

ANNUAL REPORT + FINANCIAL STATEMENTS 2016

National Heart Foundation of Australia
(Queensland Division) ABN 32 009 691 570
For the year ended 31 December 2016

Contents

<u>Directors and Office Bearers</u>	<u>3</u>
<u>Bequests</u>	<u>4</u>
<u>Major Supporters</u>	<u>5</u>
<u>Corporate and Club Supporters</u>	<u>6</u>
<u>Trust and Foundations</u>	<u>7</u>
<u>Directors' Report</u>	<u>8-13</u>
<u>Directors' Declaration</u>	<u>14</u>
<u>Statement of comprehensive income</u>	<u>15</u>
<u>Statement of financial position</u>	<u>15</u>
<u>Statement of changes in equity</u>	<u>16</u>
<u>Statement of cash flows</u>	<u>16</u>
<u>Notes to the financial statements</u>	<u>17-29</u>
<u>Independent Audit Report to the Members</u>	<u>30-32</u>
<u>Lead Auditor's Independence Declaration</u>	<u>33</u>

Directors and Office Bearers

Patron	His Excellency, the Governor of Queensland The Honourable Paul de Jersey AC
Board of Directors	
President	Mr Brett Delaney, BCom, FCA, MAICD
Deputy President	Mr Ian Humphreys, BA (UNSW), LLB (UTS), Dip Leg Prac (UTS), LLM (Syd), MAICD
Honorary Treasurer	Ms Melanie Gin, BCom, CA
Directors	Dr Roger K Wilkinson, MBBS, BA, M.Litt., FRACP, FCSANZ Ms Rebecca Treston, QC Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ Professor Michael Good AO, MD PhD, FASM, FRACP, FTSE, FAHMS Dr Colin Dillon AM APM Mr Paul K Bird, GradDipBusAdmin, BA, FPRIA, FAICD - Resigned 28/4/2016
Chief Executive Officer	Mr Stephen Vines, MBA, BBus Mgmt, MAICD,
Health Director	Ms Rachelle Foreman, MPhil, MScST, BAppSc (HMS), MAICD
Finance Director	Mrs Catherine Donald, BCom
Fundraising Director	Mr Bruce Macdonald, BAgSc, DipEd
Honorary Solicitors	McInnes Wilson Lawyers
Auditors	KPMG
Registered Office	557 Gregory Terrace, Fortitude Valley, Brisbane 4006

Bequests

The following individuals provided for the Heart Foundation in their wills and distributions were received in 2016

Hilda Anderson	Sydney Edgar Hunt
Gloria Violet Andrew	Nellie Hunter
Irene Lillian Bain	Mabel Wooley Hurford
Susan Mary Blake	Allan Ireland
Betty Bootle	Joyce Naomi Jacka
Trevor Richard Bourke	Mavis Koch
Elizabeth Mary Bowden	Elsie May Kruck
Phyllis Jean Cartmill	Claire Margaret Lee
Marie Cassidy	Ronald Basil Lewy
Marjorie Jean Cohen	Arthur Walter Long
Eva Burta Collins	Stuart James Hogarth MacKenzie
Phyllis May Coult	George Ian Madden
Norman Cuthbert	Elaine May Moore
Jean Elizabeth Daley	Jacqueline Lynette Newell
Andrew (Andrzej) Demowicz	Joyce Nord
Ethel Joyce Dent	Alan Edward Nott
Robert Isaac Dixon	Jeffrey Eric Nott
Grace Margaret Eller	Graham Awdry Orton
Dennis Fisher	Eric Harry Pearson
William James Foreman	Peter Powell
Muriel Rose Frampton	Betty Reddall
Anthony John Garito	Norval Jean Ruscoe
Clyde Gilmour	Heather Irene Shannon
Andre MacMillan Govan	Joan Maud Taylor
Dulcie Gutzke	Terence Taylor
Vera May Hamilton	Dulcie Grace Taylor
Michael Harding	Marjorie Lavinia Trotman
Leonard Arthur Bruce Harratt	Robert William Turvey
Jeanie Hill	Pauline Ada Vallance
Benjamin David Hingston	Allan Gordon Walters
Una Lydia Holzapfel	John Arthur White
Una Howard	Charles Albert Geoffrey Whitehead
Toni Patrice Howden	Gregory Colin Williams

Major Supporters

The following individuals made significant contributions to the Heart Foundation in 2016

