

ANNUAL REPORT + FINANCIAL STATEMENTS 2016

National Heart Foundation of Australia
(Northern Territory Division) ABN 48 842 342 239
For the year ended 31 December 2016

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Directors and Office Bearers

Patron

His Honour the Honourable John Hardy, AM, Administrator of the Northern Territory

Board of Directors

President	Dr Marcus Ilton, MBBS, FRACP
Vice President	Vacant
Treasurer	Ms Hayley Richards, BComm (Economics)
Directors	Ms Lee Oliver Mr Lee Morgan Assoc Diploma Natural Resources Prof Alan Cass BA, MBBS, Grad Dip Clinical Epidemiology, FRACP, PhD Ms Joanne Fry Mr Robert Kendrick
Honorary Secretary	Ms Inta Tumuls, LLB (Hons) Grad Dip Legal Practice, BSc, Dip Ed, Grad Cert Management

Chief Executive Officer

Mr Simon Dixon

Solicitors

Cridlands MB Lawyers

Auditors

KPMG

Registered Office

Level 3
21 Knuckey Street
Darwin, NT 0800

Postal Address

GPO Box 4363
Darwin, NT 0801

Directors' Report

for the year ended 31 December 2016

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (Northern Territory Division) ("the Foundation") for the year ended 31 December 2016 and auditors' report thereon.

Directors

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

Name and qualifications	Board meetings attended and held	Appointment & resignation
Dr Marcus Ilton, MBBS, FRACP	6 / 6	Appointed 1998
Ms Hayley Richards, BComm (Economics)	5 / 6	Appointed 2012
Ms Lee Oliver	4 / 6	Appointed 2011
Mr Lee Morgan Assoc Diploma Natural Resources	4 / 6	Appointed May 2013
Prof Alan Cass BA, MBBS, Grad Dip Clinical Epidemiology, FRACP, PhD	5 / 6	Appointed May 2013
Ms Joanne Fry	5 / 6	Appointed May 2015
Mr Robert Kendrick	6 / 6	Appointed May 2015
Ms Inta Tumuls, LLB (Hons) Grad Dip Legal Practice, BSc, Dip Ed, Grad Cert Management	5 / 6	Appointed 2010

Corporate Governance Statement

The 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 Board's primary role is to ensure that the activities of the Foundation are directed towards achieving its mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. The Board must ensure that this mission is achieved in the most efficient and effective way. The Foundation operates as part of a co-operative federation with Divisions in each of the other States and Territories of Australia. The relationships between all entities are set out in a Federation agreement with the Divisions making grants to the National Heart Foundation of Australia ("National") to fund research and other health programs conducted on a National basis.

Directors' Report (continued)

for the year ended 31 December 2016

Oversight by the Board

The Board oversees and monitors the performance of management by:

- Meeting 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

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")
- Formulating the strategic plan of the Foundation in conjunction with the CEO and management
- Approving operating and capital budgets formulated by the CEO and management
- Monitoring the progress of management in achieving 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 all 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 Foundation to the CEO and executive management.

Board members

All Board members are independent, non-executive directors and act in an honorary capacity. The Constitution of the Foundation specifies:

- There must be no less than seven directors
- No employees of the Foundation, including the CEO, can be a director of the Foundation

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 appear on page 3. Board members receive written advice of the terms and conditions of their appointment and complete a structured induction program when first appointed. Management presentations to the Board enable directors to maintain knowledge of the business and operations of the Foundation. A formalised Board Performance Evaluation process is undertaken.

Risk management

The Board oversees the establishment, implementation and regular review of the risk management system of the 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 Foundation are subject to independent, external audit. Guidelines for internal controls have been adopted and compliance is reviewed bi-annually by independent staff from another Division.

Ethical standards and code of conduct

Board members, all staff and volunteers are expected to comply with relevant laws 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 mission of the 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.

