National Heart Foundation of Australia
ABN 98 008 419 761

Annual Report and Financial Statements 2022

For the year ended 31 December 2022

Contents

National Heart Foundation of Australia

Directors and Office Bearers

Patron	His Excellency General the Honourable David Hurley AC DSC (retd) and Her Excellency Mrs Linda Hurley Governor-General of the Commonwealth of Australia
Board of Directors	
National Chair	Mr Chris B Leptos AO, BCom (Melb), MBA (Melb), FAICD, FCA, FCPA
Directors	Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ Associate Professor Nicholas Cox, MBBS, FRACP, FCSANZ Ms Rebecca Davies, AO, B.Ec, LLB (Hons), FAICD Ms Isabelle Demir, LLB (Hons), BCom(Hons), GAICD Mr Mario D'Orazio, BA, GradDipEd Professor Gemma A Figtree, MB BS, Dphil (Oxon), FRACP, FCSANZ, FAHA Mr Ian Humphreys, LLM, LLB, BA, GradDipLegalStudies Professor Len Kritharides, MBBS, PhD, FRACP, FAHA, FCSANZ, FESC, FACC (to 25 May 2022) Mr Peter Matruglio, BA(Accounting), FCA, GAICD Ms Alice Tay, LLB, FGIA, GAICD Ms Jennifer L Tucker, LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD
Chief Executive Officer	Mr David Lloyd, MPubAdmin, BA (Hons) Philosophy (Commenced 1 June 2022) Professor Garry L Jennings AO, MBBS, MD, MRCP(UK) ,FRACP, FRCP (London), FAHA, FCSANZ, FMBRCA (Interim Chief Executive Officer until 1 June 2022)
Chief Medical Advisor	Professor Garry L Jennings AO, MBBS, MD, MRCP(UK) ,FRACP, FRCP (London), FAHA, FCSANZ, FMBRCA
Company Secretary	Mr Christopher Miers LLM, LLB, B.Bus, GradDip Corp Gov, AGIA, GAICD
Auditors	Deloitte Australia
Registered Office	Level 2, 850 Collins Street, Docklands, Victoria 3008
Preferred Postal Address	Level 2, 850 Collins Street, Docklands, Victoria 3008

National Heart Foundation of Australia

Directors' Report
for the year ended 31 December 2022

The Directors present their report together with the financial report for the National Heart Foundation of Australia ("the Foundation"), for the year ended 31 December 2022 and auditors' report thereon. National Heart Foundation of Australia, National Heart Foundation (South Australia), National Heart Foundation (Australian Capital Territory), National Heart Foundation (Tasmania), National Heart Foundation (Queensland), National Heart Foundation (Northern Territory), National Heart Foundation (Western Australia), National Heart Foundation (Victoria) and National Heart Foundation (New South Wales) are collectively referred to in this financial report as "the Group".

Directors

The following Directors of the Group, 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	Meetings Held & Attended	Appointment & resignation
Assoc. Professor David M Colquhoun MBBS, FRACP, FCSANZ, PLD, GAICD	Associate Professor David Colquhoun is a cardiologist in private practice, he is also actively involved in research and preventative cardiology, reflected in his role on the Heart Foundation's Heart Health and Research Committees. His specific interests include preventative cardiology, nutrition and psychosocial factors for heart disease. David has been a member of the Scientific Committee of the National Institute of Complementary Medicine (NICM); a member of the Scientific Committee of the Gallipoli Medical Research Foundation; and the Co-President of the Clinical and Preventive Cardiology Council of the Cardiac Society of Australian and New Zealand (CSANZ). He holds an MBBS from the University of New South Wales.	Attended 6 Meetings / out of a possible 10 Meetings	Appointed 23-Oct-2017
Assoc. Professor Nicholas Cox MBBS, FRACP, FCSANZ	Associate Professor Nicholas Cox is an interventional cardiologist with an interest in infarct angioplasty and cardiogenic shock. A/Prof Cox was an early advocate for the use of radial access for coronary intervention and has published in this field. He has performed a very high number of coronary interventions in over 15 years of practice as an interventional cardiologist. A/Prof Cox consults in all aspects of general cardiology, including the diagnosis and management of patients presenting with coronary disease, heart attack and chest pain. A/Prof Cox trained at Melbourne University, Royal Prince Alfred Hospital Sydney, and The Brigham and Women's' Hospital, Harvard Medical School.	Attended 7 Meetings / out of a possible 7 Meetings	Appointed 31-Mar-2022
Ms Rebecca Davies AO AO FAICD	Rebecca Davies is a former lawyer and now holds a range of director and committee positions, mosly in health and related areas. She has been a consumer advocate for medical research for many years and has been a consumer representative in this area both in Australia and overseas, including for the NHMRC, MRFF and British Heart Foundation.	Attended 9 Meetings / out of a possible 10 Meetings	Appointed 31-Oct-2021
Ms Isabelle Demir LLB (Hons), Bcom (Hons), GAICD	Isabelle Demir has more than 20 years' experience in funds management and banking and advisory across Australasia, Europe and the Middle East. Isabelle is currently a Managing Director at Intermediate Capital Group (ICG), a global alternative asset manager. Isabelle is the Chair of the Investment Committee.	Attended 8 Meetings / out of a possible 10 Meetings	Appointed 08-Mar-2021

