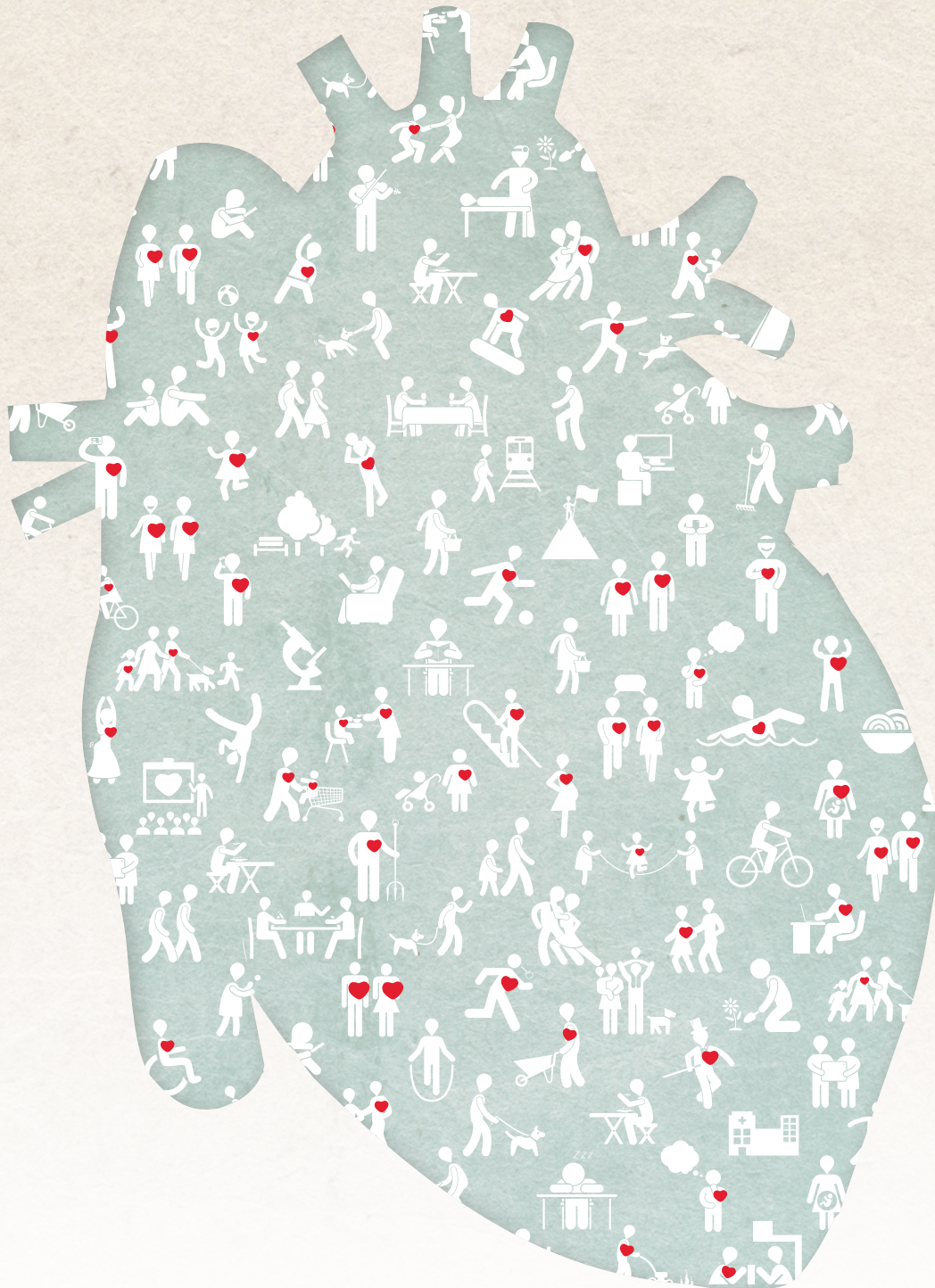


# ANNUAL REPORT 2014



+ FINANCIAL STATEMENTS

National Heart Foundation of Australia  
(New South Wales Division) ABN 95 000 253 289  
For the year ended 31 December 2014



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## Directors and Office Bearers

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### Patron

Her Excellency Professor the Honourable Dame Marie Bashir AD CVO, Governor of New South Wales (until 1 October 2014)

His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales (from 2 October 2014)

### Board of Directors

#### President

Mr M J Lavery, LL.M (until 30 April 2014)

Ms R Davies (from 30 April 2014)

#### Vice President

Ms G Schroder, GAICD

#### Chair Audit & Risk Management Committee

Ms K Hughes, BAcc, CA, GAICD

#### Directors

A/Prof R M Allan, MBBS, FRACP, FCSANZ, FACC

Prof D Brieger, MBBS, Mmed, PhD, FRACP

Mr L J Patton, BA, MCom, Grad Cert Mgt, FAICD

Mr G Selig, Bec

Mr D Shortland, MAICD

Ms L Wilson

#### Nominee of the Cardiac Society of Australia and New Zealand

A/Professor S P Thomas, BMed, PhD, FRACP

#### Chief Executive

Kerry Doyle PSM, MAICD, BA (Hons) Class 1

#### Company Secretary

Kerry Doyle PSM, MAICD, BA (Hons) Class 1

#### Auditors

KPMG

#### Registered Office

Level 3, 80 William Street, East Sydney NSW 2011

#### Preferred Postal Address

PO Box 2222, Strawberry Hills BC NSW 2012

# Directors' Report

for the year ended 31 December 2014

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (NSW Division) ("the Foundation") for the year ended 31 December 2014 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 #	Appointment and resignation
A/Prof R M Allan MBBS, FRACP, FCSANZ, FACC	Interventional Cardiologist. Clinical Executive Director, Northern Sector, South Eastern Sydney Local Health District. Director, Eastern Heart Clinic Pty Ltd. Director, Eastcath Pty Ltd. Director, Prince of Wales Research Institute. Director, Mecafern Pty Ltd. Member, Heart Foundation Audit & Risk Management Committee (NSW Division).	7 / 9	Appointed 30 April 2008
Prof D Brieger MBBS, Mmed, PhD, FRACP	Head, coronary care and coronary interventions at Concord Hospital. Chair Heart Foundation Clinical Issues Committee. Member, Heart Foundation Remuneration & Nominations Committee (NSW Division).	8 / 9	Appointed 30 April 2009
Ms R Davies <i>President from 30 April 2014</i>	Board Member, Heart Foundation (National Division). Chair, Heart Foundation Remuneration & Nominations Committee (NSW Division). Member, Heart Foundation Audit & Risk Management Committee (NSW Division). Non Executive Director, Chris O'Brien Lifehouse. Member, Community and Consumer Advisory Committee and Research Committee National Health & Medical Research Council. Non Executive Director, Palestrina Foundation Limited. Facilitator, Company Directors Course, AICD. Board member, Juvenile Diabetes Research Foundation Australia and International. Owner, Red coaching pty limited. Board Member, LCM Healthcare. Consultant, Herbert Smith Freehills	5 / 6	Appointed 30 April 2014
Ms K Hughes BAcc, CA, GAICD <i>Chair NSW Audit &amp; Risk Management Committee</i>	GM Advice Services, Nab Wealth Advice, MLC. Member, Heart Foundation National Finance Advisory Committee.	9 / 9	Appointed 15 May 2013
Mr M J Laverty LL.M <i>President until 30 April 2014</i>	CEO, Catholic Health Australia. Chairperson, Social Determinants of Health Alliance. Board Member, National Disability Insurance Agency. Board Member, NSW Public Service Commission. Member, National Health Performance Authority Advisory Committee for Private Hospitals. Member, Australian Catholic University Faculty of Health Sciences Advisory Board. Board Member, Heart Foundation (National Division). Member, Heart Foundation National Audit and Governance Committee. Member, Heart Foundation National Finance Advisory Committee. Chair Heart Foundation Remuneration & Nominations Committee (NSW Division).	2 / 3	Appointed 11 April 2006 Retired 30 April 2014
Mr L J Patton BA, MCom, Grad Cert Mgt, FAICD	Chief Executive Officer, Internet Society of Australia; Advisory Board Member, Sydney Blue Sox; Member, Heart Foundation Audit and Risk Management Committee (NSW Division).	6 / 9	Appointed 11 April 2006
Ms G Schroder GAICD <i>Vice President</i>	National Manager, Board & Corporate Services, Australian Institute of Company Directors. Member, Heart Foundation Remuneration & Nominations Committee (NSW Division).	9 / 9	Appointed 28 April 2010