Mrs Margaret Bailey	Mr Douglas Logan
Mrs Karen and Mr Gavin Bird AO	Mr Bruce Macdonald
Mr David Buzacott	Mrs Frances Macskimin
Mr John A Chipman	Mr Colin R Mason
Mrs Eileen J Colless	Mrs Dana McCown
Mr Stan Conlon	Mr Don and Mrs Chris McDonald
Mrs Lyn Coomber	Mr Jock McIlwain OAM and Mrs Beverly McIlwain
Mrs Heather Craig	Ms Nicole Morgan
Mr David Crevola	Mr Pat and Justice Debra Mullins
Mrs Shirley Daniell	Mr Darren Musilli
Mr Frank De Jong De Silva	Mr Len Olive
Mr Ronald and Mrs Irma Dedekind	Mrs Jacqueline Pascual
Mr Andrew Douglas	Ms Liselotte Peyer
Mr John Eastment	Ms Marlene Phillips
Mr John and Mrs Merle Faulkner	Mrs Shirley Philp
Mr Theo Feros	Ms Jan Quinn
Mrs Jenny Frith	Mr Brian Richardson
Mrs Margaret Fry and the late Kenyon Fry	Mr Nick Roberts
Mr Alan J Galwey	Mr Edward J Rowe
Mr D J Gardiner	Mrs Win Schubert AO
Mr Kevin Gib	Mr Jean-Leon Shanks
Mr Rodney Gibson	Father and Mrs Garth Shaw
Mr J F A Gill	Mr Colin Sheehan
Miss Ailsa J Gillies	Mr Arthur Simpson
Ms Desley Gist	Mr Gordon B Simpson
Mr Frank and Mrs Marge Gist	Mr Paul Simpson
Mr John Gorrell	Dr T J Solomon
Mrs Nanette Gottlieb	Ms Coral J Springfield
Mr Francis Goudge	Mr Jeff Steele
Mr Mark Gwynne	Mrs Maureen Stevenson
Mr Roy and Mrs Julie Henzell	Ms Kayleen Taylor
Mr Daryl Johnson	Ms B Jean Weaver
Mr Bill Laver	Dr Nikki Whelan

Corporate and Club Supporters

Many companies, clubs, schools, community groups and other organisations support the Heart Foundation in a variety of ways by making donations, sponsoring programs, providing in-kind support and participating in events. We would like to thank the following for their support in 2016:

AlphaPharm	Mackay Mater Hospital
ANZ - Global Internal Audit	McInnes Wilson Lawyers
Apple Marketing Group Pty Ltd	Pine Village Social Club Inc
Atherton Rotaryannes	Queensland Government
Australian Cardiacs Qld Bowls	Ritchies Stores - QLD
Beenleigh BMX Club	Rotary Club of Goodna
Bicycle Queensland	Sci-Fleet Motors Pty Ltd
Breakaway Horse Riders Club	Shaw & Partners Ltd
Brisbane Girls Grammar School	Somerville House
Burrum Heads Bowls Club Inc	Southport RSL
Cannon Hill Anglican College	St Margaret's Anglican Girls School
Capricornia Correctional Centre	Stockyard Hotel Social Club
Catholic Women's League Redcliffe Branch	Sunland Foundation Pty Ltd
Cook Medical Australia Pty Ltd	Teachers Union Health (TUH)
Fulton Hogan	The Italian Friendship Group of St Bernard's Parish
Heart Foundation - Stockland Walkers	The Rotary Club of Gympie
Lioness Club of Hervey Bay	The Sandpit Beach Volleyball
Lions Club of Ashgrove-The Gap Inc	Wellington Point State High School
Mackay Bowling Club	Zurich Financial Services

Schools

Over 39,247 children in 146 schools raised funds for the Heart Foundation in the Jump Rope for Heart program.

The award-winning schools in 2016 were:

Highest fundraising school:

St Therese's Catholic Primary School

Highest raised per student enrolment:

Somerville House

Trust and Foundations

Bert & Vera Thiess Foundation
Ethel Wallace Foundation
Frederick Wallace Gilbert & Delia Gilbert Fund
Gladys Winifred Wieland Trust
John Louis Lazarus Levine and Sarah Levine Fund
Perpetual Foundation - The Ivan Maurice Jones Endowment
Sylvia Kathleen Richardson Trust
The Allan & Patricia Ellen Coulson Memorial Trust
The Arthur & Doris Wilkinson Memorial Trust
The Beryl Beatrice Scott and Gordon Ferguson Scott Memorial Trust
The Beryl Pearl Pilkington Perpetual Charitable Trust
The C H Boden Memorial Trust
The Cory Charitable Foundation
The Derek Martin Muller Bequest
The Donald & Joan Wilson Foundation
The Edward Bullock Gift Fund
The Henry Cyril Robjohns and Stella May Robjohns Memorial Trust
The Ira Josey, Peace Mary & Ashley Josey Keidge Perpetual Charitable Trust
The Peter David Ferguson Bequest
The Jack Jacobs Charitable Trust
The Florence Agnes Todd Charitable Trust
The Hart Family Perpetual Trust
The Jack & Bon Mason Memorial Trust
The JC & PM Martin Trust
The John Villiers Trust
The Stanley & Eunice Nicholson Trust
The Thomas & Coral Williams Trust
The Thomas Henley and Winnifred Jean Kelly Memorial Fund
The Thomas and Vera Condie Trust
Vincent & John Patrick Cahill Medical Research Trust Fund

Queensland Community Foundation

Estate of John Roy Hucker Trust
Estate of Lillian May Thomas
Estate of Lorna May Andrews
Mr Greg Hooper
Estate of Janice Edith Cosgrove
Estate of the Late Emily Swaffer
Estate of Hester Florence Lamont
Estate of William Swan
Estate of Ray Maynard
Estate of Dorothy Mildred Haynes
Estate of John Harry Sharpe
Estate of Rosetta Callan
Estate of Walter Sitzwohl