Directors' Report (continued)

for the year ended 31 December 2022

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Mr Mario D'Orazio BA, GradDipEd *(Chair elect)*	Mario D'Orazio has more than 40 years' experience in media as a journalist, including print as a reporter and columnist, radio as a producer and talkback presenter, and TV as a reporter, presenter and executive producer of news, current affairs programs and lifestyle programs. He was managing director of Channel 7 Perth for more than seven years, and has wide experience in commercial and not-for-profit boards including government, education and the arts. His current directorships include the ABC National Board, the Australia Council for the Arts. He is chairman of the Australian Institute of Management WA, the Heart Foundation (WA) and the West Australian Academy of Performing Arts.	Attended 5 Meetings / out of a possible 5 Meetings	Appointed 05-June-2022
Professor Gemma A Figtree MB BS, DPhil (Oxon), FRACP,	Gemma is a Professor in Medicine at the University of Sydney and an Interventional Cardiologist at Royal North Shore Hospital in Sydney. She is the Chair of the University of Sydney's multi-disciplinary Cardiovascular Initiative. Discoveries in her Laboratory have been published in leading journals including the Lancet, Circulation, JACC and European Heart Journal, with > 215 publications. She was awarded a National Health and Medical Research Council (NHMRC) Excellence Award for Top Ranked Practitioner Fellow (Australia-2018), and NSW Ministerial Award for Cardiovascular Research Excellence (2019). Gemma serves as a member of the Editorial Board of leading international journals including Circulation and Cardiovascular Research and an Associate Editor for Heart, Lung and Circulation. She is a strong advocate for cardiovascular research, working as President of the Australian Cardiovascular Alliance with a national team to secure $220 Million Federal funding for the Mission for Cardiovascular Health. She chairs the MRFF Mission (CV) Expert Advisory Panel.	Attended 10 Meetings / out of a possible 10 Meetings	Appointed 31-Oct-2021
Mr Ian Humphreys LLM, LLB, BA, GradDipLegalStudies	Ian Humphreys is a partner in Ashurst's Brisbane office. He specialises in employment, energy and resources, occupational health and safety, workplace relations and workplace training. He provides a full range of industrial relations and employment law services to clients including many of Australia's largest corporations, employer associations and government entities including the provision of high level strategic advice and the conduct of major litigation. Ian is a specialist in the mining, energy and resources sector. He is a primary adviser on complex industrial disputes, workplace change initiatives and other workplace incidents.	Attended 8 Meetings / out of a possible 8 Meetings	Appointed 16-Mar-2022
Professor Len Kritharides MBBS, PhD, FRACP, FAHA, FCSANZ, FESC, FACC	Professor Kritharides is a Consultant and Interventional Cardiologist. He is Senior Staff Specialist and Head of the Department of Cardiology at Concord Repatriation General Hospital (CRGH) in Sydney, conjoint Professor in Medicine at the University of Sydney, Head of the Atherosclerosis Research Laboratory at the ANZAC Research Institute, Clinical Director of the Cardiovascular Stream of the Sydney Local Health District, and Chairman of the Board of Governors of the Heart Research Institute Sydney. Len is the immediate Past-President of the Cardiac Society of Australia and New Zealand.	Attended 4 Meetings / out of a possible 5 Meetings	Appointed 24-May-13 Retired Maximum Term 25-May-2022

Directors' Report (continued)
for the year ended 31 December 2022

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Mr Chris B Leptos AO, BCom (Melb), MBA (Melb), FAICD, FCA, FCPA *(Chair)*	Chris Leptos AO was elected Chairman of the National Heart Foundation of Australia in May 2018. He is an advisor to a range of commercial and not-for-profit organisations, and most recently was elected to Chair the Summer Foundation and Summer Housing. In 2021 Chris was appointed the Independent Reviewer of the Food and Grocery Code under the Competition and Consumer Act. He is also a Non-Executive Director of IDP Education Ltd, Senior Advisor to Flagstaff Partners, a member of the Advisory Board of The University of Melbourne Faculty of Business & Economics, and the Advisory Council of Asialink. He was previously a Senior Partner with KPMG and Managing Partner Government at Ernst & Young where he had national responsibility for leading the public sector practice, and earlier he was General Manager of Corporate Development for Western Mining Corporation. He is a Fellow of the Institute of Chartered Accountants and a Fellow of the AICD.	Attended 10 Meetings / out of a possible 10 Meetings	Appointed 28-May-2018 Retired 31-Dec-2022
Mr Peter Matruglio BA(Accounting), FCA, GAICD	Mr Peter Matruglio is an experienced professional with a proven track record of working with Boards, Executives and their teams to leverage finance, risk and business intelligence for competitive advantage, and an enabler of strategy in a rapidly changing, digital world. Peter has over 35 years' experience, including approximately 20 years as a Partner with both Ernst & Young and Deloitte. He has worked with a range of clients across the Financial, Not for Profit, Government and Media & Entertainment sectors both locally and internationally. Peter holds a BA in Accounting from the University of Canberra, is a Fellow of Chartered Accountants Australia and New Zealand, an Australian CPA and a Graduate of the Australian Institute of Company Directors. In addition, he is an Adjunct Professor with the University of Canberra Facility of Business, Government and Law and a member of the NSW Chartered Accountants Advisory Group.	Attended 1 Meeting / out of a possible 1 Meeting	Appointed 24-Oct-2022
Ms Alice Tay LLB, FGIA, GAICD	Alice Tay was a corporate and commercial lawyer for over 30 years. Since leaving legal practice, Alice has concentrated on her board and committee positions. For the Heart Foundation of Australia, she is the Chair of the Risk Audit and Governance Committee and a member of the Investment Committee. Alice is a Director of Molonglo Financial Services Ltd which operates 4 branches of the Bendigo Community Bank in the Canberra Region, as well as a Director of Community Housing Canberra Limited. In 2020, she was appointed by the ACT Chief Minister to the University of Canberra Council where she also chairs the Audit and Risk Management Committee and is a member of the Finance Committee. Alice is a graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.	Attended 8 Meetings / out of a possible 10 Meetings	Appointed 29-May-17

Directors' Report (continued)
for the year ended 31 December 2022

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Ms J Tucker LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD	Jennifer Tucker has more than 20 years of experience across a range of senior marketing, sales and business leadership roles in the consumer products sector. She is the Chair of the Revenue Committee on the Heart Foundation Board. Jennifer has degrees in Commerce and Law, is a graduate of the Harvard Business School AMP and Australian Institute of Company Directors Course and is a member of the Mission for Cardiovascular Research Expert Advisory Panel and Chief Executive Women. Jennifer’s career covers developing consumer centric marketing, innovation and organizational change programs. She is the Executive Merchandise Director at Bunnings Group Limited.	Attended 8 Meetings / out of a possible 10 Meetings	Appointed 29-May-17

A summary of Committee meetings held and attendances of Board Members up to 31 December 2022 is set out below:

	Heart Health Committee	Risk, Audit and Governance Committee	Revenue Committee	Research Strategy Committee	Investment Committee
	3 Meetings	**4 Meetings**	**3 Meetings**	**4 Meetings**	**4 Meetings**
A/Prof D M Colquhoun	1				
A/Prof N Cox	1 out of 1				
Ms R Davies	1 out of 1			4	
Mr M D'Orazio			2 out of 2		
Ms I Demir					4
Prof G Figtree	3				
Mr I Humphreys		3 out of 3			
Prof L Kritharides	1 out of 1			1 out of 1	
Mr C B Leptos (ex officio)	1	1		1	1
Mr P Matruglio		4			
Ms A Tay		3			2
Ms J L Tucker			3	3	

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

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

Directors' Report (continued)
for the year ended 31 December 2022

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

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

Specific responsibilities of the Board
The Board fulfils its primary role by:
> Selecting, appointing, guiding and monitoring the performance of the Chief Executive Officer ("CEO")
> Developing the strategic plan of the Group in conjunction with the CEO and management
> Approving operating and capital budgets developed by the CEO and management
> Monitoring the progress of management in achievements against the strategic plan
> Monitoring the adherence by management to operating and capital budgets
> Ensuring the integrity of internal control, risk management and management information systems
> Ensuring stakeholders receive regular reports, including financial reports
> Ensuring the independence of the Group from government, industry and other groups in determining health and other policies and
> Ensuring the Group complies with relevant legislation and regulations
> Acting as an advocate for the Group 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 Group to the CEO and executive management.

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

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

The Board is the final authority on the operations of the Group and has complete responsibility for the control and the overall management of the affairs, funds and property of the Group. It oversees corporate strategy, policy and performance, thus helping protect the rights and interests of the Group, its employees, donors and stakeholders. The Board ensures it is well equipped with skills and expertise relevant to the Group's activities to make it a stable and effective governing body. The current Board's qualifications, skills, experience and responsibilities appear on pages 6-7. Management presentations to the Board enable Directors to maintain knowledge of the business and operations of the Group. New Board members receive written advice of the terms and conditions of their appointment and are provided with an induction when first appointed. A formalised Board Performance Evaluation process is undertaken.

Directors' Report (continued)
for the year ended 31 December 2022

Risk management

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

Ethical standards and code of conduct

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

Involving stakeholders

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

Principal Activities and Achievement of Objectives

The primary activities of the Group are directed towards achieving its mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia through the support of research into the causes and cures of heart disease, the rehabilitation of sufferers from heart disease, professional and community education about heart disease, and the raising of funds to carry out this work. There were no significant changes in the nature of those activities during the year.

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

The Group has a three-year strategic plan, “Connecting Hearts- 20121-2023", aligned directly with the Foundation’s 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 “Connecting Hearts", the Group is focused on five pillars;

- Risk Reduction
- Support & Care
- Research
- Financial sustainability and Growth
- Our People

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

Review of Group Results and Operations for Current Year (in 000's)

The Group’s net financial result for the year is a deficit of $8,158k (2021: 12,055k deficit) driven mainly by downward movements in the fair market value of its investments. The operating result of $2,889k deficit represents a significant turnaround from the prior year's operating deficit of $21,752k, following a rigorous cost reduction strategy delivered in the second half of 2021.

Total revenue from operating activities was $49,173k, representing a 10% increase from the $44,521k revenue in 2021. Bequest income of $27,524 was up from the previous year (2021: $21,325k) and was the major contributor to higher total Group revenue for the year. Non-bequest income of $16,605k was slightly down against the previous year (2021: $18,351k). The Group is primarily supported by generous donations from the Australian public and is continuing to review and renew its fundraising efforts and programs to develop new initiatives and refresh existing activities to enable the growth of non-bequest income.

Total operating expenditure was $52,062k (2021: $66,273k). In the second half of 2021, due to the significant reduction in revenue forecast for the year, the Group undertook a budget, strategy and resource review in order to deliver a balanced budget for 2022. The aim was to achieve its Mission and strategy more efficiently through a fundamental re-alignment of its work and resources. A review of all activities and programs was undertaken, with the outcome being that those that do not serve the Group's core purpose or are not feasible in terms of delivering value for money are stopped. Resources, including staffing, were reviewed as a result and a number of redundancies occured due to the re-alignment and reduction (approx $3,500k impact). As a result of the re-alignment activites completed, the 2022 year shows a greater balance between income and expenditure across the Group.

Research expenditure was $21,660k (2021: $19,665k). Currently there is funding in place for 343 active grants, compared to 338 active grants in 2021. The Group has committed to maintaining its research commitments over the 2022 to 2024 years to $50 million. Financial support for previously awarded grants requiring payment in future periods totals $38.0 million over the next four years.

Net finance income was severely impacted by downward movements in investment markets generally throughout the year. The 2022 result includes $4,752k of negative fair value market revaluations, compared to $5,413k of fair value market gains in 2021, following the financial markets recovery after the COVID-19 investment fallout in 2020.

Other comprehensive income from sale and revaluation of investments showed a net loss of $849k, compared to a gain of $6,618k in 2021. This again reflects the market adjustment in 2021 in recovering from the COVID-19 downturn. Consequently the total comprehensive deficit for the year was $9,006k (2021: $5,437k deficit).

Overall, the operating result for the Group was in line the Board's expectations, with the Group delivering significant programs while at the same re-building the core team following the significant restructure in 2021, aligning activities and resources to bring the Group back into a financially sustainable position. The overall deficit was funded through equity, with the Group closing 2022 with overall equity of $93,584k (2021: $102,588k).

A comprehensive discussion about the activities of the Group can be found in the 2022 Annual Review.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs during 2022.

Conditions under Section 60 of the ACNC Act-2018 onwards

The Financial statements are consolidated and include all state and territory entities as per the prior year. All of the State and Territory entities as noted in this Directors' Report as well as the National Heart Foundation have Deductible Gift Recipient status. The Financial statements only includes information relating to registered ACNC entities and their financial results are fully included in the financial statements for 2021 and 2022. The ACNC has also granted group financial reporting which allows the Annual Financial Statement and Annual Financial Report to be lodged on a joint basis removing the requirement for each entity to lodge these documents separately.