## Directors' Report (continued)

for the year ended 31 December 2014

Mr G Selig BEc	Executive Chairman, Blue Star Group. Member, Heart Foundation Audit & Risk Management Committee (NSW Division). Chair, NSW Cardiovascular Research Network Management Committee.	9 / 9	Appointed 28 October 2009
Mr D Shortland MAICD	Governance specialist and communication counsel to boards and senior executives. Facilitator for the Australian Institute of Company Directors ('AICD') in Strategy & Risk and Governance and contributor to AICD's Good Governance Principles and Guidance for Not-For-Profit Organisations. Director of ChildFund Australia. Member, Heart Foundation National Audit & Governance Committee.	6 / 6	Appointed 30 April 2014
A/Prof S P Thomas BMed, PhD, FRACP <i>Nominee Cardiac Society of Australia &amp; New Zealand</i>	Cardiologist and Director, Cardiac Laboratories at Westmead Hospital. Clinical Academic, University of Sydney. Clinical Associate Professor, Macquarie University.	9 / 9	Appointed 15 May 2013
Ms L Wilson	Senior Change Manager, Jacobs. Member Heart Foundation Remuneration & Nominations Committee (NSW Division)	9 / 9	Appointed 2 May 2012

# meetings attended and meetings held while the director held office.

## Meetings of Board Committees

Committee	Number of Meetings
Audit & Risk Management Committee	2
Remuneration & Nominations Committee	2

## Corporate Governance Statement

The Foundation is a company limited by guarantee, incorporated under the *Australian Charities and Not-for-profits Commission Act 2012*. 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. This statement reflects the corporate governance principles and policies adopted by the Foundation and followed in the 2014 financial period.

## 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 and the National Foundation. The relationships between all entities are set out in a Federation agreement with the Divisions making grants to the National Heart Foundation of Australia (the "National Foundation") to fund research and other health programs conducted on a National basis.

## Oversight by the Board

The Board oversees and monitors the performance of management by:

- Meeting regularly throughout the year
- Receiving detailed financial and other reports from management at those meetings
- Receiving additional information and input from management when necessary

## Directors' Report (continued)

for the year ended 31 December 2014

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### 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:

Board members are appointed to ensure breadth of skill and knowledge across all areas of the Foundation's work. The current Board's qualifications, skills, experience and responsibilities appear on pages 4, 5 and 25.

The Board of Directors consist of: a President, a Vice President, a Director nominated by the Cardiac Society of Australia and New Zealand and 7 additional Directors. Directors are elected by the Members at annual general meetings of the Foundation. Directors may serve a maximum period of nine consecutive years and will not be eligible to stand for re-election on retirement after this period of time. Each year, as a minimum number, one third of the Directors of the Board shall retire from office but may stand for re-election by ordinary resolution of the Members immediately upon retirement. Office bearers are elected by the Directors from their number at a meeting of the Directors immediately held on conclusion of each annual general meeting.

### 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 strategic, 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.

The Board established an Audit and Risk Management Committee in early 2006. The Committee is responsible for the oversight of the Foundation's risk management, internal control and compliance processes in addition to its financial reporting responsibilities and governance.

### 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 2014

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### 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 regularly 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 treatment and 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.

The Foundation performed a range of these activities directly within NSW and provided a significant contribution to the National Foundation to support the conduct of research and other cardiovascular health programs on a national basis.

### SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

#### Alignment to strategic plan "For All Hearts"

The National Heart Foundation of Australia 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).

The Foundation has developed specific operational plans to achieve the objectives of the National Foundation, as set out in the five year strategic plan, For All Hearts.

#### Performance Measures and Key Achievements in 2014

The Foundation within the Federation framework 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 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 atypical heart attack symptoms.

## Directors' Report (continued)

for the year ended 31 December 2014

### NSW Healthy Hearts

The Foundation engaged with State and Local governments to advance heart health standards for people living in NSW. We worked alongside our charitable partners and with departmental and ministerial staff to ensure that the healthy built environment and food supply are conducive to supporting a healthy lifestyle. A key achievement in 2014 was the development of our key election asks in preparation of the NSW State election in early 2015. Our election asks include:

- Create healthy built environments with active travel options
- Make NSW smoke free
- Improve care for heart attack survivors and those living with heart disease
- Deliver best practice cardiac care for Aboriginal people in NSW
- Increase collaboration and translation of cardiovascular research into clinical practice in NSW.

Other highlights include:

**The International Walk 21 Conference** held at Luna Park in Sydney from 21- 24 October. Co-hosted by the NSW Government and the City of Sydney, and coordinated by the NSW Premier's Council for Active Living and the Heart Foundation NSW, Walk21 is an international movement that champions the development of healthy, sustainable and efficient communities where walking for transport and recreation is available to all. Just over 500 participants attended the conference and explored different aspects of walkability around Sydney. There have been a number of immediate outcomes from the conference. Firstly there is momentum to reinvigorate Walktober as an annual walking promotion event. Secondly the NSW Government has launched its NSW Active Travel Charter for Children - an Australia first Charter that outlines government and non-government agency commitments to support active travel for children.

The launch of the Heart Foundation's (NSW, SA, and National) discussion paper titled *'Does Density Matter? The role of density in creating walkable neighbourhoods'* at the Walk 21 Conference. The paper, co-authored by international walking expert Dr Rodney Tolley, explores the key built environment principles that work together to create a better environment for walking, and illustrates these through a number of Australian and international case studies.

**The NSW Food Forum** A jointly hosted Forum between the Heart Foundation NSW, NSW Health and the Premier's Council for Active Living was held on 11 March 2014 to discuss key NSW and national initiatives that support healthy food environments as well as identify gaps and opportunities for future action. Over 250 people attended the day. The Heart Foundation's Healthier Oils project and lessons learnt from the Tick's Journey into Food Service 2003-2011 were featured at the forum.