Directors' Report (continued)
for the year ended 31 December 2016

Involving stakeholders

The Foundation has many stakeholders, including its donors and benefactors, its staff and volunteers, the broader community, its suppliers and other members of the National Heart Foundation of Australia co-operative federation. 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 Foundation are directed towards achieving its mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia through the support of research into the causes and cures of heart disease, the rehabilitation of sufferers from heart disease, professional and community education about heart disease, 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

Alignment to strategic plan "For All Hearts"

The Foundation has a five-year strategic plan, For All Hearts 2013-2017, aligned directly with our vision for Australians to have the best cardiovascular health in the world and our mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. Through For All Hearts, we have focused on four main goals:

- Healthy hearts
- Heart care
- Health equity
- Research

The plan aims to unite and empower all Australians to transform our nation's heart health. Our aspirational goal is to link our work to supporting a global target of reducing premature deaths by 25% by 2025, through curbing chronic disease risks (including cardiovascular disease).

Performance Measures and Key Achievements in 2016

The Foundation has a process for measuring its performance and regular reports are provided to the Board on the following key results areas:

- Finance and Operations
- Fundraising and Donor Engagement
- Research
- Community Engagement and Awareness

Some key Achievements against some of these performance measures included significant increases in:

- Unprompted awareness of the Heart Foundation
- Interaction with the Heart Foundation for information about physical activity
- The Heart Foundation as a respected organisation
- Awareness of atypical heart attack symptoms.

Review of Results and Operations for Current Year

Highlights in 2016

Heart Story

In 2016 we continued the dissemination of Heart Story for use across the Northern Territory. This clinical resource provides Registered Training Organisations with an educational resource for Aboriginal and Torres Strait Islander health practitioners. Heart Story helps increase knowledge and understanding of risk factors, Acute Coronary Syndrome, and cardiac related procedures, and the importance of secondary prevention, cardiac rehabilitation and medication adherence.

Directors' Report (continued)
for the year ended 31 December 2016

LiveLighter

With funding from the Northern Territory Government, we continued to deliver LiveLighter across the Northern Territory in 2016. This campaign encourages Territorians to make small but positive lifestyle changes by drawing attention to the difficult truth that poor diet, physical inactivity and being an unhealthy weight can damage your internal organs. Charles Darwin University also undertook a study to determine how key messages from LiveLighter could be conveyed effectively for Regional and Remote Northern Territory populations. The results of this study will be implemented in 2017.

Health Ambassador Program

In 2016 the Heart Foundation Northern Territory, identified a gap in the support for health professionals working across the Northern Territory. Many health professionals are working in rural, remote and very remote locations, often with little support or opportunity for networking or to attend professional development opportunities.

The Health Ambassador program allows health professionals from across the Northern Territory to come together and to learn more about cardiac health and to gain information that is practical for them to take to their workplaces. It also creates a professional network allowing contact and support with peers and other health professionals. This program has assisted in increasing the dissemination of Heart Foundation information and resources but has also increased health staff and client knowledge of the Heart Foundation in the Northern Territory.

By providing high quality professional development opportunities through the Health Ambassador program, health professionals have been able to provide cardiac clients with information on heart health, risk factors, warning signs of heart attack and the importance of cardiac rehabilitation.

Cardiac Care in the NT Workshop

In 2016 the Heart Foundation partnered with Top End Health Service and NT Cardiac to provide a two-day workshop. The purpose of this workshop was to provide education to Remote Area Nurses and Health Professionals working in the Northern Territory and to increase their understanding and knowledge about cardiac care in the NT. The workshop followed the patient journey and provided information on prevention, acute care and secondary prevention. The workshop was held in Darwin and attended by over 50 participants, many travelling in from remote locations to attend the workshop.

Smoke free NT Advocacy

In 2016 the Heart Foundation worked closely with the City of Darwin, to make Smith Street Mall smoke free. The Smith Street Mall was the last capital city CDB pedestrian mall in Australia to become a smoke free space. The Heart Foundation advocated strongly throughout the six-month trial period including undertaking survey of mall users regarding attitudes and support for a smoke free mall. This survey found a majority of people surveyed supported a smoke free mall, and these findings were presented as part of the recommendations to council to make the Smith Street Mall permanently smoke free in November 2016.