Likely Developments

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

Environmental Regulation

The Group’s operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However, the Directors believe that the Group 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 Group.

Rounding Off

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

Directors' Report (continued)
for the year ended 31 December 2022

Events Subsequent to Reporting Date

There are no items, transactions or events of a material and unusual nature that have occurred since 31 December 2022 which are

Insurance Premiums

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

> costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

> other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The premiums were paid in respect of the Directors and officers of the Group listed in this report, and do not contain details of

Indemnification

During the year, the Group has not made any specific payments to indemnify any person who is or has been an officer or auditor of the

Lead auditor's independence declaration
The lead auditor's independence declaration is set out on page 40 and forms part of the Directors’ report for financial year 2022.
Signed in accordance with a resolution of the Directors.

Mr Mario D'Orazio
Chair
1 May 2023

Directors' Declaration
for the year ended 31 December 2022

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

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the financial year ended

(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 Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Mr Mario D'Orazio
Chair
1 May 2023

National Heart Foundation of Australia

Statement of Surplus or Deficit and Other Comprehensive Income
for the year ended 31 December 2022

	Notes	2022 $ '000s	2021 $ '000s
Revenue			
Revenue from operating activities	4	49,173	44,521
Total Revenue		**49,173**	**44,521**
Net gain on sale of property, plant and vehicles		-	(2)
Research expenditure		(21,660)	(19,665)
Grant funded health programs		(4,193)	(4,604)
Health programs		(10,830)	(17,408)
Fundraising expenditure		(7,200)	(11,727)
Communications and health awareness campaigns		(3,778)	(6,859)
Administration		(4,401)	(6,008)
Total Expenditure		**(52,062)**	**(66,273)**
Results from operating activities		**(2,889)**	**(21,752)**
Net investment returns	6	4,023	4,283
Net realised and unrealised gains/(losses)	6	(9,292)	5,414
Net financial result from Investment Portfolio	6	**(5,269)**	**9,697**
Surplus/(Deficit) for the year before tax		**(8,158)**	**(12,055)**
Income tax expense	3c	-	-
Surplus/(Deficit) for the year after tax		**(8,158)**	**(12,055)**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
(Losses)/Gains on sale and revaluation of equities	6, 18	(849)	6,618
Items that may be reclassified subsequently to surplus or deficit		-	-
Total other comprehensive (deficit)/income		**(849)**	**6,618**
Total comprehensive income/(deficit) for the year		**(9,006)**	**(5,437)**

The notes on pages 17 to 37 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Financial Position
as at 31 December 2022

	Notes	2022 $ '000s	2021 $ '000s
Current Assets			
Cash and cash equivalents	7a	12,428	5,572
Other Financial Assets	9a	2,093	2,634
Trade and other receivables	8	2,429	2,017
Inventories		42	62
Total Current Assets		**16,992**	**10,285**
Non-Current Assets			
Investments	9b	84,373	101,557
Property, equipment and vehicles	10	3,366	3,556
Right of use leased assets		2,305	5,488
Intangibles	11	172	686
Total Non-Current Assets		**90,216**	**111,287**
Total Assets		**107,208**	**121,572**
Current Liabilities			
Trade and other payables	12	3,559	2,854
Contract Liability	13	4,873	7,187
Employee benefits	14	865	1,378
Provisions	17	-	-
Lease Liabilities	15	1,685	1,296
Total Current Liabilities		**10,982**	**12,715**
Non-Current Liabilities			
Employee benefits	14	82	94
Provisions	17	533	453
Lease Liabilities	15	2,027	5,722
Total Non-Current Liabilities		**2,642**	**6,269**
Total Liabilities		**13,624**	**18,984**
Net Assets		**93,584**	**102,588**
Equity			
Reserves	18	7,811	21,331
Retained Earnings		85,773	81,257
Total Equity		**93,584**	**102,588**

The notes on pages 17 to 37 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Changes in Equity
as at 31 December 2022

	Notes	Fair Value Reserve	Specific / Restricted Reserve	Retained Earnings	Total Equity
		$ '000s	$ '000s	$ '000s	$ '000s
Balance as at 1 January 2021		**2,003**	**14,393**	**91,629**	**108,025**
Comprehensive income for the year					
Surplus/(Deficit) for the year		-	-	(12,055)	**(12,055)**
Other comprehensive income					
Net gains/(losses) on sale of equities	6	-	-	192	**192**
Net change in fair value of financial assets	6	6,426	-	-	**6,426**
Transfer (from)/to retained earnings - Specific/Restricted Rese	18	-	(1,491)	1,491	**-**
Total other comprehensive income		**6,426**	**(1,491)**	**1,683**	**6,618**
Total comprehensive income for the year		**6,426**	**(1,491)**	**(10,372)**	**(5,437)**
Balance as at 31 December 2021		**8,429**	**12,902**	**81,257**	**102,588**
Balance as at 1 January 2022		8,429	12,902	81,257	**102,588**
Comprehensive income for the year					
Surplus/(Deficit) for the year		-	-	(8,158)	**(8,158)**
Other comprehensive income					
Net gains/(losses) on sale of equities	6	(849)	-	-	(849)
Net change in fair value of financial assets	6	-	-	-	**-**
Transfer (from)/to retained earnings - Fair Value Reserve		(7,579)	-	7,579	-
Transfer (from)/to retained earnings - Specific/Restricted Rese	18	-	(5,093)	5,093	**-**
Total other comprehensive income		**(8,428)**	**(5,093)**	**12,672**	**(849)**
Total comprehensive income for the year		**(8,428)**	**(5,093)**	**4,514**	**(9,006)**
Balance as at 31 December 2022		**-**	**7,811**	**85,773**	**93,584**

The notes on pages 17 to 37 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Cash Flows
for the year ended 31 December 2022