### NSW Heart Care

During Heart Week in May 2014, the Heart Foundation and the Cardiac Care team from the NSW Ambulance Service delivered materials through print, radio and social media to provide information to the public regarding the warning signs of a heart attack and the role of NSW Ambulance in treating acute cardiac events.

The Heart Foundation co-authored a paper on *Prescription of secondary prevention medications, lifestyle advice, and referral to rehabilitation among acute coronary syndrome inpatients: results from a large prospective audit in Australia and New Zealand*. The paper was published in June 2014 in the *Heart Journal*, which is issued by the *British Medical Journal*.

### NSW Equity

**Be stronger Live Longer (BSLL) Koori Healthy Living Program** In 2011 the Heart Foundation's NSW Division Illawarra Office was successful in applying for a Federal Government, Department of Health and Ageing, Healthy Community Campaign grant to reduce the prevalence of risk factors for cardiovascular disease and other chronic lifestyle related illnesses facing members of the Illawarra and Shoalhaven Aboriginal communities. The project is a partnership involving regional Aboriginal and non-Aboriginal Health organisations. Over the 2 year life of the project June 2012-June 2014, there were significant gains for the Aboriginal communities of the Illawarra and Shoalhaven related to healthier eating, smoking cessation and physical activity.

**Multi-cultural resources** The Heart Foundation and the NSW Multicultural Health Communication Service developed heart health audio messages in Cantonese, Mandarin and Spanish, covering cardiovascular disease risk factors such as blood pressure, elevated cholesterol, the high prevalence of heart disease in women and actions to take including lifestyle risk modification and seeing their GP.

**Launch of the NSW RAP** Staff of the NSW office attended the formal Launch of the Heart Foundation's Reconciliation Action Plan (RAP) developed collaboratively across the Federation, with the NSW CEO and Heart Foundation Cultural Lead, Ms Vicki Wade co-chairing the working group that delivered and lodged the RAP with Reconciliation Australia.



## Directors' Report (continued)

for the year ended 31 December 2014

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**Rural and remote populations** To improve the healthy lifestyles of people living in small isolated rural towns (population less than 15,000) the Heart Foundation NSW has partnered with NSW Health to stage the inaugural NSW Healthy Town Challenge. Following an EOI process 5 grants of \$15,000 each have been awarded to 5 towns to support them in their efforts to create local environments that are more supportive of walking, cycling, healthy catering and to provide access to 6 months of free telephone based support from the Get Healthy Information and Coaching Service.

**Jump Rope for Heart Outreach** In 2014 NSW received external funding to finance the implementation of Jump Rope for Heart in primary schools with significant numbers of aboriginal students. We visited 88 schools in metro, rural and remote NSW, including Broken Hill, Bourke, Walgett, Boggabilla, La Perouse, Granville, North Coast and Dubbo. A total of 5,500 students were involved in the program

### Research

The NSW Cardiovascular Research Network grew strongly during 2014, conducting its fifth Showcase at the Museum of Contemporary Art Australia in Sydney in October 2014. At the Showcase three researchers were awarded grants for cardiovascular research and a further \$500,000 in funding was announced, contributed equally by the NSW Government and the Heart Foundation. The Network also supports early to mid career researchers through the provision of funding for both people and projects through the establishment of the Rising Star Network.

The National Heart Foundation Research Program is an important source of funding for research undertaken in NSW into the causes, diagnosis, management and prevention of cardiovascular disease.

### Donor Engagement

**Philanthropy in NSW** The Heart Foundation is championing women's heart health in Australia. Real change begins with awareness and education. One of the Heart Foundation's biggest challenges is dispelling widespread myths about heart disease that prevent recognition of the risks and warning signs and the diagnosis and treatment in women. It's commonly believed that heart disease is a man's disease but it is also the leading cause of death among women, killing three times more women than breast cancer does each year.

In 2014 we called on the generosity of philanthropists to help us raise \$5million over 3 years from an exclusive group of major givers through a relatively silent appeal. This is the first time in over 40 years that the Heart Foundation has launched a major gifts campaign, seeking pledged contributions over the next 3 years to invest in the future heart health of Australian women.

Our signature event for this campaign was at Guillaume restaurant in Paddington on 29 September 2014. 50 philanthropists gathered to support the campaign and raised substantial funds, with the result that by December 2014 we had received \$815,000 in pledges to help us address this significant public education and awareness gap.

The success of this campaign is built on the championship of the cause by people of influence. The Heart Foundation is privileged to be the beneficiary of the time, effort and generosity shown by the philanthropic community of Sydney in championing and supporting our cause within their networks.

Special thanks to the Campaign Chairman Stanley Roth AM and our Campaign Ambassadors.

**New York Marathon** Fifteen runners ran for the Heart Foundation in the 2014 New York Marathon and raised over \$130,000 for the Heart Foundation.

**Business with Heart** Over 30 notable businesses within the NSW Business community came together for a Business with Heart Networking Lunch to learn more about the Heart Foundation, the impact of our work and how they can get involved.

### Review of Results and Operations for Current Year

The Foundation recorded a net surplus from continuing operations of \$6.09 million. The grants made by the NSW Foundation in 2014 to the National Company amounted to \$5.9 million, making a total contribution of \$36m by the NSW community over the last five years to improving heart health and supporting Heart Foundation efforts.

The decline of net profit from \$7.7 million in 2013 to \$6.09 million in 2014 was due to a decrease in Bequest income (20% down), and a small decrease in non-bequest income, offset by a drop in expenditure of 7% compared to prior year. Bequest income is difficult to predict and can vary dramatically from year to year, as indicated by the five year financial summary below. Because of the generous support received from our major donors in response to our Women and Heart Disease campaign, our non-bequest income actually exceeded our expectation by \$0.38 million.

## Directors' Report (continued)

for the year ended 31 December 2014

Although there is a slight increase in the overall cost of fundraising, the Heart Foundation is well within industry benchmarks of 35%. In addition, the NSW Division reduced actual expenditure by \$0.31 million.

Expenditure on health programs & research reflects, inter alia, the NSW Division's contributions to the National Company. These contributions are based on net revenue raised by NSW. As revenue was down in 2014, the NSW contributions to the National Company were decreased. The NSW and Commonwealth Government's decisions to cease funding to a range of programs, including the Prevention in Primary Health Care Program, Health Community Initiatives as well as Be Stronger Live Longer funded by Commonwealth Government, also contributed to the decrease in expenditure on health & research programs. The Heart Foundation's overall research spend nationally remained steady at \$13 million.

### 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. Income from fundraising is obtained in an increasingly competitive charity climate. Fundraising expenditure over the last 5 years averaged 28% of fundraising income. Fluctuations in the costs of fundraising can occur when new funding initiatives are at a development stage and revenues are not realised until the following year.