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 (Queensland 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	Experience and special responsibilities	Board Meetings Attended & held #	Exec Board Meetings Attended & held #	Appointment and resignation
Mr Brett Delaney BCom, FCA, MAICD	Retired Partner, PricewaterhouseCoopers; Member of Council for University of Southern Queensland & Chair of Audit & Risk Committee; Chair of Audit & Risk Committee – Honeycombes Property Group; Fellow of the Institute of Chartered Accountants Australia New Zealand; Member of Australian Institute of Company Directors. Appointed President of Heart Foundation – Qld Division 7/5/2015. Honorary Secretary/Treasurer – Qld Division 7/5/2008 to 7/5/2015. Member of National Finance and Audit Committee 7/5/2008 to 7/5/2015.	6/6	3/3	Appointed 24 August 2005
Mr Ian Humphreys BA (UNSW), LLB (UTS), Dip Leg Prac (UTS), LLM (Syd), MAICD	Managing Partner of the Brisbane Office of Ashurst Australia. Admitted in New South Wales (1990), High Court (1991) and Queensland (1995) and England and Wales as a foreign lawyer (2014). Appointed Deputy President 28/4/2016.	5/6	2/2	Appointed 7 May 2015
Ms Melanie Gin B Com, CA	Member of National Finance and Audit Committee; Senior Forensic Auditor/ Financial Accountant, Energex Pty Ltd. Member of the Institute of Chartered Accountants. Appointed Honorary Treasurer 7/5/2015.	5/6	3/3	Appointed 19 February 2015
Dr Roger K Wilkinson MBBS, BA, M.Litt., FRACP, FCSANZ	Senior Visiting Consultant in Cardiology, Royal Brisbane Hospital; Consultant Cardiologist to St Andrew's War Memorial Hospital; Senior Lecturer in Medicine (Clinical) University of Queensland. Appointed Deputy President 20/4/05 to 19/4/06. President 19/4/06 to 25/5/09. Appointed Acting President 27/3/13 to 23/4/13. Appointed President 23/4/13 to 7/5/2015.	6/6	3/3	Appointed 31 October 1996
Ms Rebecca Treston QC	Queen's Counsel in private practice. Special interest in Estates and Trusts.	4/6	3/3	Appointed 12 June 2013
A/Prof David Colquhoun MBBS, FRACP, FCSANZ	Cardiologist at the Wesley Medical Centre and Greenslopes Private Hospital. Medical Director of Core Research Group.	5/6		Appointed 5 June 2013
Prof Michael Good AO MD PhD, FASM, FRACP, FTSE, FAHMS	Medical Researcher, NHMRC Senior Principal Research Fellow. Head, Laboratory of Vaccines for the Developing World, Institute for Glycomics, Griffith University. Chairman of the Heart Foundation's Queensland Cardiovascular Research Network Steering Committee (2016).	1/6		Appointed 12 December 2013

Directors' Report

for the year ended 31 December 2016

Dr Colin Dillon AM APM	A descendant of the "Kumbumerri" people whose traditional country covers Queensland's Gold Coast and its environs. Current Chairman of the Board of Brisbane Indigenous Media Association. A former Commissioner (1996-1999) on the Board of the Aboriginal and Torres Strait Islander Commission. Former Director on the Board of Aboriginal Hostels Limited. Served in the Queensland Police Service from 1965-2001 having attained commissioned rank of Inspector of Police. During his distinguished policing career, he was awarded commendations for bravery and exemplary police work. Awarded the Australian Police Medal (APM) in the Queen's Honours' list in 1992 for distinguished police service to Queensland. In 2000, awarded the honorary degree of 'Doctor of the University' from Queensland University of Technology, the highest status in recognition for service to the community and QUT. Awarded the Australia Medal (AM) in the Order of Australia Awards in 2013.	5/6	Appointed 7 May 2015	
Mr Paul K Bird GradDipBusAdmin, BA, FPRIA, FAICD	President, MontroseAccess; Publisher and Director, IN Noosa Magazine; Corporate Advisor to Board of Directors RCP (Resource Co-ordination Partnership); Director, Linksplus Pty Ltd. Fellow-AICD, Fellow-PRIA.	2/2	1/1	Appointed 8 December 2008 Resigned 28 April 2016

meetings attended and meeting held while the Director held office

Corporate Governance Statement

The Foundation is a company limited by guarantee, incorporated under the *Corporations Act 2001*. 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 the 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 to fund research and other health programs conducted on a National basis.

Federation Agreement

The Foundation entered into a 5 year Federation agreement on the 23rd November 2012. This agreement replaced the previous Memorandum of Understanding and took effect from 1st January 2013. Shared Services which were the responsibility of and hosted by various divisions in other States and Territories continue to be hosted by those divisions, but are now the responsibility and under the direct control of the National Heart Foundation of Australia. All costs associated with these renamed "Group Services" are held and accounted for in the National Heart Foundation of Australia's accounts unless there is a requirement at law for them to be recognised in the Foundations in which case they are recovered. This change to the operational structure has decreased the Foundation's expenditure but is offset by increased grants to the National Heart Foundation of Australia.

