

ANNUAL REPORT **2015**

+ FINANCIAL STATEMENTS



National Heart Foundation of Australia
(Victorian Division) ABN 25 004 463 334
For the year ended 31 December 2015

Victoria

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Directors and Office Bearers

Patron-in-Chief

His Excellency, Alex Chernov AC QC, Governor of Victoria (until June 2015)
The Honourable Linda Dessau AM, Governor of Victoria (since July 2015)

Patron

The Honourable Daniel Andrews MP, Premier of Victoria

Board of Directors

President

Mr John Etherington, BEc, FCA, FAICD

Directors

Mr Ron Fairchild, BHK (Hons), CFRE

Mrs Leonie Fryar

Ms Daphne Lee, MA; BusMgmt & DipFinPlan (Snr CFTP) (since 26 May 2015)

Professor Ian T. Meredith AM, MBBS (Hons), BSc (Hons), PhD, FRACP, FACC, FAHA, FCSANZ, FSCAI

Professor Brian Oldenburg, BSc, MPsychol, PhD

Mr Bernard O'Shea, LLB, BSc (retired 26 May 2015)

Professor Alistair Royse, MBBS, MD, FRACS, FCSANZ

Ms Jyoti Singh LLB, BEc (Hons) (since 26 May 2015)

A/Prof Andrew Taylor, MBBS, PhD, FRACP, FCSANZ

Chief Executive Officer

Ms Diana Heggie, MCSP, MAICD, grad. Dip. Human Services Research

Company Secretary

Ms Jade Lemmens, BHlthSc, CAPM

Senior Staff

Cardiovascular Health Programs Director

Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHlthSci (Health Promotion)

Fundraising Director

Mr Rob Daly, MBA, BA, PGDip

Finance Manager

Ms Roanna Khor, BBus (Accounting), CPA

Solicitors

Norton Rose Fulbright

Auditors

KPMG

Registered Office

Level 12
500 Collins Street
Melbourne VIC 3000

Financial Members

Mr T Adam
Mr K D Barry
Dr F N Bouvier
Mr R McD Brown
Mr D J Brydon
Ms R Charlwood
Mr I Collins AM
Mrs A M L Court
Mr B J Davies OAM
Mr J Etherington
Dr E T Fagan
Mr R Fairchild
Mrs L Fryar
Mr A W Gorrie
Mr P J Griffin
Prof R Harper
Mr W H Hodgson
Dr M Jelinek
Prof G Jennings
Dr J Johns
Mrs D Krongold

Ms D Lee
Mrs N Leslie
Dr S Lubicz
Professor I Meredith AM
Mr H M Morgan
Prof B Oldenburg
Mr B O'Shea
A/Prof D Prior
Mr B P Ranford
Dr R Redpath
Mr T W Roper
A/Prof A Royse
Ms J Singh
Mr G R Sellars-Jones
Prof Julian A Smith
A/Prof L St Leger
Mrs R Syme
Prof J Tatoulis
A/Prof A Taylor
Mr J W Tomkins
Mr A C Weber

Honorary Life Members

Dr J T Dowling
Mr J S Grigg
Dr J G Sloman AM ED

Bequest and Major Supporters

New Bequestors in 2015

A special thank you belongs to the men and women who have chosen to include a gift in their Will to the Heart Foundation. We respect their request for privacy, but welcome them to the Heart Foundation. Their foresight and support will help save many lives in the future.
Thank you again.

Estates that distributed in 2015

Maria Ambrosio
Kurt Asher
Eva Frances Austin
Arthur B R Barlow
Lydia Batchelder
Nancy Baxter
Sylvia Rose Blainey
John Ludwik Bliszczuk
Ivon Borysenko
Bernard Breakspear
Esther M Burrup
Lisa Butt
Filippo Cappellano
Judith E Clarke
Ronald S Clarke
Ailsa Eleanor Coath
Margaret May Copley
Eveline E Cutler
Anne Hannah Dickinson
Robert Geoffrey Findlay
Marjorie Isobel Ford
Betty Frazer
Helen E Gadsden
Esther Gascoigne
Coralie Alison Gee
Joyce W Golden
Mary Goldsworthy
Patricia F Gwyther
Vincent H Hansen
Pamela M Harper
Margaret Hay
Hedvig M Hazy
Edwin E Hinde
Gladys A Horton
H Rex Howard
Heather Marjorie Howell
Johannis Nicolaas Huysmans
Noel F G Irwin
Wilma Keir
Mary E Kentish