### Five Year Financial Summary

	2014	2013	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income &amp; Expenditure</b>					
Charitable support – bequests	6,155	7,716	7,405	5,822	7,719
Charitable support – non-bequests	6,697	7,210	7,389	7,129	6,632
<b>Fundraising income</b>	<b>12,852</b>	<b>14,926</b>	<b>14,794</b>	<b>12,951</b>	<b>14,351</b>
Investment income	90	104	198	229	252
Government non-reciprocal grants	–	1,752	1,260	1,077	781
Grants for specific health programs	1,931	374	657	471	1,083
Grants for specific fundraising & communications programs	119	–	–	–	–
Other income	139	222	291	280	236
<b>Total income</b>	<b>15,131</b>	<b>17,378</b>	<b>17,200</b>	<b>15,008</b>	<b>16,703</b>
Less: Fundraising expenditure	(3,939)	(3,793)	(4,248)	(3,744)	(3,876)
Communications & administration	(417)	(535)	(392)	(457)	(456)
<b>Surplus available for health programs &amp; research</b>	<b>10,775</b>	<b>13,050</b>	<b>12,560</b>	<b>10,807</b>	<b>12,371</b>
Health programs conducted locally	(4,684)	(5,315)	(5,190)	(4,969)	(4,748)
Net grants to National Heart Foundation of Australia	(5,941)	(8,870)	(7,430)	(6,109)	(7,763)
<b>Balance added to/(deducted from) equity</b>	<b>150</b>	<b>(1,135)</b>	<b>(60)</b>	<b>(271)</b>	<b>(140)</b>
<b>Ratios:</b>	%	%	%	%	%
Fundraising expenditure to fundraising income	31	25	29	29	27
Surplus from fundraising to fundraising income	69	75	71	71	73
Surplus available for health programs & research to total income	71	75	73	72	74
Expenditure on health programs and research to total income	70	82	73	74	75
Expenditure on health programs and research to total expenditure	71	77	73	74	74
Annual increase in expenditure on health programs & research	(25)	12	14	(11)	(23)
<b>Assets &amp; Liabilities</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash & Investments	4,752	4,391	5,977	6,951	6,601
Computers, motor vehicles & equipment	105	191	265	300	483
Other assets	390	423	1,435	1,054	1,327
<b>Total assets</b>	<b>5,247</b>	<b>5,005</b>	<b>7,677</b>	<b>8,305</b>	<b>8,411</b>
Total liabilities	(4,760)	(4,668)	(6,204)	(6,772)	(6,608)
<b>Total equity</b>	<b>487</b>	<b>337</b>	<b>1,473</b>	<b>1,533</b>	<b>1,803</b>

## Directors' Report (continued)

for the year ended 31 December 2014

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### 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.

### Insurance Premiums

Since the end of the previous financial year the National 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.

### Membership

At the Foundation's Annual General Meeting on 30 April 2014 Members adopted a new Constitution which provides for one category of Membership of the Foundation. Each member is liable to pay \$20 in the event that the company is wound up. As at 31 December 2014 there were 75 members (2013: 75 members). The total amount owing by members on wind up is \$1,500.

### Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 31 and forms part of the directors' report for the financial year 2014.

Signed in accordance with a resolution of the Directors.



Ms G Schroder  
Vice-President

Dated at Sydney this 13th day of April 2015

## Directors' Declaration

for the year ended 31 December 2014

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In the opinion of the directors of National Heart Foundation of Australia (**New South Wales Division**) ("the Foundation"):

- (a) the financial statements and notes, set out on pages 13 to 30, 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 2014 and of their performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Regulations 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.



**Ms G Schroder**  
**Vice-President**

Dated at Sydney this 13th day of April 2015

## Statement of Surplus or Deficit and Comprehensive Income

for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
<b>Revenue</b>			
Revenue from operating activities	4	15,040,834	17,273,483
<b>Total revenue</b>		15,040,834	17,273,483
Net gain/(loss) on sale of property, plant and equipment		1,857	–
Research		(1,216,715)	(428,491)
Health programs (including those funded by grants)		(3,467,097)	(4,886,256)
Fundraising		(3,938,813)	(3,787,327)
Cost of goods sold		(576)	(6,073)
Communications and publicity		(209,107)	(216,815)
Administration		(204,222)	(317,809)
<b>Results from Operating activities</b>		6,006,161	7,630,712
Finance income		85,060	104,428
<b>Net Finance income</b>	6	85,060	104,428
Surplus before Grants to National Heart Foundation of Australia		6,091,221	7,735,140
Net Grants to National Heart Foundation of Australia		(5,941,041)	(8,870,615)
<b>Surplus/(deficit) for the year before tax</b>		150,180	(1,135,475)
Income tax expense	3c	–	–
<b>Surplus/(deficit) for the year after tax</b>		150,180	(1,135,475)
Other comprehensive income		–	–
<b>Total comprehensive income for the year</b>		150,180	(1,135,475)

## Statement of Financial Position

as at 31 December 2014

	Notes	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	7a	4,752,378	4,390,797
Trade and other receivables	8	390,306	419,079
Inventories		–	4,151
<b>Total current assets</b>		5,142,684	4,814,027
<b>Non-current assets</b>			
Property, plant and equipment	9	104,883	190,711
<b>Total non-current assets</b>		104,883	190,711
<b>Total assets</b>		5,247,567	5,004,738
<b>Current liabilities</b>			
Trade and other payables	10	1,490,287	999,531
Grants income deferred	11	2,399,254	2,671,898
Employee benefits	12	393,976	399,318
Provisions	16	123,541	308,852
<b>Total current liabilities</b>		4,407,058	4,379,599
<b>Non-current liabilities</b>			
Employee benefits	12	30,813	27,393
Provisions	16	322,374	260,604
<b>Total non-current liabilities</b>		353,187	287,997
<b>Total liabilities</b>		4,760,245	4,667,596
<b>Net assets</b>		487,322	337,142
<b>Accumulated funds</b>			
Reserves	13	324,857	–
Accumulated surplus		162,465	337,142
<b>Total accumulated funds</b>		487,322	337,142

The notes on pages 15 to 30 are an integral part of the financial statements

## Statement of Changes in Equity

as at 31 December 2014

	Reserves	Accumulated surplus	Total
<b>Balance of accumulated surplus as at 1 January 2013</b>	–	1,472,617	1,472,617
Comprehensive income for the period			
Surplus/(deficit)	–	(1,135,475)	(1,135,475)
Other comprehensive income	–	–	–
<b>Total comprehensive income for the period</b>	–	<b>(1,135,475)</b>	<b>(1,135,475)</b>
<b>Balance of accumulated surplus as at 31 December 2013</b>	–	<b>337,142</b>	<b>337,142</b>
<b>Balance of accumulated surplus as at 1 January 2014</b>	–	<b>337,142</b>	<b>337,142</b>
Comprehensive income for the period			
Surplus/(deficit)	–	150,180	150,180
Transfer to reserves	324,857	(324,857)	–
Other comprehensive income	–	–	–
<b>Total comprehensive income for the period</b>	<b>324,857</b>	<b>(174,677)</b>	<b>150,180</b>
<b>Balance of accumulated surplus as at 31 December 2014</b>	<b>324,857</b>	<b>162,465</b>	<b>487,322</b>