Warning Signs of Heart Attack Augmented Reality Application

In 2016 the Heart Foundation Northern Territory secured funding from the Ian Potter Foundation and the Northern Territory Government to develop a component of the Heart Story Flip Chart into an Augmented Reality (AR) app. The Heart Foundation Northern Territory has been working with a AR developer to develop Heart Story through a technology based, interactive Augmented Reality platform. This technology has the potential to achieve greater reach and sustainability of the Heart Foundations already existing 'Warning Signs of Heart Attack' collateral throughout the communities of the Northern Territory, Western Australia and other remote communities into the future.

Fundraising Activities

In 2016 the Heart Foundation Northern Territory agreed to invest in the development of a fundraising program to test the ability to increase activity and income across the Northern Territory. The Northern Territory market presented challenges for the Heart Foundation with a small population base in which to fundraise along with a crowded not-for-profit sector.

Directors' Report (continued)
for the year ended 31 December 2016

Review of Results and Operations for Past Five Years

Set out below is a comparative table of income & expenditure and assets & liabilities for the past five years, including relevant ratios.

Charitable support from the general public is obtained in an increasingly competitive charity climate.

	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Income & Expenditure					
Charitable support - non-bequests	165	180	242	235	220
Fundraising income	165	180	242	235	220
Investment income	6	17	28	19	-
Government non-reciprocal grants	63	62	62	53	57
Grants for specific health programs	352	854	1,293	618	138
Other income	4	1	1	0	6
Total income	590	1,114	1,625	926	421
Less: Fundraising expenditure	(237)	(70)	(78)	(82)	(94)
Communications & administration	(273)	(161)	(205)	(238)	(222)
Surplus available for health programs & research	80	883	1,342	606	105
Health programs conducted locally	(935)	(1,469)	(1,488)	(1,083)	(652)
Contributions from National for health programs & research	874	581	129	465	552
Balance added to/(deducted from) equity	19	(4)	(17)	(12)	5
	2016	2015	2014	2013	2012
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	144%	39%	32%	35%	43%
Surplus from fundraising to fundraising income	(44%)	61%	68%	65%	57%
Surplus available for health programs & research to total income	14%	79%	83%	65%	25%
Expenditure on health programs and research to total income	10%	80%	84%	67%	24%
Expenditure on health programs and research to total expenditure	11%	79%	83%	66%	24%
Annual increase in expenditure on health programs & research	(93%)	(35%)	120%	518%	(176%)
	2016	2015	2014	2013	2012
Assets & Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & cash equivalents	287	1,035	1,298	1,292	805
Property and equipment	4	11	19	26	35
Other assets	85	40	19	523	78
Total assets	376	1,087	1,336	1,841	917
Total liabilities	(292)	(1,021)	(1,266)	(1,755)	(818)
Total equity	85	65	69	86	99

Events Subsequent to Reporting Date

No matter or circumstances have arisen in the interval between the end of the financial year and the date of this report, which are likely in the opinion of the Directors to significantly affect the operations of the Foundation, the results of those operations or the state of affairs of the Foundation in subsequent financial years.

Likely Developments

In the opinion of the directors there are no likely developments that will change the nature of the operations of the Entity.

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.

Directors' Report (continued)
for the year ended 31 December 2016

Insurance Premiums

Since the end of the previous financial year the National Heart Foundation has paid insurance premiums on behalf of the Foundation in respect of directors' and officers' liability and legal expense, insurance contracts, for the current and former directors and officers, including executive officers, of the Foundation.

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.

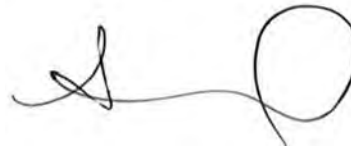
Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 28 and forms part of the directors' report for financial year 2016

Signed in accordance with a resolution of the Directors.



Dr Marcus Ilton
President



Hayley Richards
Treasurer

Dated at Darwin this 27th day of March 2017

Directors' Declaration
for the year ended 31 December 2016

In the opinion of the directors of National Heart Foundation of Australia (Northern Territory Division) ("the Foundation"):

- (a) the financial statements and notes, set out on pages 10 to 27, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Foundations financial position as at 31 December 2016 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-For-Profits Regulations 2013; and
- (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.