Robert G Knight
Emily E Lamburd
Eileen Emily Lewis
Frances A Lightley
Lindsay Makeham
Geoffrey R Mathison
Nellie Maynard
Emily Annie June Mayson
Daniel Francis McCarthy
Roma McIntyre
Malcolm McPherson
Agnes J Meade
Norma Merle Murphy
Helena Mary Nolan
Joan Olive Norton
Faye Jocelyn O'Neil
Lorna Mary O'Neill
Mary Paton
Annunziata Piscopo
Margaret Ridgway
Gladys Joy Robertson
Darryl Ryan
Joseph Salfas
Dorothy Saunders
Barbara Shelton
Geoffrey Simmons
Joan Elizabeth Simms
Peggy Smart
Elizabeth Smith
Leo Patrick Stakelum
June Sulis
Honora Mary Sullivan
Sheila Thomson
Jenny S Troost
Elizabeth F Walch
Daisy Walker
Barbara K Waters
Olga G Webb
Leslie Williams
Winsome Williams

Perpetual trusts that distributed in 2015

Lindsay James Baldy Trust
Arthur Edwin & Anne Edith Barry Trust
William Batt Trust
Edith Jean Elizabeth Beggs Trust
The William and Georgena Bradshaw Charitable Trust
Margaret Jean Bumpstead Trust
Betty May Caccamo Trust
Mabel Edna Cardwell Charitable Trust
The Jean May Carey Donation
Florence Grace Clark Trust
Paula & Betty Clements Memorial Trust
B & S Colee Trust
Mabel Kathleen Corless Trust
Mary Theresa Cromie Trust
Madeline Crump & Madeline Williams Trust
Gregory Joseph & Zig Dickson Trust
The Drury Trust
G & H Foulkes Charitable Trust
Noel and Imelda Foster Research Award
DJ & LM Fox Foundation
Keith Goldsbury Trust
The Hardie-Anselmi Trust
Joyce Adelaide Healey Trust
The Isabel E & Francis J Hickmott Trust
N J Horton Charitable Fund
Grace Horton Charitable Fund
Lorna Muriel Jenkins Trust
Kenneth Martin Trust
Joseph Norman Mason Trust
Annie Gladys Matthews Trust
Ellen Jean Matthews Trust
Hilda Emily McNee Trust
Margaret Lillian Merrifield Memorial Trust
Florence Mitten Trust
Fay Lorraine Nelson Trust
Mona Isobel Paul Trust
MA & VL Perry Foundation
Victor Russ Pittman Charitable Trust
Marion Popplewell Charitable Trust
Bruce Leslie Powell Trust
Danuta Rogowski Trust
Russell Charitable Trust
The Katrina May Russell Foundation
William Arthur Shipperlee Trust
Yvonne Patricia Stevens Family Trust
Phyllis Nerelle Turner Trust
William C K Warden Trust
Price Coulsell Wilson Fund
Brian Linton Wright Perpetual Fund

Bequest and Major Supporters (continued)

Private Supporters (Over \$1000)

Anonymous
 Mrs R M Andre
 Mrs C Barber
 Mr K Bethell
 Mr G Blair
 Mr W Bowness
 Mr & Mrs AH & FJ Brown
 Mrs P Campbell
 Mrs D Carr
 Mrs J M Carvell
 Mr & Mrs WD & WE Chick
 Mr K Christian
 Miss L Coles
 Mr G Crew
 Mr R A Curry
 Dr R L Dickins
 Dr K Dickinson
 Mrs J Drury
 Ms Lauretta Eaton
 Mr J Etherington
 Mrs M Frazer
 Mrs L Fryar
 The Late Mrs N Gantner
 Mr & Mrs J Gaylard
 Ms J Giles
 Mr L Gill
 Mr G S Gjergja
 Mr B Goddard
 Mr J Grigg
 Gras Foundation
 Gringlas Family Charitable
 Fund
 Mr T Hart
 Mr R Heslop
 Mr J Holt
 Mr R B Howard
 Mr B Howard
 The Peter Isaacson Foundation
 Mr G Jenkins
 Mr J & Mrs J Khalid
 Mrs B King
 Mr J Levy
 Dr J Lewis
 Mr R W Liddle
 Mr J B Little
 Marles and Manning
 Charitable Fund
 Mr T Maclean
 Mrs J Manins
 Mr L Matheson
 Mrs C McConnell

Private Supporters (Over \$1000) Continued

Mr D McEvoy
 Ms B Miller
 Mrs D J Moir
 Miss B Mower
 Mrs S Muir
 The Muffin Foundation
 Mr M & Mrs A Neil
 Mrs V Newman
 Mr J Nolan
 Miss M O'Sullivan
 Ms S Pearson
 Mr S Phillipson
 Mrs R Richardson
 Mr G Shalit & Dr M Faine
 Mr S Shnider
 Mrs J Smith
 Miss B Smith
 Mr M Steven
 The Sun Foundation
 Ms J Tatchell
 Mr N Vink
 Mr N Walliss
 Mr R Ward-Ambler
 Mrs G Way
 Ms E Wignell
 Mrs A Wilson
 Mrs D C Yeung