## Statement of Cash Flows

for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		14,516,411	17,809,872
Cash payments in the course of operations		(6,307,757)	(8,079,645)
Net grants made to National Heart Foundation of Australia		(7,991,598)	(11,392,169)
Net financial income		127,275	94,019
<b>Net cash from operating activities</b>	7b	<b>344,331</b>	<b>(1,567,923)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		22,500	445
Acquisition of property, plant and equipment		(5,250)	(18,762)
<b>Net cash from investing activities</b>		<b>17,250</b>	<b>(18,317)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>361,581</b>	<b>(1,586,240)</b>
Cash and cash equivalents at 1 January		4,390,797	5,977,037
<b>Cash and cash equivalents at 31 December</b>	7a	<b>4,752,378</b>	<b>4,390,797</b>

The notes on pages 15 to 30 are an integral part of the financial statements

# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Reporting entity

The National Heart Foundation of Australia (New South Wales Division) (the "Foundation") (ABN: 95 000 253 289) is a company domiciled in Australia. The address of the Foundation's registered office is **Level 3, 80 William Street, East Sydney NSW 2011**. 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 (AASB's) (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 13 April 2015.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis except for any equity instruments the Foundation may hold which will be 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 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 15. 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) Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the Foundation's past experience with similar premises and estimates of likely restoration costs determined by the property manager of the leased premises. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated. Refer to note 16.

#### (ii) Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in Note 3(k). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to note 12.

### (e) Changes in accounting policies

Except for the changes below, the Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Foundation has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 119 *Employee Benefits* (2011)

In the current year, the Foundation adopted AASB 119 Employee Benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

As a result of the change, the annual leave liability for certain for the Foundation's employees is now considered to be another long-term employee benefit, when previously it was a short-term benefit. The Foundation's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### *AASB 119 Employee Benefits* (2011)

The Foundation has applied the new policy retrospectively in accordance with the transitional provision of the standard. There was no material impact of the change.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 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. Where the terms of the grant do not stipulate that unexpended funds are to be returned to the funding body they are recognised as revenue once all agreed project outcomes and specified work has been completed.

##### (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 New South Wales also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 93,500 children and 511 schools and groups throughout New South Wales. The Foundation's Big Heart Appeal program successfully recruited over 14,396 volunteers to collect funds in 2014. 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.

#### (e) Property, plant and equipment

##### (i) Recognition and measurement

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



## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 3 Significant accounting policies (continued)

#### (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, plant and equipment 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	Terms of Lease
• office furniture and equipment	3 – 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.

#### (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 (refer to note 15).

##### *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) Intangible assets

##### (i) Computer software

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

##### (ii) Amortisation

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

#### (h) Non-derivative financial assets

The Foundation early adopted AASB9 Financial Instruments with a date of initial application of 1 January 2011. The Foundation initially recognises financial assets on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through Surplus or Deficit then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Foundation subsequently measures financial assets at either amortised cost or fair value.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, the Foundation classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB9 (2011) which the Foundation early adopted on 1 January 2011, the classification of financial assets that the Foundation held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 3 Significant accounting policies (continued)

#### (i) Fair Value through Other Comprehensive Income

Investments in equity instruments that are held directly are classified and stated as fair value. The fair value of equity instruments is their quoted bid price as at the statement of financial position date. Any resultant gain or loss from cost whether related to market movement or from derecognition of the instrument is recognised directly in other comprehensive income. Investments classified as fair value are recognised/derecognised by the entity on the date it commits to purchase/sell the investments

#### (ii) Amortised Cost

Investments in term deposits maturing beyond 90 days that are held directly are classified and measured at amortised cost. Any differential between face or maturity value and cost is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income over the remaining term to maturity of each instrument. If an amortised costs investment is considered to be impaired such impairment is recognised directly in the Statement of Surplus or Deficit and Other Comprehensive Income. Investments classified at amortised cost are recognised/derecognised by the entity on the date it commits to purchase/sell the investments.

#### (iii) 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.

#### **Share capital**

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

#### **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. Refer to note 3(j)(i).

#### (i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Foundation classifies all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables that are stated at cost, this being equivalent to fair value.

#### (j) 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. An impairment loss in respect of amortised cost investments is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at an appropriate effective interest rate and is recognised directly in Surplus or Deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.

##### (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.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 3 Significant accounting policies (continued)

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

#### (iii) Calculation of recoverable amount

The recoverable amount of assets is 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.

### (k) Employee Benefits

#### (i) Short term benefits

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

#### (ii) Long term benefits

The provision for employee entitlements to 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: 2014: 2.0% (2013: 2.25%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2014: 2.81% (2013: 4.23%)
- expected settlement dates for long service leave based on turnover history: 2014: 7 years (2013: 7 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.

### (l) Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future 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.

### (m) Segment reporting

The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment (New South Wales).

### (n) 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).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 3 Significant accounting policies (continued)

#### (o) 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 20 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.

#### (p) 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 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

#### (q) Determination of fair values

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

##### (i) Equity and debt securities

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

##### (ii) Trade and other receivables

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

##### (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 2014

	2014 \$	2013 \$
<b>4 Revenue from operating activities</b>		
Charitable support – bequests	6,154,967	7,715,889
Charitable support – non-bequests	6,694,509	7,209,718
Sale of goods	2,438	17,959
<i>Total revenue from fundraising activities</i>	<u>12,851,914</u>	<u>14,943,566</u>
Grants for specific health programs - Government	937,919	1,752,063
Grants for specific health programs and research - other	1,112,077	374,478
Other	138,924	203,376
<i>Total revenue from other operating activities</i>	<u>2,188,920</u>	<u>2,329,917</u>
<b>Total revenue from operating activities</b>	<u>15,040,834</u>	<u>17,273,483</u>

### 5 Auditors' remuneration

KPMG Australia/HLB Mann Judd: Audit services	29,900	34,500
KPMG Australia/HLB Mann Judd: Other services	4,800	12,250
* HLB Mann Judd for 2013	<u>34,700</u>	<u>46,750</u>

### 6 Finance income and costs

<b>Recognised in Surplus/(Deficit)</b>		
Interest income	85,060	104,428
<b>Finance income</b>	<u>85,060</u>	<u>104,428</u>
<b>Net finance income and costs recognised in Surplus/(Deficit)</b>	<u>85,060</u>	<u>104,428</u>

### 7a Cash and cash equivalents

Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.5% to 3.5% (2013: 0.5% to 4.1%)	4,752,378	4,390,797
	<u>4,752,378</u>	<u>4,390,797</u>

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 20. The carrying value of cash and cash equivalents is equal to fair value.

### 7b Reconciliation of cash flows from operating activities

<b>Net surplus / (deficit) from ordinary activities</b>	150,180	(1,135,475)
Adjustments for:-		
Depreciation/Amortisation	70,435	92,162
Net loss/(gain) on disposal of property, plant and equipment	(1,857)	6,366
Office lease incentives deferred	(123,541)	(123,541)
<b>Net cash from operating activities before changes in working capital and provisions</b>	<u>95,217</u>	<u>(1,160,488)</u>
(Increase)/decrease in receivables	23,998	836,315
(Increase)/decrease in grants income accrued	4,774	74,876
(Increase)/decrease in inventories	4,151	94,552
Increase/(decrease) in payables	154,560	(987,854)
Increase/(decrease) in grants income deferred	63,552	(220,510)
Increase/(decrease) in employee benefits	(1,921)	(204,814)
<b>Net cash from operating activities</b>	<u>344,331</u>	<u>(1,567,923)</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>8 Trade and other receivables</b>		
Trade receivables owing by other National Heart Foundation divisions	20,000	47
Trade receivables owing by National Heart Foundation of Australia (National)	113,984	175,607
Other receivables and prepayments	256,322	243,425
	390,306	419,079

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk relates to trade and receivables is disclosed in note 20.