Oversight by the Board

The Board oversees and monitors the performance of management by:

- Meeting six times during the 2016 year
- Receiving detailed financial and other reports from management at those meetings
- Receiving additional information and input from management when necessary

Directors' Report

for the year ended 31 December 2016

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 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 4 and no more than 12 directors, of whom up to two must be legally qualified Medical Practitioners.
- No employees of the Foundation, including the CEO, can be a director of the Foundation. Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on pages 7 and 8. 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.

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.

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.

Directors' Report

for the year ended 31 December 2016

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:

- personal relevance of the Heart Foundation to Australians aged 30 - 65
- the Foundation's effectiveness in raising the community's awareness/knowledge of heart health;
- awareness of heart disease as a leading cause of death for Australian women;
- unprompted awareness of the Tick brand;
- awareness of risk factors by women; and
- awareness of a typical heart attack symptoms.

Review of Results and Operations for Current Year

Charitable support from the general public continued to be strong in 2016. Revenue from this type of fundraising is obtained in an increasingly competitive charity climate.

Total revenue from operating activities was 28% higher (\$2,234,799) compared to last year. Revenue from fundraising activities was 21% higher than last year due to increases in bequests received. Revenue from the Bequest program is difficult to predict and can vary dramatically from year to year. The Foundation remains extremely grateful for the bequest income that is directed to the organisation by so many Queenslanders. Notifications of confirmed and intended bequests continued to grow during the year and is a strong indication of continuing strong results in the future.

Total expenditure was 33% higher (\$2,536,709) compared to last year. The Foundation continued to contribute strongly to the National company in support of cardiovascular research and local health programs to the sum of \$6.862 million in 2016, which was \$2.588 million higher than last year.

During 2016 the Foundation played a major role both in its own right and through its leadership in a number of collaborations and alliances that significantly contributed to the following outcomes:

- We successfully advocated for kilojoule menu labelling in fast food outlets and for more smoke-free areas in public spaces like sporting grounds, bus stops and national parks.
- With funding from Queensland Health, over 1200 new walkers joined the Heart Foundation Walking program in Queensland.
- We worked with 34 Queensland hospitals to implement the *My Heart, My Life* Support Program to provide heart patients with support via a copy of our *My Heart, My Life* resource, regular emails and a phone call to help them navigate their recovery after a heart attack .
- We finalised an online version of the Cardiac Rehabilitation and Heart Failure Services Directory.
- The Health Professional Ambassador program was launched in 2016 with 28 participants from across Queensland who upskilled on cardiovascular health and undertook a quality improvement project in their workplace.

Directors' Report

for the year ended 31 December 2016

- 80 Queensland Community Speakers shared heart health messages to more than 4170 people across the state.
- 19 Queensland researchers were supported with Heart Foundation funding.
- The *Queensland Cardiovascular Research Network (QCVRN)* hosted a showcase bringing together more than 130 researchers and clinicians from across the state to showcase cardiovascular research across public health, basic science and clinical, including 17 from James Cook University in North Queensland via video link.

Review of Results and Operations for Past Five Years

Set out below is a comparative table of income and expenditure and assets and liabilities for the past 5 years, including relevant ratios.

As a result of strong financial performance over the past 5 years, the Foundation has been able to contribute over \$30 million to health programs and research.

	2016	2015	2014	2013	2012
Income & Expenditure					
Charitable support - bequests	5,276,890	3,355,581	4,624,342	3,584,052	5,232,362
Charitable support - non-bequests	3,945,190	4,259,020	4,634,925	5,421,962	5,737,909
Fundraising income	9,222,080	7,614,601	9,259,267	9,006,014	10,970,271
Investment income	11,524	17,616	0	0	0
Government non-reciprocal grants	50,000	0	50,000	50,000	50,000
Grants for specific health programs	785,872	259,067	624,268	754,074	751,660
Other income	79,755	23,148	31,773	41,630	122,376
Total income	10,149,231	7,914,432	9,965,308	9,851,718	11,894,307
Less: Fundraising expenditure	(3,082,749)	(3,042,632)	(3,149,555)	(3,504,868)	(4,321,000)
Communications & administration	(394,754)	(486,099)	(420,914)	(444,082)	(505,848)
Surplus available for health programs & research	6,671,728	4,385,702	6,394,839	5,902,768	7,067,459
Health programs conducted locally	(2,335,015)	(1,783,815)	(2,063,208)	(2,241,125)	(2,573,433)
Contributions to National health programs & research	(4,526,547)	(2,489,810)	(4,379,710)	(3,983,015)	(4,417,983)
Balance added to/(deducted from) equity	(189,834)	112,076	(48,079)	(321,372)	76,043
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	33%	40%	34%	39%	39%
Surplus from fundraising to fundraising income	67%	60%	66%	61%	61%
Surplus available for health programs & research to total income	66%	55%	64%	60%	59%
Expenditure on health programs and research to total income	68%	54%	65%	63%	59%
Expenditure on health programs and research to total expenditure	66%	55%	64%	61%	59%
Annual increase in expenditure on health programs & research	61%	(34%)	4%	(11%)	(17%)
Assets & Liabilities					
Cash & investments	1,290,778	1,082,360	1,307,546	1,032,141	1,915,746
Computers, cars & equipment	40,962	60,050	193,737	130,319	162,206
Other assets	129,802	156,974	92,049	327,536	285,210
Total assets	1,461,542	1,299,384	1,593,332	1,489,996	2,363,162
Total liabilities	(1,236,065)	(884,073)	(1,290,097)	(1,138,683)	(1,690,477)
Total equity	225,477	415,311	303,235	351,313	672,685