	Notes	2022 $ '000s	2021 $ '000s
Cash flows from operating activities			
Cash receipts in the course of operations		49,760	46,382
Cash payments in the course of operations		(52,622)	(70,980)
Net financial income		4,289	3,492
Net cash from/(used in) operating activities	7b	**1,427**	**(21,106)**
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		94	306
Acquisition of property, equipment, vehicles and computer software		(140)	(1,198)
Proceeds from sale of investments		105,145	17,553
Acquisition of investments		(97,806)	(4,002)
Net cash (used in)/from investing activities		**7,294**	**12,659**
Cash flows from financing activities			
Payment of principal on lease liabilities		(1,413)	(942)
Payment of interest on lease liabilities		(451)	(510)
Net cash used in financing activities		**(1,864)**	**(1,452)**
Net increase/(decrease) in cash and cash equivalents		**6,856**	**(9,899)**
Cash and cash equivalents at 1 January		5,572	15,471
Cash and cash equivalents at 31 December	7a	**12,428**	**5,572**

The notes on pages 17 to 37 are an integral part of these financial statements

Notes to the financial statements
for the year ended 31 December 2022

1 Reporting entity

The National Heart Foundation of Australia (the "Foundation") (ABN: 98 008 419 761) is a company domiciled in Australia. The address of the Foundation's registered office is Level 2, 850 Collins Street, Docklands, Victoria 3008. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission (ACNC), devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia. The financial statements of the Foundation are as at and for the year ended 31 December 2022.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the Directors on x xxx 2023.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Significant accounting estimates and assumptions

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

(i) Leased assets and liabilities

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

(ii) Make good provisions

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

(iii) Provisions for employee benefits

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

(iv) Valuation of investments

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

2 Basis of preparation (continued)

(e) Basis of consolidation

The State and Territory Divisions in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory ("the Divisions") are separately incorporated. The consolidated financial statements comprise the financial statements of the Foundation and the Divisions.

From 1st January 2019, the State and Territory Divisions in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory ("the Divisions") did not operate. All operations were performed under the National entity.

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(f) Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

3 Significant accounting policies

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

(a) Revenue recognition

(i) Charitable support

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

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

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

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

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

(iv) Services of volunteers

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

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

3 Significant accounting policies (continued)

(b) Goods and services tax

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

(c) Income tax

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

(d) Inventories

Inventories, representing 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, equipment and vehicles

(i) Recognition and measurement

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

(ii) Depreciation

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

> buildings	40 years
> leasehold improvements	5 - 10 years
> office furniture and equipment	3 - 10 years
> motor vehicles	6 - 7 years

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

(iii) Reclassification to assets held for sale

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

3 Significant accounting policies (continued)

(f) Leased assets including property and equipment

The Group has applied AASB 16 to account for its Leases.
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.
This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At the lease commencement, the Foundation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.
The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment at each reporting date in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used. Generally, the Foundation uses its incremental borrowing rate as the discount rate.
The Foundation determines its incremental borrowing rate by obtaining its credit rating from an external financial institution and applying this to a rate table provided by its auditors. Certain adjustments are made to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
> fixed payments;
> variable lease payments that depend on an index or a rate, initially measured using the index or rate at commencement date;
> amounts expected to be payable under a residual value guarantee; and
> the exercise price under a purchase option that the Foundation is reasonably certain to exercise, lease payments in an optional renewal period if the Foundation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Foundation is reasonably certain not to terminate early.

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

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

Short-term leases and leases of low-value assets

The Group has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the company recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

(ii) As a lessor

At the inception or on modification of a contract that contains a lease component, the Foundation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Foundation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the Foundation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Foundation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

If an arrangement contains lease and non-lease components, then the Foundation applies AASB 15 to allocate the consideration in the contract.
The Foundation recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3 Significant accounting policies (continued)

(g) Intangible assets

(i) Computer software

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

(ii) Amortisation

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

(h) Non-derivative financial assets

The Group initially recognises loans and receivables on the date when they originated. All other financial assets are initially recognised on the trade date at which the Group 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 Group subsequently measures financial assets at either amortised cost or fair value.

The Group 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 Group 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 Group 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 Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Financial assets measured at amortised cost

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

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

The Group's policy on impairment of financial assets measured at amortised cost is the same as that applied in its consolidated financial statements as at and for the year ended 31 December 2019 for loans, receivables and investments.

(ii) Financial assets measured at fair value

For investments in equity instruments that are not held for trading, the Group elected at initial recognition to present gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to surplus or deficit and no impairments are recognised in surplus or deficit. Dividends earned from such investments are recognised in profit or loss unless the dividends clearly represent a repayment of part of the cost of the investment. The fair value of equity instruments is their post distribution 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 Group on the date it commits to purchase/sell the investments. All financial assets not classified as measured at amortised cost or Fair Value Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit Loss (FVTPL). This includes all non-equity financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are non-equity instruments are measured at FVTPL.

(iii) Financial assets – Business model assessment

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

> the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

> how the performance of the portfolio is evaluated and reported to the Group's management; —the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

> how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

> the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the asset.

3 Significant accounting policies (continued)

(h) Non-derivative financial assets (continued)

(iv) Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

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

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

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

> Financial assets at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit & loss. The Group holds managed funds measured using this method.
> Financial assets at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

> Debt investments at FVOCI. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gians and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

> Equity investments at FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Group holds equity share investments using this method.

(vi) Share capital

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

(vii) Cash and cash equivalents

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

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

(j) Impairment

(i) Non-derivative financial assets including receivables

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

3 Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets

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

(iii) Calculation of recoverable amount

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

(k) Employee benefits

(i) Short term benefits

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

(ii) Other long term benefits

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

> assumed rate of future increases in wage and salary rates: 2022: 2.75% (2021: 1.5%)

> discount rate based on corporate securities which most closely match the terms to maturity of the related liabilities: 2022: 5.8% (2021: 3.11%)

>expected settlement dates: 2022: 2 years (2021: 2 years)

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

> assumed rate of future increases in wage and salary rates: 2022: 2.75% (2021: 1.5%)

> discount rate based on corporate securities which most closely match the terms to maturity of the related liabilities: 2022: 5.8% (2021: 3.11%)

> expected settlement dates based on turnover history: 2022: 10 years (2021: 10 years)