## 9 Property, plant and equipment

	Leasehold improvements \$	Office furniture & equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2013	1,800,749	598,771	144,729	2,544,249
Acquisitions	1,850	16,912	–	18,762
Disposals	–	(28,382)	–	(28,382)
Balance at 31 December 2013	1,802,599	587,301	144,729	2,534,629
Balance at 1 January 2014	1,802,599	587,301	144,729	2,534,629
Acquisitions	–	5,250	–	5,250
Disposals	–	–	(38,281)	(38,281)
Balance at 31 December 2014	1,802,599	592,551	106,448	2,501,598
<b>Depreciation &amp; Impairment losses</b>				
Balance at 1 January 2013	1,700,550	527,051	45,726	2,273,327
Depreciation charge for the year	33,889	37,387	20,886	92,162
Disposals	–	(21,571)	–	(21,571)
Balance at 31 December 2013	1,734,439	542,867	66,612	2,343,918
Balance at 1 January 2014	1,734,439	542,867	66,612	2,343,918
Depreciation charge for the year	28,401	22,868	19,166	70,435
Disposals	–	–	(17,638)	(17,638)
Balance at 31 December 2014	1,762,840	565,735	68,140	2,396,715
<b>Carrying amounts</b>				
At 1 January 2013	100,199	71,720	99,003	270,922
At 31 December 2013	68,160	44,434	78,117	190,711
At 1 January 2014	68,160	44,434	78,117	190,711
At 31 December 2014	39,759	26,816	38,308	104,883

	2014 \$	2013 \$
<b>10 Trade and other payables</b>		
Trade payables to National Heart Foundation of Australia	1,353,062	751,037
Trade payables to other National Heart Foundation divisions	10	129
Other payables and accrued expenses	137,215	248,365
	1,490,287	999,531

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 20.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>11 Grants income deferred</b>		
Balance at 1 January	2,671,898	2,556,212
Amounts received	1,627,596	2,313,588
Income taken to revenue	(1,900,240)	(2,197,903)
Balance at 31 December	2,399,254	2,671,898

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 20.

## 12 Employee benefits

Aggregate liability for employee benefits including oncosts:

Current – long service leave and annual leave	393,976	399,318
Non-current – long service leave	30,813	27,393
Total employee benefits	424,789	426,711
<i>Personnel expenses:</i>		
Wages and salaries	2,760,593	3,445,259
Contributions to superannuation plans	254,359	279,745
Total personnel expenses	3,014,952	3,725,004
Number of employees at year end (full time equivalents)	34	39

## 13 Reserves

Specific or restricted purposes

Balance at beginning of year	–	
Transfer from/(to) retained earnings, representing:	324,857	–
Amounts set aside for specific purposes	324,857	–
Balance at end of year	324,857	–

### Nature and purpose of reserves

#### Specific or restricted purposes

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

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>14 Assets held in trust</b>		
Assets Held in Trust		
Balance brought forward	1,055,670	1,041,288
Interest and funds received	39,527	40,738
Less Payments in accordance with Trust	(47,947)	(26,355)
Balance carried forward	1,047,250	1,055,670
<b>15 Operating leases as lessee</b>		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	748,876	739,356
Between one and five years	380,218	1,186,035
Later than five years	-	-
	1,129,094	1,925,391
Expenditure in the period was as follows:		
Office equipment	-	-
Office space	602,416	589,800
	602,416	589,800

## 16 Provisions

Obligations arising as a result of the Foundation's adherence with the prescribed treatment of leases outlined in the accounting standards are shown as follows:

	Office lease incentives deferred \$	Make good of leased premises \$	Total \$
Balance at 1 January 2013	432,393	260,604	692,997
Future obligations incurred	-	-	-
Lease incentives received	-	-	-
Incentives offset against lease rental expense	(123,541)	-	(123,541)
Expenditure recognised in the statement of comprehensive income	-	-	-
Balance at 31 December 2013	308,852	260,604	569,456
Current	308,852	-	308,852
Non-Current	-	260,604	260,604
	308,852	260,604	569,456
	Office lease incentives deferred \$	Make good of leased premises \$	Total \$
Balance at 1 January 2014	308,852	260,604	569,456
Future obligations incurred	-	-	-
Lease incentives received	-	-	-
Incentives offset against lease rental expense	(123,541)	-	(123,541)
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	-	-
Balance at 31 December 2014	185,311	260,604	445,915
Current	123,541	-	123,541
Non-Current	61,770	260,604	322,374
	185,311	260,604	445,915

The carrying value of make good of leased premises is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk related to the make good provision is disclosed in note 20.



## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 17 Company limited by guarantee

The National Heart Foundation (New South Wales Division) is a company incorporated in Australia under the *Australian Charities and Not-for-profits Commission Act 2012* as a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company 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 company contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of \$20. As at 31st December 2014 there were 75 members (2013: 75 members).

### 18 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

Mr M J Laverty, LL.M – President (until 30 April 2014)

Ms R Davies – President (from 30 April 2014)

A/Prof R M Allan, MBBS, FRACP, FCSANZ, FACC

Prof D Brieger, MBBS, Mmed, PhD, FRACP

Ms K Hughes, BAcc, CA, GAICD

Mr L J Patton, BA, MCom, Grad Cert Mgt, FAICD

Ms G Schroder, GAICD

Mr G Selig, Bsc

Mr D Shortland, MAICD

A/Prof S P Thomas, BMed, PhD, FRACP

Ms L Wilson

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 or any Division since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

#### Executive staff

##### Key management personnel were:

Ms Kerry Doyle PSM, MAICD, BA (Hons) Class 1

Chief Executive

Ms Julie Anne Mitchell, MPH, GradDip Health Promotion, BA, RN

Director Cardiovascular Health Programs

Ms Frances Cinelli, BA (Comms), MMgmt, EMFIA

NSW Fundraising Director

Ms Julia Power, BComms, Grad Dip

NSW & ACT Media & Communications Advisor (until 5 December 2014)

Ms Erin O'Loughlin BA (Comms)

NSW & ACT Media Communications Advisor (from 8 December 2014)

Ms Kristina Cabala, BSc, Grad Dip Marketing

Director NSW Cardiovascular Research Network

Ms Nellie Wang, Adv. Dip Accounting, Bachelor of Law (China)

Management/Senior Accountant

The compensation of the key management personnel was as follows:

Short term employee benefits

Other long term benefits

Total

	2014	2013
	\$	\$
Short term employee benefits	844,489	1,089,431
Other long term benefits	13,923	10,581
Total	858,412	1,100,012

#### 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 Foundation to National were as follows:

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 18 Related parties (continued)

	2014 \$	2013 \$
Net Surplus/(Deficit)	150,180	(1,135,475)
The aggregate amounts included in the profit from ordinary activities that resulted from transactions with non-director related parties are :		
Contributions received from sale of services	640,588	556,250
Contributions paid for purchase of services	(3,834,878)	(3,624,890)
Grants for research and other national initiatives	(5,941,041)	(8,870,615)

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

### 19 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.

### 20 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 and/or Divisions if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's and/or Divisions receivables and investment securities. 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 and investments. Investments are allowed only in liquid securities and equity securities in Australian shares that are in compliance with the Foundation's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Foundation's financial assets have high credit quality. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia.