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 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.

Directors' Report

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.

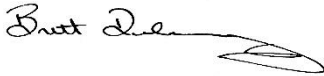
The insurance premiums relate to:

- 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.

The lead auditor's independence declaration is set out on page 33 and forms part of the directors' report for financial year 2016.

Signed in accordance with a resolution of the directors.



Mr Brett Delaney
President

Dated at Brisbane this 23rd day of March 2017

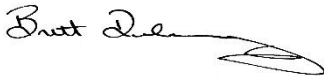
Directors' Declaration

for the year ended 31 December 2016

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

- (a) the financial statements and notes, set out on pages 15 to 29, 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 2016 and of 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 Commission 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.



Mr Brett Delaney
President

Dated at Brisbane this 23rd day of March 2017

Statement of Comprehensive Income

for the year ended 31 December 2016

	Notes	2016 \$	2015 \$
Revenue			
Revenue from operating activities	4	10,137,707	7,896,816
Total revenue		10,137,707	7,896,816
Net gain/(loss) on sale of property, plant and equipment		0	1,793
Research		(33,897)	0
Health programs (including those funded by grants)		(2,301,118)	(1,783,815)
Fundraising		(3,082,749)	(3,042,632)
Communications and publicity		(225,955)	(228,509)
Administration		(168,799)	(259,383)
Results from Operating activities		4,325,189	2,584,270
Finance income		11,524	17,616
Finance costs		0	0
Net Finance income/(cost)	6	11,524	17,616
Net Surplus/(deficit)		4,336,713	2,601,886
Net Grants to National Heart Foundation of Australia		(4,526,547)	(2,489,810)
Surplus/(deficit) for the year		(189,834)	112,076
Total other comprehensive income		0	0
Total comprehensive income for the year		(189,834)	112,076

Statement of Financial Position

as at 31 December 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	7a	1,288,385	1,082,360
Trade and other receivables	8	129,802	156,974
Investments	9	2,393	0
Total current assets		1,420,580	1,239,334
Non-current assets			
Property, equipment and vehicles	10	40,962	60,050
Total non-current assets		40,962	60,050
Total assets		1,461,542	1,299,384
Current liabilities			
Trade and other payables	11	753,781	250,061
Grants income deferred	12	197,929	356,598
Employee benefits	13	274,130	239,796
Total current liabilities		1,225,840	846,455
Non-current liabilities			
Employee benefits	13	10,225	37,618
Total non-current liabilities		10,225	37,618
Total liabilities		1,236,065	884,073
Net assets		225,477	415,311
Equity			
Retained earnings		225,477	415,311
Total equity	14	225,477	415,311

Statement of Changes in Equity

for the year ended 31 December 2016

	2016	2015
	\$	\$
Balance of Equity as at 1 January	415,311	303,235
Comprehensive income for the period		
Surplus/(Deficit)	(189,834)	112,076
Other comprehensive income	0	0
Total comprehensive income for the year	(189,834)	112,076
Balance of Equity as at 31 December	225,477	415,311

Statement of Cash Flows

for the year ended 31 December 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	9,457,935	7,807,289
Cash payments in the course of operations	(4,220,297)	(3,580,201)
Net grants made to National Heart Foundation of Australia	(5,043,870)	(4,580,066)
Net financial income	12,257	16,244
Net cash from operating activities	206,025	(336,734)
Cash flows from investing activities		
Proceeds from sale of property, equipment and vehicles	0	115,000
Acquisition of property, equipment, vehicles and computer software	0	(3,452)
Net cash from investing activities	0	111,548
Net increase in cash and cash equivalents	206,025	(225,186)
Cash and cash equivalents at 1 January	1,082,360	1,307,546
Cash and cash equivalents at 31 December	1,288,385	1,082,360

Notes

7b

7a

Notes to the Financial Statements

for the year ended 31 December 2016

1 Reporting entity

The National Heart Foundation of Australia (Queensland Division) (the "Foundation") (ABN: 32 009 691 570) is a company domiciled in Australia. The address of the Foundation's registered office is 557 Gregory Terrace, Fortitude Valley QLD 4006. 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 23 March 2017.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for equity 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.

(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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and assumptions.

There are no 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.

