds. The Foundation's exposure to this risk is controlled by investing with several investment managers who must meet the stringent investment guidelines of the Foundation.

Equity securities are designated at fair value through profit and loss and their performance is actively monitored and managed on a fair value basis.

National Heart Foundation of Australia

Notes to the financial statements (continued) for the year ended 31 December 2023

24 Financial instruments (continued)

Equity/Unit Price Risk (continued)

Managed funds are designated at fair value through the surplus/(deficit) and their performance actively monitored and managed on a fair value basis.

Fair value sensitivity analysis - listed shares

A change of 10% in market price at the reporting date would have increased/(decreased) surplus/(deficit) by the amounts shown below in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2022.

Investments in equities are designated at fair value through surplus/(deficit) and their performance is actively monitored and managed on a fair value basis.

Fair value sensitivity analysis - unlisted units in managed funds

A change of 10% in market price at the reporting date would have increased/(decreased) surplus/(deficit) by the amounts shown in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2022. Investments in unlisted units in managed funds are designated at fair value through surplus/(deficit) and their performance is actively monitored and managed on a fair value basis.

Fair value sensitivity analysis - bonds

A change of -10% in market price at the reporting date would have decreased profit by the amounts shown in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. Investments in bonds are designated and carried at fair value through Surplus or Deficit and their performance/market price is actively monitored and managed to ensure they meet the Foundation's investment policy. A significant change in market price may be an indication of impairment for these investments and would impact on surplus/(deficit) as the resultant loss would be recognised directly in surplus/(deficit).

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Foundation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Foundation's operations. The Foundation's objective is to manage operational risk so as to prevent financial losses and damage to the Foundation and/or Foundation's reputation. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management of the Foundation. This responsibility is supported by the development of guidelines for the management of risk in the following areas:

- > requirements for appropriate segregation of duties including the independent authorisation of transactions
- > requirements for the reconciliation and monitoring of transactions
- > compliance with regulatory and other legal requirements
- > documentation of controls and procedures
- > requirements for the periodic assessment of operational risks faced and adequacy of controls and procedures
- > to address the risks identified
- > development of contingency plans
- > ethical and high level business standards
- > risk mitigation including insurance

Compliance with the Foundation's standards is supported by a programme of periodic reviews of internal controls undertaken by internal audit. The results of these reviews are discussed with the Foundation's management and submitted to the Risk, Audit and Governance Committee.

Sensitivity Analysis Disclosure

The Foundation's financial instruments subject to changes in market prices include cash and cash equivalents, comprising of cash at bank, cash call accounts and term deposits. Based on historic movements and volatilities in these market variables, and management's knowledge and experience of the financial markets, the Foundation believes the following movements are 'reasonably possible' over a 12 month period:

- > A parallel shift of +2%/-2% in market interest rates (AUD) from year end rates
- > Proportional other market price risk movement of equity securities listed on the ASX index of +10%/-10%

National Heart Foundation of Australia

Notes to the financial statements (continued)
for the year ended 31 December 2023

24 Financial instruments (continued)

	2023					2022				
	Carrying amount/ face value	-2% Surplus/ (Deficit)	Equity	2% Surplus/ (Deficit)	Equity	Carrying amount/ face value	-2% Surplus/ (Deficit)	Equity	2% Surplus/ (Deficit)	Equity
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Interest rate risk										
Financial assets										
Fixed rate instruments										
Term deposits	855	(17)	-	17	-	2,093	(42)	-	42	-
Investments - bonds	23,378	(468)	-	468	-	19,289	(386)	-	386	-
Variable rate instruments										
Cash at bank	9,301	(186)	-	186	-	12,439	(249)	-	249	-
Total and impact	33,534	(671)	-	671	-	33,821	(676)	-	676	-

	2023					2022				
	Carrying amount/ face value	-10% Surplus/ (Deficit)	Equity	10% Surplus/ (Deficit)	Equity	Carrying amount/ face value	-10% Surplus/ (Deficit)	Equity	10% Surplus/ (Deficit)	Equity
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Other market price risk										
Financial assets										
Investments - listed shares	-	-	-	-	-	-	-	-	-	-
Investments - unlisted units in managed funds	75,672	(7,567)	-	7,567	-	65,084	(6,508)	-	6,508	-
Investments - bonds	23,378	(2,338)	-	2,338	-	19,289	(1,929)	-	1,929	-
Total and impact	99,050	(9,905)	-	9,905	-	84,373	(8,437)	-	8,437	-

Measurement of fair values

> When measuring the fair value of an asset or a liability, the Foundation uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- > Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities.
- > Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). These Level 2 financial instruments are valued using the market comparison technique, by basing fair values on quoted prices. In respect of level 2 financial instruments, there are no significant unobservable inputs.
- > Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Foundation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Notes	Level 1 \$ '000s	Level 2 \$ '000s	Level 3 \$ '000s	Total \$ '000s
31 December 2022					
Fair Value	9	-	84,373	-	84,373
31 December 2023					
Fair Value	9	-	99,050	-	99,050

25 Parent Entity

The Foundation's operations are performed in multiple jurisdictions, with offices operating throughout Australia in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory. Heart Foundation has subsidiary companies in each State and Territory. As at, and throughout, the financial year ended 31 December 2023 the parent entity of the Foundation was the National Heart Foundation of Australia. At the end of the period 31 December 2023 as well as 31 December 2022 period, the financial results of the parent entity, financial position of the parent entity and total equity of the parent entity is equal to the Foundation disclosed within the financial statements.

At the end of the period 31 December 2023 as well as 31 December 2022 period, the capital and other commitments of the parent entity equal those of the Foundation disclosed in note 19.

At the end of the period 31 December 2023 as well as 31 December 2022 period, contingent liabilities of the parent entity equal those of the Foundation disclosed in note 20.

Independent Auditor's Report to the Members of the National Heart Foundation Australia

Opinion

We have audited the financial report of National Heart Foundation Australia (the "Entity") and its controlled entities (the "Group"), which comprises the Consolidated Statement of Financial Position as at 31 December 2023, Consolidated Statement of Surplus or Deficit and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and the declaration by members of the Board.

In our opinion, the accompanying financial report of the National Heart Foundation of Australia is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 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 Regulations 2022*.

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 Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & 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 Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre

Partner

Chartered Accountants

Melbourne, 29 April 2024

29 April 2024

The Board of Directors
The National Heart Foundation of Australia
Level 2, 850 Collins Street
Docklands
VIC 3008

Dear Board Members,

Auditor's Independence Declaration to the National Heart Foundation of Australia

In accordance with Subdivision 60-40 of the *Australian Charities and Not for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of the National Heart Foundation of Australia.

As lead audit partner for the audit of the financial report of the National Heart Foundation of Australia for the year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre
Partner
Chartered Accountants