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	2014 \$	2013 \$
<b>Financial assets</b>			
Cash *		161,300	165,772
Cash call accounts *		441,078	461,596
Term deposits under 90 days *		4,150,000	3,763,428
Total cash and cash equivalents	7a	4,752,378	4,390,797
Trade and other receivables *	8	384,208	408,207
Grants income accrued *	8	6,098	10,872
		5,142,684	4,809,876

\* Financial assets held at cost\amortised cost

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 20 Financial instruments (continued)

#### Impairment losses from trade receivables

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

	2014 \$	2013 \$
Balance at 1 January of provision for doubtful debts	7,055	7,055
Realisation of impairment (loss)/recovery previously provided for	(2,096)	–
Impairment loss/(recovery) recognised in Surplus/(Deficit)	(4,959)	–
Balance at 31 December of provision for doubtful debts	–	7,055

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

#### Liquidity risk

Liquidity risk is the risk that the Foundation and/or Divisions 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.

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:

	Notes	2014 \$	2013 \$
<b>Non derivative financial liabilities</b>			
Trade and other payables	10	1,490,287	999,531
Grants income deferred	11	2,399,254	2,671,898
		3,889,541	3,671,429

#### 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 28-29.

##### *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 29.

##### *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.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 20 Financial instruments (continued)

#### *Other market price risk*

*Equity price risk* arises from any fair value equity securities held by the Foundation as part of managing the investment of available funds. Equity securities are designated at fair value through other comprehensive income and their performance is actively monitored and managed on a fair value basis. There would be no impact on surplus/(deficit) due to valuation changes as the resultant gain or loss is recognised directly in other comprehensive income.

### 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
- 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).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 20 Financial instruments (continued)

	2014					2013				
	Carrying Amount/ Face Value	-1%		+1%		Carrying Amount/ Market Price	-1%		+1%	
Surplus/ (Deficit)		Equity	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)		Equity	Surplus/ (Deficit)	Equity	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>										
<b>Fixed rate instruments</b>										
Term deposits-maturing within 90 days	4,150,000	(41,500)	(41,500)	41,500	41,500	3,763,428	(37,634)	(37,634)	37,634	37,634
Term deposits-maturing beyond 90 days	–	–	–	–	–	–	–	–	–	–
<b>Variable rate instruments</b>										
Cash at bank	161,300	(1,613)	(1,613)	1,613	1,613	165,772	(1,658)	(1,658)	1,658	1,658
Cash call accounts	441,078	(4,411)	(4,411)	4,411	4,411	461,596	(4,616)	(4,616)	4,616	4,616
<b>Total increase/(decrease)</b>		(47,524)	(47,524)	47,524	47,524		(43,908)	(43,908)	43,908	43,908

### 21 Information and declarations to be furnished under the Charitable Fundraising Act 1991

Details of aggregate gross income and total expenses of fundraising appeals.

#### Fundraising Income

Fundraising	12,851,914	14,925,607
Gross Proceeds from Fundraising Appeals	12,851,914	14,925,607

#### Fundraising Costs

Fundraising Appeals	3,938,813	3,787,327
Total Costs of Fundraising Appeals	3,938,813	3,787,327
<b>Net Surplus from Fundraising Appeals</b>	<b>8,913,101</b>	<b>11,138,280</b>

#### Applied as follows:

##### Direct Services

Net grants to National Fundraising – refer to Note 18	5,941,041	8,870,615
Health programs*	2,753,243	3,188,205
Research network	1,216,715	428,491
	9,910,999	12,487,311

##### Indirect Expenditure

Administration	209,181	317,809
Communications and Publicity	209,107	216,815
	418,288	534,624

Total Direct and Indirect Expenditure	10,329,288	13,021,935
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<b>Net Surplus/(Deficit) from Fundraising Appeals after Expenditure</b>	<b>(1,416,186)</b>	<b>(1,883,655)</b>
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## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 21 Information and declarations to be furnished under the Charitable Fundraising Act 1991 (continued)

	2014 \$	2013 \$
Reconciliation to surplus/(deficit) from continuing operations		
Net surplus from sale of goods	1,862	11,886
Grants for specific health programs - Government and Other	833,281	1,698,051
Health programs funded by grants	(713,854)	(1,698,051)
CVH income	61,241	192,161
Interest and other revenue from operating activities	165,264	115,642
Net gain/(loss), including impairment loss, on disposal of plant & equipment	1,857	-
Grants for specific research programs	1,216,715	428,491
	1,566,366	748,180
<b>Surplus/(deficit) from continuing operations</b>	150,180	(1,135,475)

\* Health program expenses and communication and publicity expenses in the Statement of Surplus or Deficit and Comprehensive Income include amounts spent where funding has been received from other parties for specific purposes. The expense amounts included in the above direct and indirect expenditure do not include specific purpose expenditure.

- (i) A summary of significant accounting policies and methods is detailed in Note 3.
- (ii) During the year the Foundation did not experience any material matter or occurrence, including any of an adverse nature.
- (iii) Income was received from one trader who was engaged during the year. Net income from the trader amounted to \$370. There were no expenses deducted.
- (iv) Fundraising appeals conducted during the year were: Direct Mail Appeals, Recurring Giving, Memorial Giving, Corporate Relations, Community Events, Bequests, Jump Rope for Heart and Big Heart Appeal.
- (v) Comparisons:

	2014 \$	2013 \$
Total costs of fundraising/	3,938,813	3,787,327
Gross income from fundraising	12,851,914	14,925,607
As a percentage	31%	25%
Net surplus from fundraising/	8,913,101	11,138,280
Gross income from fundraising	12,851,914	14,925,607
As a percentage	69%	75%
Total costs of services provided/	9,910,999	12,487,311
Total expenditure	10,329,288	13,021,935
As a percentage	96%	96%
Total costs of services provided/	9,910,999	12,487,311
Total income received	13,080,858	15,251,370
As a percentage	76%	82%

In accordance with the requirements of the Regulations to the Charitable Fundraising Act 1991, the Foundation has maintained proper and effective internal control over the conduct of all appeals conducted by it. It is not practicable, however, for the Foundation to establish complete accounting control over all unsolicited income prior to its receipt by the Foundation. The directors believe that the controls in place are adequate and the risk of material amounts of unsolicited income not being recorded by the Foundation is low.



## Auditor's Independence Declaration

under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

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To: the directors of National Heart Foundation (New South Wales Division)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 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.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Cameron Roan', with a stylized flourish at the end.