Dr Marcus Ilton
President



Hayley Richards
Treasurer

Dated at Darwin this 27th day of March 2017

Statement of surplus or deficit and other comprehensive income
for the year ended 31 December 2016

		The Foundation	
		2016	2015
Notes		\$	\$
	Revenue		
	Revenue from operating activities	584,484	1,096,843
	Total revenue	584,484	1,096,843
	Health programs (including those funded by grants)	(934,683)	(1,468,666)
	Fundraising	(237,284)	(69,742)
	Cost of goods sold	0	(5)
	Communications and publicity	(74,981)	(137,415)
	Administration	(198,235)	(23,106)
	Results from Operating activities	(860,698)	(602,092)
	Finance income	6,991	16,807
	Finance costs	(946)	0
	Net Finance income/(cost)	6,045	16,807
	Net (deficit)	(854,653)	(585,284)
	Net Grants to National Heart Foundation of Australia	874,071	581,146
	Surplus/(deficit) for the year before tax	19,418	(4,138)
	Income tax expense	0	0
	Surplus/(deficit) for the year after tax	19,418	(4,138)
	Total comprehensive income for the year	19,418	(4,138)

Statement of financial position
for the year ended 31 December 2016

		The Foundation	
		2016	2015
Notes		\$	\$
Current assets			
	Cash and cash equivalents	286,589	1,034,511
	Trade and other receivables	84,951	41,436
	Total current assets	371,540	1,075,947
Non-current assets			
	Property, plant and equipment	4,842	10,831
	Total non-current assets	4,842	10,831
	Total assets	376,382	1,086,778
Current liabilities			
	Trade and other payables	18,334	98,105
	Grants income deferred	253,670	914,955
	Employee benefits	15,885	6,540
	Total current liabilities	287,889	1,019,600
Non-current liabilities			
	Employee benefits	3,761	1,864
	Total non-current liabilities	3,761	1,864
	Total liabilities	291,650	1,021,464
	Net assets	84,732	65,314
Equity			
	Retained earnings	84,732	65,314
	Total equity	84,732	65,314

Statement of changes in equity
as at 31 December 2016

	The Foundation	
	2016	2015
	\$	\$
Balance of Equity as at 1 January	65,314	69,452
Comprehensive income for the period		
Surplus/(Deficit)	19,418	(4,138)
Total comprehensive income for the period	19,418	(4,138)
Balance of Equity as at 31 December	84,732	65,314

Statement of cash flows
for the year ended 31 December 2016

		The Foundation	
		2016	2015
Notes		\$'000	\$'000
Cash flows from operating activities			
	Cash receipts in the course of operations	54,541	1,117,268
	Cash payments in the course of operations	(1,282,944)	(1,525,918)
	Net grants made to National Heart Foundation of Australia	470,213	124,617
	Net financial income	10,268	20,298
	Net cash from operating activities	(747,922)	(263,736)
	Net increase in cash and cash equivalents	(747,922)	(263,736)
	Cash and cash equivalents at 1 January	1,034,511	1,298,247
	Cash and cash equivalents at 31 December	286,589	1,034,511

Notes to the Financial Statements

for the year ended 31 December 2016

1 Reporting entity

The National Heart Foundation of Australia (Northern Territory Division) (the "Foundation") (ABN: 48 842 342 239) is a company domiciled in Australia. The address of the Foundation's registered office is Level 3, Darwin Central Offices, 21 Knuckey Street, Darwin NT 0800. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission, devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

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 27 March 2017.

(b) Basis of measurement

The financial report is prepared on the historical cost basis.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Foundation's functional currency.

(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 judgments

The company has entered into leases of premises and office equipment as disclosed in Note 14. Management has determined that all of the risks and rewards of ownership of these premises and equipment remain with the lessor and has therefore classified the leases as operating leases.

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) 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(i). The amount of these provisions would change should any of these factors change in the next 12 months.

(e) 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.

Notes to the Financial Statements

for the year ended 31 December 2016

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 bequests and is brought to account on a cash received basis. When assets, such as investments or properties, are received from a bequest or donation, an asset 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

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 ATO.