(l) Provisions

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

(m) Segment reporting

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

(n) Finance income and finance costs

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

Notes to the financial statements (continued)
for the year ended 31 December 2022

3 Significant accounting policies (continued)

(o) Financial risk management

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

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

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

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

(p) Determination of fair values

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

(i) Equity and debt securities

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

(ii) Trade and other receivables

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

(q) Comparative Figures

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

Notes to the financial statements (continued)
for the year ended 31 December 2022

4 Revenue from operating activities	2022	2021
Income for NFP entities - AASB 1058	**$ '000s**	**$ '000s**
Charitable support - bequests	27,524	21,325
Charitable support - non-bequests	16,605	18,351
Total revenue from fundraising activities	**44,130**	**39,676**
Revenue from contracts with customers - AASB 15		
Grants for specific health programs and research - Government	4,193	4,108
Grants for specific health programs and research - other	577	496
Sale of goods	72	150
Other	202	91
Total revenue from operating activities	**5,044**	**4,845**
Total revenue from operating activities	**49,173**	**44,521**

All revenue is raised for the information, education, research and advocacy programs of Heart Health.
All revenue is raised within Australia.

5 Auditors' remuneration

Audit services	98	89
Other services	79	5
Total Auditors' remuneration	**177**	**94**

6 Finance income and costs

Recognised in surplus/(deficit)		
Interest income	545	619
Dividend income and distributions from managed funds	3,743	3,849
Fees of external investment managers	(264)	(185)
Net Investment returns	**4,023**	**4,283**
Net Unrealised gains / (losses) on managed funds and bonds	(4,752)	5,413
Net Realised gains / (losses) on managed funds and bonds	(4,540)	0
Net realised and unrealised gains/(losses)	**(9,292)**	**5,413**
Net financial result from Investment Portfolio	**(5,269)**	**9,696**
Recognised in other comprehensive income		
Impairment recovery on shares/managed fund units	-	-
Realised gain on disposal of shares	-	450
Realised loss on disposal of shares	(849)	(258)
Net deficit taken directly to retained earnings	(849)	192
Net fair value (decrements)/increments of financial assets	-	6,426
Net finance income and costs recognised in Other Comprehensive Income	**(849)**	**6,618**

7a	**Cash and cash equivalents**	**2022 $ '000s**	**2021 $ '000s**
	Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0% to 1.30% (2021: 0% to 0.20%)	12,428	5,572
		12,428	**5,572**

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 24.
The carrying value of cash and cash equivalents is equal to cost.

Included within cash and cash equivalents is restricted cash of $2,130k (2021: $2,130k), which was received specifically for restricted purposes.

7b	**Reconciliation of cash flows from operating activities**		
	Net surplus/(deficit) from ordinary activities	(8,158)	(12,055)
	Adjustments for:		
	Depreciation / Amortisation expense	2,081	2,124
	Make good provision expense	80	51
	Investments acquired for nil consideration via bequests	-	(3,585)
	Net realised and unrealised (gains)/losses on investments	9,157	(6,206)
	Net loss/(gain) on PPE	(40)	0
	Interest on lease liabilities - classified under financing activities	451	510
	Accrued Interest & Dividend	(140)	-
	Net cash from operating activities before changes in working capital and provisions	**3,430**	**(19,161)**
	Movement in receivables	(430)	1,631
	Movement in current investments	541	(14)
	Movement in inventories	20	13
	Movement in payables	705	(4,761)
	Movement in grants income deferred	(2,314)	2,244
	Movement in employee benefits	(525)	(1,060)
	Net cash from/(used in) operating activities	**1,427**	**(21,108)**

8	**Trade and other receivables**		
	Other receivables and prepayments	2,429	2,017
		2,429	**2,017**

The carrying value of trade and other receivables is equal to cost. The Foundation's exposure to credit risk related to trade and other receivables is disclosed in note 24.

		2022 $ '000s	**2021 $ '000s**
9a	**Other Current Financial Assets**		
	Term deposits	2,093	2,634
		2,093	**2,634**
9b	**Non-current investments**		
	Listed shares	-	35,165
	Unlisted units in managed funds	65,084	48,383
	Bonds	19,289	18,009
		84,373	**101,557**
	Total Current and non-current Financial Assets and Investments	**86,466**	**104,191**

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

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

Notes to the financial statements (continued)
for the year ended 31 December 2022

10 Property, equipment and vehicles

	Freehold land	Buildings	Leasehold improvements	Office furniture & equipment	Motor Vehicles	Total
	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s
Cost						
Balance at 1 January 2021	1,660	1,761	636	1,652	146	**5,855**
Acquisitions	-	314	107	174	-	**595**
Disposals	-	-	(493)	(91)	(50)	**(634)**
Balance at 31 December 2021	**1,660**	**2,075**	**250**	**1,735**	**96**	**5,817**
Balance at 1 January 2022	1,660	2,075	250	1,735	96	5,817
Acquisitions	-	5	74	61	-	**140**
Disposals	-	-		(23)	(76)	**(99)**
Balance at 31 December 2022	**1,660**	**2,080**	**324**	**1,773**	**20**	**5,858**
Depreciation & impairment losses						
Balance at 1 January 2021	-	656	283	1,180	90	**2,209**
Depreciation charge for the year	-	74	39	250	13	**376**
Disposals	-	-	(207)	(86)	(35)	**(328)**
Balance at 31 December 2021	**-**	**730**	**115**	**1,344**	**68**	**2,257**
Balance at 1 January 2022	-	730	115	1,344	68	**2,257**
Depreciation charge for the year	-	89	8	184	4	**285**
Disposals	-	-	-	-	(52)	**(52)**
Balance at 31 December 2022	**-**	**819**	**123**	**1,528**	**20**	**2,490**
Carrying Amounts						
At 1 January 2021	1,660	1,105	353	472	56	**3,647**
At 31 December 2021	1,660	1,345	135	391	28	**3,559**
At 1 January 2022	1,660	1,345	135	391	28	**3,559**
At 31 December 2022	1,660	1,261	201	245	-	**3,366**

	2022 $ '000s	2021 $ '000s
11 Intangibles		
Computer Software		
Cost		
Balance at 1 January	1,440	1,440
Acquisitions	-	-
Disposals	-	-
Balance at 31 December	**1,440**	**1,440**
Amortisation		
Balance at 1 January	754	547
Amortisation charge for the year	514	207
Disposals	-	-
Balance at 31 December	**1,268**	**754**
Carrying amounts		
1 January	686	893
31 December	172	686

12 Trade and other payables

Payables and accrued expenses	3,559	2,854
	3,559	**2,854**

The carrying value of trade and other payables is equal to cost. The Foundation's exposure to liquidity risk that relates to trade and other payables is disclosed in note 24.