**Cameron Roan**  
**Partner**

Sydney  
13 April 2015

## Declaration by Chief Executive in respect of fundraising appeals

to the members of National Heart Foundation of Australia (New South Wales Division)

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I, Kerry Doyle, Chief Executive of the National Heart Foundation of Australia (New South Wales Division), declare in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of the National Heart Foundation of Australia (New South Wales Division) with respect to fundraising appeal activities for the financial year ended 31 December 2014;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2014;
- (c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with the for the financial year ended 31 December 2014; and
- (d) the internal controls exercised by the National Heart Foundation (New South Wales Division) are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Kerry Doyle, PSM  
Chief Executive

Dated at Sydney this 13th day of April 2015





# Independent auditor's report

to the members of National Heart Foundation of Australia (New South Wales Division)

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## Report on the financial report

We have audited the accompanying financial report of National Heart Foundation of Australia (New South Wales Division) ("the Company"), which comprises the statements of financial position as at 31 December 2014, and statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

This audit report has also been prepared for the members of the Company in pursuant to Australian Charities and Not-for-profits Commission Act 2012 and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.

## Directors' responsibility for the financial report

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

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Company to meet the requirements of the Act and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

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

## Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.



## Independent auditor's report (continued)

### **Basis for qualified auditor's opinion**

Fundraising revenue in the form of cash donations are a significant source of fundraising revenue for the National Heart Foundation (New South Wales Division). The National Heart Foundation (New South Wales Division) has determined that it is impracticable to establish controls over the collection 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 fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the cash donations to National Heart Foundation (New South Wales Division), 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 Company, are not appropriate given the size and nature of the Company.

### **Auditor's opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of National Heart Foundation (New South Wales Division) is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **NSW – Reporting under Charitable Fundraising (NSW) Act 1991**

#### ***Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991***

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph:

- (a) the financial report gives a true and fair view of the National Heart Foundation (New South Wales Division) financial result of fundraising appeal activities for the financial year ended 31 December 2014;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2014 to 31 December 2014, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 January 2014 to 31 December 2014 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (d) there are reasonable grounds to believe that the National Heart Foundation (New South Wales Division) will be able to pay its debts as and when they fall due.

KPMG

**Cameron Roan**  
**Partner**

Sydney  
13 April 2015

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# Members <sup>1</sup>

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A/Prof Roger M Allan **	Prof Robert M Graham AO *	Mr Laurence J Patton **
Mr George M Armstead	Ms Ann E Griffiths	A/Prof Paul Pilowsky
Dr Alan W Barclay	Dr John F Gunning AM *	A/Prof C Dimity Pond
Dr Bruce Bastian *	Mr Paul Hannan *	A/Prof Lynne A Pressley AM *
Prof Bill Bellew	Prof Mark Harris	Mr Brendan Reilly
Mr Allan Brackin	Prof Phillip J Harris AM *	Dr John G Richards *
Prof David Brieger **	Mr Stephen B M Harrison AO	Ms Elizabeth Roberts
Prof Terence J Campbell AM *	Mr Bruce G Hayman	Mr Norman B Rydge AM, OBE
Dr Annette E Carruthers *	A/Prof Christopher S Hayward *	Dr Laurence A Scandrett
Dr Peter G Caspari	Prof John B Hickie AO *	Ms Gabrielle Schroder **
Prof David S Celermajer AO *	Ms Kim Hughes **	Mr Geoff Selig **
Prof John Chalmers AC *	A/Prof Wendy Jessup	Mr David Shortland **
Mr David V Cody OAM	Mr Richard D Johnson	Hon David Simmons OAM *
Ms Pamela B Cohen	Dr Craig Juergens	Prof Andrew Sindone
Mr John C Conde AO *	Mr Gunninder Singh Katari *	Mr David W Smithers AM *
Prof Roger A L Dampney	Prof David T Kelly AM	Ms Robyn Speerin
Prof Patricia M Davidson *	Mr Hugo J W Kocken	Mrs Dal Stevenson
Ms Rebecca Davies **	A/Prof Len Kritharides	Mr E Keith Stewart *
Mr Arthur E Delbridge AM *	Mr Martin J Lavery (until 30 April 2014) **	Ms Elizabeth Strachan
Dr Peter H Edwards	Prof Christopher Levi	A/Prof Stuart P Thomas **
Mr Barry J Elliott	Mr Trevor J Maloney *	Prof Geoffrey H Tofler
Ms Maree A Faulkner	Ms Alexandra Manon	Dr Harvey G Washington
Prof Michael P Feneley AM *	Mr Kevin A Meyer OAM	Mr Peter E S White *
Mr Dale C Fisher	Mr Frederick W. Millar AO. CBE	Ms Louise Wilson **
Prof Peter Fletcher *	Prof Michael F O'Rourke AM *	Mr John S Young OAM *
Prof Carolyn Geczy		

1) At the Foundation's Annual General Meeting held 30 April 2014 a new Constitution was adopted, which makes provision of one category of Members only.

\* Members who under the previous Constitution were appointed Life Members of the NSW Division

\*\* Members of the NSW Board of Directors

## Friends of the Heart Foundation

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The National Heart Foundation of Australia (N.S.W. Division) wishes to gratefully acknowledge the generous contribution of \$978,337 from the NSW State Government towards our work during 2014.

Benefactor	NSW State Government
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Major Donor – Pearl	The Selig Family
Major Donor – Pearl	Ian Sharp
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Supporter	Kerry Doyle PSM
Supporter	Jo Dan
Supporter	Harold & Rebecca Finger
Supporter	Assoc Prof Roger Allan
Supporter	Maple-Brown Family Charitable Trust

## Advisory Committees

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### Hunter New England Region Cardiovascular Health Committee <sup>1</sup>

Dr Rosemary Hackworthy (Chairperson)

Dr Bruce Bastian

Mr Michael Cootes (alternate member)

Ms Kathryn Duggan (alternate member)

Mr Peter Ivey

Ms Jane Kerr

Ms Margaret Lewis

Ms Deborah Moore

Ms Debbie Sullivan

Ms Dawn McIvor

Ms Penny Milson

Ms Julie Anne Mitchell

Dr Angela Worthington

Ms Cheryl Hayes (share membership New England Medicare Local)

Ms Anne Williams (share membership New England Medicare Local)

### NSW Cardiovascular Research Network Management Committee

Mr Geoff Selig (Chairman)

Ms Kristina Cabala

Prof David Celermajer AO

Ms Kerry Doyle PSM

Prof Robert Graham AO

Prof Len Kritharides

Prof Bruce Neal

Ms Anne O'Neill

Prof Carol Pollock

Dr Roger Wilkinson

<sup>1</sup> The Hunter New England Region Cardiovascular Health Committee has the express purpose to improve cardiovascular health in people of the Hunter New England region through advocacy and support for best practice primary and secondary prevention initiatives.

For heart health information  
1300 36 27 87  
[www.heartfoundation.org.au](http://www.heartfoundation.org.au)

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## New South Wales

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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  
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## Queensland

### Brisbane

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

## South Australia

### Adelaide

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Adelaide SA 5000  
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## Tasmania

### Hobart

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Hobart TAS 7000  
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## Victoria

### Melbourne

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Melbourne VIC 3000  
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## Western Australia

### Perth

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