(III) Grants for health programs and research (deferred income)

Grants received for specific health programs or research 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 grants income deferred as recognised in Note 11. 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) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Revenue from the sale of goods is recognised when control of the goods passes to the customer.

(V) Services of volunteers

A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. School children across the Northern Territory also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 3,119 children and 18 schools and groups throughout the Northern Territory. The Foundation's door knock program successfully recruited over 312 volunteers to collect funds in 2016. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(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.

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.

(c) Income Tax

The Foundation is exempt from paying income tax due to being a charitable institution in terms of section 50(5) of the Income Tax Assessment Act 1997. The Foundation is also endorsed as a Deductible Gift Recipient and falls under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

(d) Inventories

Inventories, representing publications held for resale, 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.

The notes on pages 14 to 27 are an integral part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(e) Property and equipment

(I) Recognition and measurement

Items of property, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses. 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:

- leasehold improvements 5 - 10 years
- office furniture and equipment 3 - 10 years

Depreciation methods, remaining useful lives and the residual values of individual assets, if significant, are reviewed at each reporting date.

(f) Leased assets including property and equipment

Leases in terms of which the Foundation assumes substantially all the risks and benefits of ownership are classified as finance leases. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by payments made. The interest components of the lease payments are expensed. There have been no finance leases during the periods covered by these financial statements.

Other leases are classified as operating leases and payments are expensed on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. The Foundation recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's Statement of Financial Position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's Statement of Financial Position for the costs of restoring leased premises to conditions as set out in the lease agreement. This future obligation will be adjusted annually to reflect increases in CPI.

Determining whether an arrangement contains a lease

At the inception of an arrangement, the Foundation determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Foundation the right to control the underlying asset. At inception or upon reassessment of the arrangement, the Foundation separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

(g) Financial Instruments

(I) Other financial instruments

A financial instrument is recognised on the date the Foundation becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cashflows from the financial assets expire. Purchases and sales of financial assets are accounted for at trade date. Accounting for finance income and finance cost is discussed in Note 3(n). Other non-derivative financial instruments are measured at amortised costs using the effective interest method, less any impairment losses.

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. Term deposits maturing beyond 90 days are classified as investments.

Trade and other receivables

Trade and other receivables are stated at cost less impairment losses, this being equivalent to fair value.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(h) Impairment

(I) Non-derivative financial assets including receivables

Each financial asset apart from those classified at fair value through other comprehensive income 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. 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, the disappearance of an active market for a security.

(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.

(III) Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. As the future economic benefits of the asset are not primarily dependent on the asset's ability to generate cash inflows, value in use is the depreciated replacement cost of the asset concerned.

(i) 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.

(II) Long term benefits

The provision for employee entitlements to annual leave and long service leave represent 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: 2016: 3.0% (2015: 3.0%)
- discount rate based on national government securities which closely match the terms to maturity of the related liabilities: 2016: 2.76% (2015: 3.94%)
- expected settlement dates for annual leave 2016: 2 years (2015: 2 years)
- expected settlement dates for long service leave based on turnover history: 2016: 10 years (2015: 10 years)

(III) Defined contribution plans

A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Superannuation contributions are made by the Foundation in respect of all employees to provide accumulation style benefits only. Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in the Statement of Surplus or Deficit and Other Comprehensive Income in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(j) 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 cashflows 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 operating leases expenses straight line, office lease incentives deferred and make good of leased premises. The unwinding of the discount is recognised as a finance cost.

(k) Segment reporting

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

(l) Finance income and finance costs

Finance income comprises interest income, dividend income and gains on disposal of financial assets. Finance costs comprise management fees, losses on disposal and impairment of financial assets (except trade receivables).

(m) Financial risk management

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

Financial instruments

- credit risk
- liquidity risk
- market risk
- operational risk

Further details in respect of each of these risks are set out in note 18 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 Foundations 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.

Capital management

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 Foundations approach to capital management during the year. The Foundation is not subject to externally imposed capital requirements.