13 Contract liability

Balance at 1 January	7,187	4,944
Amounts received	2,597	6,765
Income recognised as revenue	(4,911)	(4,522)
Balance at 31 December	**4,873**	**7,187**

The carrying value of contract liabilities is equal to cost. The Foundation's exposure to liquidity risk relating to contract liabilities is disclosed in note 24.

14 Employee benefits

Aggregate liability for employee benefits including on-costs:		
Current - long service leave and annual leave	865	1,378
Non-current - long service leave	82	94
Total employee benefits	**947**	**1,472**
Personnel expenses:		
Wages and salaries	13,891	24,958
Contributions to superannuation plans	1,398	2,091
Total personnel expenses	**15,288**	**27,049**

Notes to the financial statements (continued)
for the year ended 31 December 2022

15 Loans and Borrowings

	2022 $ '000s	2021 $ '000s
Current Liabilities		
Lease Liabilities	1,685	1,296
	1,685	**1,296**
Non-Current Liabilities		
Lease Liabilities	2,027	5,722
	2,027	**5,722**
	3,712	**7,018**

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

	Nominal Interest Rate	Year of maturity	2022 Face Value	2022 Carrying amount	2021 Face Value	2021 Carrying amount
Lease liabilities	3.0% - 7.2%	2023 - 2027	4,110	3,712	8,951	7,018
Total interest-bearing liabilities			**4,110**	**3,712**	**8,951**	**7,018**

Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	1,738	53	1,685
Between one and five years	2,372	345	2,027
Later than five years	-	-	-
	4,110	**398**	**3,712**
Current liability	1,738	53	1,685
Non-current liability	2,372	345	2,027
	4,110	**398**	**3,712**

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

16 Leases

A. Leases as lessee

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

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

	2022 $ '000s	2021 $ '000s
(i) Right-of-use assets		
Balance at 1 January	5,488	6,424
Depreciation charge for the year	(1,321)	(1,539)
Additions to right-of-use	1,705	603
Derecognition of right-of-use assets	(3,568)	-
Balance at 31 December	**2,305**	**5,488**
(ii) Amounts recognised in profit and loss		
2022 - Leases under AASB 16		
Interest on lease liabilities	451	510
Income from sub-leasing right-of-use assets presented in 'other income'	132	67
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	-
(iii) Amounts recognised in statement of cash flows		
2022 - total cash outflow for leases	1,864	1,452

16 Leases (continued)

(iv) Extension options

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

17 Provisions

	Make good of lease premises	Total
	$ '000s	**$ '000s**
Balance at 1 January 2021	440	**440**
Future obligations incurred	38	**38**
Write back on adoption of AASB 16	(25)	**(25)**
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	-
Balance at 31 December 2021	**453**	**453**
Current	-	-
Non-current	453	453
	453	**453**

	Make good of lease premises	Total
	$ '000s	**$ '000s**
Balance at 1 January 2022	453	**453**
Future obligations incurred	79	**79**
Balance at 31 December 2022	**532**	**532**
Current	-	-
Non-current	532	**532**
	532	**532**

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

18 Reserves and Equity

	2022 $ '000s	2021 $ '000s
Movements in reserves during the year:		
Fair Value (related to investments)		
Balance at beginning of year	8,429	2,003
Net change in fair value of equities	(8,429)	6,426
Balance at end of year	-	**8,429**
Specific or restricted purposes		
Balance at beginning of year	12,902	14,393
Transfer to retained earnings	(5,093)	(1,491)
Income received		
Amounts set aside for specific purposes	-	-
Interest credited/(debited)	-	-
Fair value movement	-	-
Payments for research	(1,733)	(1,164)
Payments for health programs	(124)	(327)
Payments for corporate programs	-	-
Balance at end of year	**7,811**	**12,902**
Total Reserves balance at year end	**7,811**	**21,331**
Reserves at beginning of year	21,331	16,396
Retained earnings at beginning of year	81,257	91,629
Total equity at beginning of year	**102,588**	**108,025**
Operating surplus/(deficit) for the year	(8,158)	(12,055)
Other comprehensive income	(849)	6,618
Total comprehensive income	**(9,006)**	**(5,437)**
Total Equity at end of year	**93,584**	**102,588**

Nature and purpose of reserves

Fair value

The fair value reserve includes the cumulative net change in the fair value of investments until the investment is derecognised through sale.

Specific or restricted purposes

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

19 Capital and other commitments

Research grants and fellowships

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

	2022 $ '000s	2021 $ '000s
2022		19,287
2023	18,012	12,181
2024	11,437	6,103
2025	5,324	2,498
2026	3,197	
	37,970	**40,069**

20 Contingencies

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

	2022 $ '000s	2021 $ '000s
Performance guarantees	820	842
	820	**842**

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

Melbourne lease	Lease expiry 31 Oct 2024	602,023
Canberra lease	Lease terminated during the year	-
Sydney lease	Lease expiry 21 August 2027	149,131
Brisbane lease	Lease expiry 31 Dec 2023	69,011
		820,165

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

21 Company limited by guarantee

The National Heart Foundation of Australia ("the Foundation") is a company incorporated in Australia under the Corporations Act 2001 as a company limited by guarantee. Every member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the same being wound up during the time that they are a member, or within one year afterwards for payment of the debts and liabilities of the Foundation contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of $20. There are 24 members as at 31 December 2022.

22 Related parties

Key management personnel and director related parties.