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 (deferred income)

Grants received for specific health programs are recognised as income only to the extent of work completed on those projects when the terms of the grant stipulate that any unexpended funds are to be returned to the sponsor if the program is not completed. In those circumstances the funds attributable to work still to be completed are carried forward as grants income deferred, as recognised in note 12.

(iv) Sale of goods

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 Queensland also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 39,247 children and 146 schools. The Foundation's door knock program successfully recruited over 14,000 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.

Notes to the Financial Statementsfor the year ended 31 December 2016

3 Significant accounting policies (continued)**(b) 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.

(c) 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.

(d) 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 fall under item 1 of the table in section 30-15 of the *Income Tax Assessment Act 1997*.

(e) Trade and other receivables

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

(f) Equipment and vehicles**(i) Recognition and measurement**

Items of 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 equipment and vehicles are determined by comparing the proceeds from the disposal with the carrying amount of equipment and vehicles and are recognised on a net basis in the statement of comprehensive income.

(ii) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of each item of equipment and vehicles from the date they are acquired and are ready for use. The estimated useful life in the current and comparative periods are as follows:

- computer equipment 3 years
- office furniture and equipment 5 - 10 years
- motor vehicles 6 - 7 years

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

(g) Non-derivative financial assets

A financial asset is recognised on the date the Foundation becomes party to the contractual provisions of the asset. Financial assets are derecognised if the Foundation's contractual rights to the cash flows from the financial assets expire. Purchases and sales of financial assets are accounted for at trade date.

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

Each financial asset, apart from those classified at fair value, 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 or 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 comprehensive income, whenever the carrying amount of an asset exceeds its recoverable amount.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

3 Significant accounting policies (continued)

The recoverable amount of an asset is the greater of its fair value less costs to sell 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. Depreciated replacement cost is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

(i) Trade and other payables (non-derivative financial liability)

Trade and other payable are stated at cost, this being equivalent to fair value.

(j) 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 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: 2016: 3.0% (2015: 3.0%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2016: 2.76% (2015: 2.88%)
- expected settlement dates based on turnover history: 2016: 15 years (2015: 15 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 period during which services are rendered by employees.

(k) 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 time value of money and risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(l) Segment reporting

The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment, Queensland.

(m) Finance income and finance costs

Finance income comprises interest income, dividend income and gains on disposal of financial assets. Finance costs comprise losses on disposal and impairment of financial assets.

(n) 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 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 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

3 Significant accounting policies (continued)

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 Foundation. 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.

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 National. National 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 National 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.

(o) 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 2017, 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 and the extent of the impact has not been determined.

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 effective for the Foundation's 2019 financial statements.

(p) Determination of fair values

A number of the Foundation's accounting policies and disclosures require 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 \$	2015 \$
4 Revenue from operating activities		
Charitable support - bequests	5,276,890	3,355,581
Charitable support - non-bequests	3,944,024	4,257,974
Sale of goods	1,166	1,046
<i>Total revenue from fundraising activities</i>	9,222,080	7,614,601
Government non-reciprocal grants	50,000	0
Grants for specific health programs - Government	621,633	173,539
Grants for specific health programs and research - other	164,239	85,528
Other	79,755	23,148
<i>Total revenue from other operating activities</i>	915,627	282,215
Total revenue from operating activities	10,137,707	7,896,816
5 Auditors' remuneration		
KPMG Australia: Audit services	29,964	29,580
	29,964	29,580
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	11,524	15,280
Dividend income	0	2,336
Finance income	11,524	17,616
Net finance income and costs recognised in Surplus/(Deficit)	11,524	17,616
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 1.30% (2015: 0.01% to 3.15%)	1,288,385	1,082,360
	1,288,385	1,082,360

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 18.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016	2015
	\$	\$
7b Reconciliation of cash flows from operating activities		
Net surplus / (deficit) from ordinary activities	(189,834)	112,076
Adjustments for:-		
Depreciation/Amortisation	19,088	23,930
Investments acquired for nil consideration via bequests	(2,393)	0
Net loss/(gain) on disposal of property, equipment and vehicles	0	(1,793)
Net cash from operating activities before changes in working capital and provisions	(173,139)	134,213
(Increase)/decrease in receivables	(10,349)	(27,402)
(Increase)/decrease in grants income accrued	37,521	(37,521)
Increase/(decrease) in payables	503,720	(633,784)
Increase/(decrease) in grants income deferred	(158,669)	174,839
Increase/(decrease) in employee benefits	6,941	52,921
Net cash from operating activities	206,025	(336,734)
8 Trade and other receivables		
Trade receivables owing by National Heart Foundation of Australia (National)	98,680	81,338
Grants income accrued	0	37,521
Other receivables and prepayments	31,122	38,115
	129,802	156,974
The Foundation's exposure to credit risk for trade and other receivables is disclosed in note 18.		
9 Investments		
Current investments		
Listed Shares	2,393	0
	2,393	0

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

10 Property, equipment and vehicles

	Freehold land	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Balance at 1 January 2015	100,000	199,753	87,269	387,022
Acquisitions		3,452	0	3,452
Disposals	(100,000)	(62,328)	(19,003)	(181,331)
Balance at 31 December 2015	0	140,877	68,266	209,143