Economic dependency

The National Heart Foundation of Australia ("National") and the state and territory Divisions operate as a co-operative federation. Virtually all revenue from charitable support is received by the Divisions. However, most expenditure on research and certain health programs is spent by the National Foundation. The National Foundation relies on the distribution of net grants from the Divisions to fund its commitments. Such grants are receivable under the terms of a *Federation agreement* between the National Foundation and each of the Divisions. The *Federation agreement* also provides funding to the Foundation in the event that there are insufficient funds internally generated to support an adequate level of working capital to deliver the business plan approved by the Board.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Foundation are set out below. The Foundation does not plan to adopt these standards early.

AASB 15 Revenue from contracts with customers, becomes mandatory for the 2018 financial statements and could change the classification and recognition method of revenue. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases requires companies to bring most operating leases on-balance sheet from 2019. Companies with operating leases will appear to be more asset-rich, but also more heavily indebted. AASB 16 is effective for the Foundation's 2019 financial statements. The Foundation does not plan to adopt this standard early.

AASB 1058 Income for Not-for-profit Entities, is a standard addressing the recognition and measurement of income for not-for-profit entities. The concept of reciprocal and non-reciprocal transactions has been removed, and instead an assessment of enforceability and performance obligations is required. Application is for financial year beginning on or after 1 January 2019.

The Foundation has reviewed the requirements of these standards and they are not expected to have a significant impact on the Foundations financial statements.

(o) Determination of fair values

A number of the Foundations' 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.

(III) Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

	The Foundation	
	2016	2015
	\$	\$
4 Revenue from operating activities		
Charitable support - non-bequests	164,897	179,985
Sale of goods	0	13
<i>Total revenue from fundraising activities</i>	<i>164,897</i>	<i>179,998</i>
Government non-reciprocal grants	62,851	61,801
Grants for specific health programs - Government	352,487	853,725
Other	4,249	1,319
<i>Total revenue from other operating activities</i>	<i>419,587</i>	<i>916,845</i>
Total revenue from operating activities	584,484	1,096,843
5 Auditors' remuneration		
KPMG Australia: Audit services	11,337	6,528
KPMG Australia: Other services	3,075	4,500
	14,412	11,028
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	6,991	16,807
Finance income	6,991	16,807
Realised loss on trade receivables	946	0
Finance costs	946	0
Net finance income and costs recognised in Surplus/(Deficit)	6,045	16,807
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.01% to 2.00% (2015: 0.01% to 2.00%)	286,589	1,034,511
	286,589	1,034,511

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 18. The carrying value of cash and cash equivalents is equal to fair value.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

	The Foundation	
	2016	2015
	\$	\$
7b Reconciliation of cash flows from operating activities		
Net surplus / (deficit) from ordinary activities	19,418	(4,138)
Adjustments for:-		
Depreciation/Amortisation	5,990	7,810
Net cash from operating activities before changes in working capital and provisions	25,408	3,672
(Increase)/decrease in receivables	(43,517)	(22,761)
Increase/(decrease) in payables	34,461	(18,317)
Increase/(decrease) in Federation Agreement grants	(114,231)	(134,142)
Increase/(decrease) in grants income deferred	(661,285)	(76,093)
Increase/(decrease) in employee benefits	11,242	(16,095)
Net cash from operating activities	(747,922)	(263,736)
8 Trade and other receivables		
Trade receivables owing by other National Heart Foundation Divisions	32,341	0
Trade receivables owing by National Heart Foundation of Australia	44,241	36,577
Other receivables and prepayments	8,369	4,858
	84,951	41,435

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk relating to trade and other receivables is disclosed in note 18.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

9 Property, plant and equipment

	Leasehold improvements	Office furniture & equipment	Total
	\$	\$	\$

Balance at 1 January 2015	52,000	57,332	109,332
Acquisitions	0	0	0
Disposals	0	(15,773)	(15,773)
Balance at 31 December 2015	52,000	41,559	93,559

Balance at 1 January 2016	52,000	41,559	93,559
Acquisitions	0	0	0
Disposals	0	0	0
Balance at 31 December 2016	52,000	41,559	93,559