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

Non-executive Directors

Associate Professor D M Colquhoun MBBS, FRACP, FCSANZ
Ms A Tay LLB, FGIA, GAICD
Professor L Kritharides MBBS, PhD, FRACP, FAHA, FCSANZ, FESC, FACC (to 25 May 2022)
Mr C B Leptos AO, BCom, MBA, FAICD, FCA, FCPA (to 31 December 2022)
Ms J L Tucker LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD
MS I Demir LLB (Hons), BCom (Hons)
Rebecca Davies AO, B.Ec, LLB (Hons), FAICD (commenced 31 October 2021)
Prof Gemma Figtree, MBBS, DPhil(Oxon), FRACP (commenced 31 October 2021)
Associate Professor Nicholas Cox MBBS, FRACP, FCSANZ (commenced 31 March 2022)
Mr Mario D'Orazio BA, GradDipEd (commenced 5 June 2022)
Mr Peter Matruglio BA (Accounting), FCA, GAICD (commenced 24 October 2022)
Mr Ian Humphreys LLM, LLB, GradDipLegalStudies (commenced 16 March 2022)

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

22 Related parties (continued)

Key Management Personnel
Mr G Jennings Acting CEO (from 5/7/2021 - 1/6/2022)
Mr P Lynch - Chief Financial Officer - Group (to 30/6/2022)
Ms K Jolly - Acting Chief Development Officer (to 28/1/2022)
Mr C Miers - General Counsel
Ms M De Bondt - General Manager People & Culture (to 30/4/2022); Chief Operating Officer (from 1/5/2022)
Ms Erin Bowen - National Manager Health Research & Innovation (from 4/7/2022)
Ms Penny Tribe - National Manager Philanthropy & Development (from 14/6/2022 to 3/3/2023)
Mr Peter Thomas - National Manager Public & Local Affairs (from 8/8/2022)
Mr David Lloyd - Chief Executive Officer (from 1/6/2022)

	2022 $ '000s	2021 $ '000s
The compensation of key management personnel was as follows:		
Short term employee benefits	1,543	2,066
Other long term benefits	52	59
Termination benefits	264	662
Total	**1,859**	**2,787**

DGR Entities and ACNC Registered Charities
All entities included in Note 2(e) are DGR and ACNC Registered Charities. The Financial statements are consolidated including all state and teritory entities, as per the prior year. All of the State and Territory entities as noted in the Directors' Report as well as the National Heart Foundation have Deductible Gift Recipient status. The Financial statements only include information relating to registered ACNC entities and their financial results are fully included in the financial statements for 2021 and 2022. The ACNC has also granted group financial reporting which allows the Annual Financial Statement and Annual Financial Report to be lodged on a joint basis removing the requirement for each entity to lodge these documents separately.

23 Subsequent events
There are no items, transactions or events of a material or unusual nature that have occurred since 31 December 2022 which are likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the group, in future financial years.

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

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and investment securities. The Group does not require collateral in respect of financial assets. Exposure to credit risk is monitored by management on an ongoing basis. The credit risk relating to the Group'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 Group's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Group'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.

24 Financial instruments (continued)

Credit Risk (continued)

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

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	2022 $ '000s	2021 $ '000s
Financial Assets			
Cash*		12,428	5,572
Total cash and cash equivalents *	7a	**12,428**	**5,572**
Trade and other receivables *	8	2,429	2,017
Investments - listed shares #	9	-	35,165
Investments - unlisted units in managed funds ##	9	65,084	48,383
Investments - bonds amortised cost *	9	19,289	18,009
Term deposits *	9	2,093	2,634
		101,323	**111,780**

* Financial assets held at cost/amortised cost
# Financial assets held at fair value through other comprehensive income
Financial assets held at fair value through surplus/(deficit)

Impairment loss from trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:	2022 $ '000s	2021 $ '000s
Balance at 1 January of provision for doubtful debts	-	-
Realisation of impairment (loss)/recovery previously provided	-	-
Balance at 31 December of provision for doubtful debts	**-**	**-**
Impairment loss/(recovery) recognised in surplus or deficit	-	-

Based on receivables history, the Group 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 Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

Trade and other payables, and contract liabilities have contractual cash flows which are 5 years or less. Provisions relating to obligations for office leases have contractual cash flow obligations until lease expiry, which are all between 1 and 9 years.

24 Financial instruments (continued)

Liquidity Risk (continued)

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

Non derivative financial liabilities	**Notes**	**2022 $ '000s**	**2021 $ '000s**
Lease liabilities	15	3,712	7,018
Contract liability	13	4,873	7,187
Trade and other payables	12	3,559	2,854
		12,143	**17,059**

2022	**Contractual Cash Flows**						
$000's	**Carrying Amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**5+ years**
Lease liabilities	3,712	4,109	286	1,399	1,205	823	-
Contract liability	4,873	4,873	-	779	3,912	89	93
Trade payables	3,559	3,559	3,559	-	-	-	-
Total	**12,144**	**12,541**	**3,845**	**2,178**	**5,117**	**912**	**93**

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

Market Risk

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

Interest Rate Risk

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

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

Fair value sensitivity analysis for fixed rate instruments

The Surplus or Deficit would be affected by changes in the fixed interest rate as shown in the Sensitivity Analysis Disclosure. The analysis assumes all other variables remain constant. The analysis is performed using a change of 2% on page 35 (2021: change of 1%).

Cash flow sensitivity analysis for variable rate instruments

A change of 2% in interest rates at the reporting date would have increased/(decreased) equity and surplus/(deficit) by the amounts shown in the Sensitivity Analysis Disclosure. This analysis assumes all other variables remain constant. The analysis is performed at 2% in 2022 vs 1% in 2021 to reflect the change in interest rate environment between the two years.

Equity/Unit Price Risk

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

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.

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

Opinion

We have audited the financial report of National Heart Foundation Australia (the "Entity") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Directors.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Director's Report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

Deloitte.

Other Information (continued)

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lefevre

Isabelle Lefevre
Partner
Chartered Accountants
Melbourne, 1 May 2023

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1 May 2023

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

Dear Board Members,

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

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

As lead audit partner for the audit of the financial report of the National Heart Foundation of Australia for the year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lefevre

Isabelle Lefevre
Partner
Chartered Accountants