Balance at 1 January 2016	0	140,877	68,266	209,143
Acquisitions	0	0	0	0
Disposals	0	0	0	0
Balance at 31 December 2016	0	140,877	68,266	209,143

Depreciation & Impairment losses

Balance at 1 January 2015	0	173,415	19,870	193,285
Depreciation charge for the year	0	12,222	11,708	23,930
Disposals	0	(62,326)	(5,796)	(68,122)
Balance at 31 December 2015	0	123,311	25,782	149,093

Balance at 1 January 2016	0	123,311	25,782	149,093
Depreciation charge for the year	0	8,847	10,241	19,088
Disposals	0	0	0	0
Balance at 31 December 2016	0	132,158	36,023	168,181

Carrying amounts

At 1 January 2015	100,000	26,338	67,399	193,737
At 31 December 2015	0	17,566	42,484	60,050

At 1 January 2016	0	17,566	42,484	60,050
At 31 December 2016	0	8,719	32,243	40,962

11 Trade and other payables

	2016 \$	2015 \$
Trade payables to National Heart Foundation of Australia	566,679	103,669
Trade payables to other National Heart Foundation divisions	68,359	239
Other payables and accrued expenses	118,743	146,153
	753,781	250,061

The Foundation's exposure to liquidity risk relates to trade and other payables is disclosed in note 18.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016	2015
	\$	\$
12 Grants income deferred		
Balance at 1 January	356,598	181,758
Amounts received	627,203	433,907
Income taken to revenue	(785,872)	(259,067)
Balance at 31 December	197,929	356,598

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

13 Employee benefits

Aggregate liability for employee benefits including oncosts:

Current - long service leave and annual leave	274,130	239,796
Non-current - long service leave	10,225	37,618
Total employee benefits	284,355	277,414
<i>Personnel expenses:</i>		
Wages and salaries	1,936,603	1,778,683
Contributions to superannuation plans	144,389	131,728
Total personnel expenses	2,080,992	1,910,411
Number of employees at year end (full time equivalents)	19	20

14 Equity**Retained Earnings at beginning of year**

Operating Surplus/(deficit)	(189,834)	112,076
Other Comprehensive Income	0	0
Total Comprehensive Income for the year	(189,834)	112,076
Total Equity at end of year	225,477	415,311

Assets held in trust

From time to time the Foundation is appointed as trustee in relation to funds to be applied for research or other programs related to cardiovascular health. As no equity is held in those assets they are excluded from the financial statements.

	2016	2015
	\$	\$
Balance brought forward	271,913	263,965
Interest and funds received	7,530	7,948
Less Payments in accordance with Trust	0	0
Balance carried forward	279,443	271,913

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

15 Company limited by guarantee

The National Heart Foundation (Queensland) 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 \$4.

As at 31 December 2016 there were 8 members (2015: 9 members) of the Foundation.

At 31 December 2016 the total liability for membership in the event the Foundation is wound up would be \$32.

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 Foundation for the entire period:

Non executive directors

Mr Brett Delaney, BCom, FCA, MAICD

Mr Ian Humphreys, BA (UNSW), LLB (UTS), Dip.Leg.Prac (UTS), LLM (Syd), MAICD

Ms Melanie Gin, BCom, CA

Dr Roger K Wilkinson, MBBS, BA, M.Litt., FRACP, FCSANZ

Ms Rebecca Treston, QC

Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ

Professor Michael Good, AO, MD PhD, FASM, FRACP, FTSE, FAHMS

Dr Colin Dillon, AM APM

Mr Paul K Bird, GradDipBusAdmin, BA, FPRIA, FAICD (Resigned 28/4/2016)

Non executive directors did not receive any remuneration from the Foundation during the current or previous 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 Stephen Vines, MBA, BBus Mgmt, MAICD, Chief Executive Officer

Ms Rachelle Foreman, MPhil, MScST, BAppSc (HMS), MAICD, Health Director

Mrs Catherine Donald, BCom, Finance Director

Mr Bruce Macdonald, BAgSc, DipEd, Fundraising Director

The compensation of key management personnel was as follows:

Short term employee benefits

Post - employment benefits

Other long term benefits

Total

	2016	2015
	\$	\$
	638,207	633,726
	54,508	52,336
	8,874	13,486
	701,589	699,548

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 the National Heart Foundation of Australia 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. 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 National to the Foundation. The aggregate amounts included in Surplus/Deficit from ordinary activities that resulted from transactions with other related parties are:

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

16 Related Parties (continued)

	2016	2015
	\$	\$
Contributions received from sale of services - Divisions	6,033,247	4,771,254
Contributions paid for purchase of services - Divisions	5,678,389	4,966,433
Grants for research and other national initiatives	4,526,547	2,489,810
Contribution paid for Rent - National	218,625	257,712

Amounts receivable and payable to non-director related parties are shown in notes 8 and 11 respectively.

17 Subsequent events

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 the operations or the state of affairs of the Foundation, in future financial years.

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

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.