Depreciation & Impairment losses

Balance at 1 January 2015	41,985	48,706	90,691
Depreciation charge for the year	5,200	2,610	7,810
Disposals	0	(15,773)	(15,773)
Balance at 31 December 2015	47,185	35,543	82,728

Balance at 1 January 2016	47,185	35,543	82,728
Depreciation charge for the year	4,815	1,174	5,989
Disposals	0	0	0
Balance at 31 December 2016	52,000	36,717	88,717

Carrying amounts

At 1 January 2015	10,015	8,626	18,641
At 31 December 2015	4,815	6,016	10,831

At 1 January 2016	4,815	6,016	10,831
At 31 December 2016	0	4,842	4,842

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

	The Foundation	
	2016	2015
	\$	\$
10 Trade and other payables		
Trade payables to National Heart Foundation of Australia	0	74,103
Trade payables to other National Heart Foundation Divisions	3,199	0
Other payables and accrued expenses	15,135	24,002
	18,334	98,105

The carrying value of trade and other payables is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relates to trade and other payables is disclosed in note 18.

	The Foundation	
	2016	2015
	\$	\$
11 Grants income deferred		
Balance at 1 January	914,955	991,048
Amounts received	(308,797)	777,632
Income taken to revenue	(352,488)	(853,725)
Balance at 31 December	253,670	914,955

The carrying value of grants income deferred is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relating to grants income deferred is disclosed in note 18.

	The Foundation	
	2016	2015
	\$	\$
12 Employee benefits		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	15,885	6,540
Non-current - long service leave	3,761	1,864
Total employee benefits	19,646	8,404
<i>Personnel expenses:</i>		
Wages and salaries	639,654	641,068
Contributions to superannuation plans	46,261	47,255
Total personnel expenses	685,915	688,323
Number of employees at year end (full time equivalents)	7	6

	The Foundation	
	2016	2015
	\$	\$
13 Reserves and Equity		
<i>Movements in reserves during the year:</i>		
Retained Earnings at beginning of year	65,314	69,452
Total Equity at beginning of year	65,314	69,452
Operating Surplus/(deficit)	(854,653)	(585,284)
Net Grants to National Heart Foundation of Australia	874,071	581,146
Total Equity at end of year	84,732	65,314

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

14 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year

Between one and five years

The Foundation	
2016	2015
\$	\$
2,322	3,096
0	2,322
2,322	5,418
3,096	3,096
62,851	61,801
65,947	64,897

Expenditure in the period was as follows:

Office equipment

Office space

The Foundation receives a rental lease benefit from the NT Government in respect to the office space occupied at the Darwin Central Building in Darwin city. The rental lease benefit commenced on 1 July 2004. The Department of Health approved the renewal of the lease for a further five years commencing 1 July 2015.

15 Incorporation of Foundation

The National Heart Foundation (Northern Territory) is a company limited by guarantee, incorporated under the Corporations Act 2001.

16 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 entity for the entire period:

Non executive directors

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.

Executive Staff

Mr Simon Dixon - CEO

Ms Breanna Ellis - Cardiovascular Health Director

The compensation of key management personnel was as follows:

Short term employee benefits

Total

The Foundation	
2016	2015
\$	\$
245,220	189,692
245,220	189,692

Other related parties

Classes of other related parties are the National Heart Foundation of Australia ("National") and all other state and territory divisions ("Divisions") and directors of related parties and their director-related entities. The Foundation makes grants to National Heart Foundation of Australia ("National") primarily to fund research and other health programs conducted on an Australia-wide basis. Such grants are payable under the terms of the Federation agreement between the Foundation and the National Heart Foundation of Australia ("National"). The grant payable by the Foundation is equal to its net operating surplus (payable monthly in arrears) representing the excess of income received less capital expenditure and operating expenditure (excluding depreciation). If there is a deficit from application of the above arrangement, a grant is paid by the National Heart Foundation of Australia ("National") to the Foundation. Net Grants made by the National to the Foundation were as follows:

The notes on pages 14 to 27 are an integral part of these financial statements

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

16 Related Parties (continued)

	The Foundation	
	2016	2015
	\$	\$
Net Surplus/(Deficit)		
Net (Deficit) from continuing operations	(854,653)	(585,284)
Net grants (Received)	874,071	581,146

Amounts receivable and payable to non-director related parties are shown in notes 8 and 10 respectively.

17 Subsequent Events

The Foundation is not aware of any subsequent event that has occurred since the balance date that could materially affect these financial statements.

18 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 investments. Exposure to credit risk is monitored by management on an ongoing basis. The Foundation does not require collateral in respect to financial assets.

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.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia.

	Notes	The Foundation	
		2016	2015
		\$	\$
Financial assets			
Cash		132,606	264,787
Cash call accounts		153,983	769,724
Total cash and cash equivalents	7a	286,589	1,034,511
Trade and other receivables *	8	84,951	41,435
		371,540	1,075,945

Impairment losses from trade receivables

None of the Foundations trade receivables are past due (2015, nil). Based on receivables history, the Foundation believes that no further impairment allowance is necessary in respect of trade receivables.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The entity'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 entity's reputation.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

18 Financial Instruments (continued)

Trade and other payables, and grants income deferred have contractual cashflows which are 6 months or less. Provisions relating to obligations for office leases have contractual cashflow obligations until lease expiry, which are all between 5 and 10 years.

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:

		The Foundation	
		2016	2015
Notes		\$	\$
Non derivative financial liabilities			
	Trade and other payables	18,334	98,105
	Grants income deferred	253,670	914,955
		272,004	1,013,060

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Foundation's and/or Divisions 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.

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 below in the Sensitivity Analysis Disclosure on page 27.

Fair value sensitivity analysis for fixed rate instruments

The surplus/(deficit) would be affected by changes in the fixed interest rate as shown in the Sensitivity Disclosure Analysis. The analysis assumes all other variables remain constant. The analysis is performed using a change of 1% on page 27. The analysis is performed on the same basis as that used in 2015

Cash flow sensitivity analysis for variable rate instruments

A change of 1% 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. The analysis is performed on the same basis as that used in 2015.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Foundations and/or Divisions 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 Foundations operations.

The Foundations objective is to manage operational risk so as to prevent financial losses and damage to the Foundations 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 overall 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

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

18 Financial Instruments (continued)

- development of contingency plans
- ethical and high level business standards
- risk mitigation including insurance

Compliance with 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 Foundations management and submitted to the Board of the Foundation.

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 +1%/-1% in market interest rates (AUD) from year end rates of 1.5% (2015: 2.0%)

	2016					2015				
	Amount/ Face Value	-1%		+1%		Amount/ Market Price	-1%		+1%	
Interest rate risk *		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
<i>Variable rate instruments</i>										
Cash call accounts	153,983	(1,540)	(1,540)	1,540	1,540	769,724	(7,697)	(7,697)	7,697	7,697
Total increase/(decrease)		(1,540)	(1,540)	1,540	1,540		(7,697)	(7,697)	7,697	7,697

* Excludes non-interest bearing cash as bank accounts



Independent Auditor's Report

To the members of National Heart Foundation of Australia – Northern Territory Division

Report on the audit of the Financial Report

Opinion

We have audited the *Financial Report*, of the National Heart Foundation of Australia – Northern Territory Division (the Foundation).

True and fair view

In our opinion, the accompanying *Financial Report* of the Foundation is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (i) giving a true and fair view of the Foundation's financial position as at 31 December 2016, and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The *Financial Report* comprises:

- (i) Statement of financial position as at 31 December 2016.
- (ii) Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- (iii) Notes including a summary of significant accounting policies.
- (iv) Directors declaration of the Foundation.

Other information

Other Information is financial and non-financial information in the National Heart Foundation of Australia – Northern Territory Division's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors' Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards*.
- (ii) Preparing the Financial Report in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*.
- (iii) Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- (iv) Assessing the Foundation's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.



- (ii) Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (v) Concluding 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 Foundation'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 Foundation to cease to continue as a going concern.
- (vi) Evaluating 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.

KPMG

Clive Garland

Partner

Darwin

24 April 2017

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