At the reporting date there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as summarised below:

	Notes	2016	2015
		\$	\$
Financial assets			
Cash *	7a	1,288,385	1,082,360
Trade and other receivables *	8	129,802	119,453
Grants income accrued *	8	0	37,521
Listed Shares#	9	2,393	0
		1,420,580	1,239,334

* Financial assets held at cost/amortised cost

Financial assets held at fair value through other comprehensive income

Impairment losses from trade receivables

Of the Foundation's trade receivables balance of \$129,802, \$0 is past due (2015: \$119,453).

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 the National Heart Foundation and other Divisions (refer Note 8).

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

18 Financial instruments (continued)**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 grants income deferred have contractual cashflows which are 6 months or less. 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	2016 \$	2015 \$
Non derivative financial liabilities			
Trade and other payables	11	753,781	250,061
Grants income deferred	12	197,929	356,598
		951,710	606,659

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices 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.

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*. The analysis assumes all other variables remain constant.

This analysis is performed on the same basis as that used in 2015.

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 3%
- Proportional other market price risk movement of equity securities listed on the ASX index of +10%/-10%

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

18 Financial instruments (continued)

	2016					2015				
	Carrying Amount/ Face Value	-1%		+1%		Carrying Amount/ Market Price	-1%		+1%	
		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
Interest rate risk	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Variable rate instruments										
Cash at bank	1,288,385	(12,884)	(12,884)	12,884	12,884	1,082,360	(10,824)	(10,824)	10,824	10,824
Total increase/(decrease)		(12,883)	(12,883)	12,884	12,883		(10,824)	(10,824)	10,824	10,824

	2016					2015				
	Carrying Amount/ Market Value	-10%		+10%		Carrying Amount	-10%		+10%	
		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
Other market price risk	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Investments - listed shares	2,393	0	(239)	0	239	0	0	0	0	0
Total increase/(decrease)		0	(239)	0	239		0	0	0	0

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as:

- 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 (ie: as prices) or indirectly (ie: derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Notes	31-December-2016		
		Level 1	Level 2	Level 3
		\$	\$	\$
Investments - listed shares	9	2,393	0	0
		2,393	0	0

	Notes	31-December-2015		
		Level 1	Level 2	Level 3
		\$	\$	\$
Investments - listed shares	9	0	0	0
		0	0	0

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'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 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 Foundation's management and submitted to the Board of the Foundation.



Independent Auditor's Report

To the members of the National Heart Foundation of Australia (Queensland Division)

Qualified Opinion

We have audited the **Financial Report** of the National Heart Foundation of Australia (Queensland Division) (the Foundation).

In our opinion except for the possible effects of the matter described in the Basis for Qualified opinion section of our report, 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 Group and Foundation's financial position as at 31 December 2016, and of their financial performance and its cash flows for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards* and 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.

Basis for Qualified opinion

Charitable fundraising is a significant source of fundraising revenue for the Foundation. The Foundation has determined that it is impracticable to establish controls over the collection of charitable fundraising revenue, mainly comprising of cash donations, prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to charitable fundraising revenue, mainly comprising of cash donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable fundraising to the Foundation, reported in the accompanying financial report is complete.

In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Foundation, are not appropriate given the size and nature of the Foundation.

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in National Heart Foundation of Australia (Queensland Division)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors and Office Bearers, Bequests, Major Supporters Corporate and Club Supporters, Trust and Foundations and 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, the auditor does not express 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.

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. As described in the Basis for Qualified opinion section above, we were unable to obtain sufficient appropriate evidence about the completeness of charitable fundraising revenue. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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* and the ACNC.
- (ii) 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.
- (iii) 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

Tracey Barker
Partner

Brisbane
23 March 2017



Lead Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of National Heart Foundation (Queensland Division)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2016 there have been:

- (i) no contraventions of 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) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature of the KPMG firm, written in dark ink.

KPMG

A handwritten signature in cursive script, appearing to read 'Tracey Barker'.

Tracey Barker

Partner

Brisbane

23 March 2017

Australian Capital Territory

Canberra

Unit 1, Level 1, 17–23 Townshend Street
Phillip ACT 2606
T: (02) 6282 5744

New South Wales

Sydney

Level 3, 80 William Street
Sydney NSW 2011
T: (02) 9219 2444

Northern Territory

Darwin

Darwin Central Offices
Level 3, 21 Knuckey Street
Darwin NT 0800
T: (08) 8982 2700

Queensland

Brisbane

557 Gregory Terrace
Fortitude Valley QLD 4006
T: (07) 3872 2500

South Australia

Adelaide

155–159 Hutt Street
Adelaide SA 5000
T: (08) 8224 2888

Tasmania

Hobart

Level 1, 89 Brisbane Street
Hobart TAS 7000
T: (03) 6224 2722

Victoria

Melbourne

Level 12, 500 Collins Street
Melbourne VIC 3000
T: (03) 9329 8511

Western Australia

Perth

334 Rokeby Road
Subiaco WA 6008
T: (08) 9388 3343

For heart health information

1300 36 27 87

heartfoundation.org.au