Honorary Fundraisers

Mrs Leonie Fryar
 Mr Chris Gardner
 Mr Neale Wright
 Mr David Whiting

Workplace

Giving partners (Over \$1000)

AMP Foundation Charitable Trust
 ANZ - Global Internal Audit
 Australia Post
 Caltex Australia Limited
 CSR Limited
 Dyson Group of Companies
 Macquarie Bank Foundation
 National Australia Bank
 Telstra
 Zurich Financial Services

Corporate Supporters (Over \$1000)

Asciano Ltd
 Ambulance Victoria
 Apple Marketing
 Australian Unity
 B M Investments Pty Ltd
 Ballarat Community Health Centre
 Bicycle Network
 City of Ballarat
 Dakin Mayers
 DBM Consultants Pty Ltd
 Deakin Advancement
 Deakin University
 EzyMart
 Golf Victoria
 Haar's Nursery
 ISPT
 KPMG
 Perpetual Trustees
 Quest on Chapel
 Red Energy
 Remedy Healthcare
 Ritchies Stores
 Saward Dawson
 Servier Australia
 Seyfarth Shaw
 Siemens
 The Ryan Group
 Providence Pty Ltd
 TDJ Australia

Heart Foundation Awards Night

Commonwealth Bank (Diamond Raffle
 Sponsor)
 Technology One (Gold Sponsor)
 Telstra (Gold Sponsor)

Corporate Value in Kind

City of Melbourne
 Citywide
 Donaldson Whiting + Grindal
 Ernst & Young
 Laerdal
 Nova Entertainment
 Pacific Optics
 Quest Ballarat

Bequest and Major Supporters (continued)

Charitable Trusts and Foundations (Over \$1000)

William Angliss Charitable Fund
 Angior Family Foundation, managed by NAB Trustees
 Bell Charitable Fund
 The RC & EM Bennett Fund, a charitable fund account of the Lord Mayor's Charitable Foundation
 Cassidy Bequest Fund, managed by Perpetual Trustees
 The Annie Danks and Danks Trust
 The Elizabeth & Barry Davies Charitable Foundation, managed by Perpetual Trustees
 Ivor Ronald Evans Foundation, managed by Equity Trustees
 The Isabel & John Gilbertson Charitable Trust
 GWA Griffiths Estate
 Henzell Family Bequest, managed by ANZ Trustees
 D S Kerr Charitable Trust
 Eirene Lucas Foundation
 The Loftus-Hill Fund, a charitable fund account of the Lord Mayor's Charitable Foundation
 Ian Potter Foundation
 The Anna White Fund, managed by Perpetual Trustees
 Joe White Bequest

Clubs & Community Fundraising (Over \$1000)

Adam Rose
 All Souls Opportunity Shop
 Lims Legacy/ Latrobe University
 BioGen Society
 Alysha Lambert
 Antonio & Matilde Filippini
 Arilla Retirement Village Residents Committee
 Carolyn Baker
 Chris O'Connell
 Christine Pruscino
 DASA' Association
 Fiona Dalgleish
 Mathew's Golden Heart Charity Day
 Jess Hogg
 Joel Nicholls
 Justin Taylor
 Kate Dixon
 Lucinda Koch
 Maria Dienes
 Mary Elmaoula
 Matt McIntosh
 Genesis Mobile Entertainment
 Melissa Wilkinson
 Natalee Kelsey
 The Wine Depository
 Rebekah Spencer
 Renea Micallef
 Roberto Pietrobon
 Ronald & Phyllis D'monte
 Roslynn Murphy
 Samantha Bell
 Tilly Bathgate
 Upper Murray Horseman's Association Inc
 Jack Jennings Memorial Golf Classic

Schools

The Heart Foundation Jump Rope for Heart campaign motivated more than 83,675 children to be physically active and to raise funds to fight heart disease. 274 schools were involved throughout Victoria in 2015 raising \$840,024.

Highest Fundraising Schools for their region.

Metro South:
 Glenvale School, Cardinia Campus - Officer
 \$24,075

Gippsland:
 Glenvale School, Bairnsdale Campus - Bairnsdale
 \$18,349

Grampians:
 Bacchus Marsh Grammar School - Bacchus Marsh
 \$15,456

Metro East:
 Blackburn Primary School - Blackburn
 \$12,973

Metro North:
 Glen Katherine Primary School - Eltham North
 \$12,553

Barwon:
 Sacred Heart School - Colac
 \$10,153

Loddon Mallee:
 Maiden Gully Primary School - Maiden Gully
 \$9,578

Metro West:
 Thomas Chirnside Primary School - Werribee
 \$6,815

Hume:
 St Augustine's School - Wodonga
 \$6,812

Directors' Report

for the year ended 31 December 2015

The directors present their report together with the general purpose financial reports of National Heart Foundation of Australia (Victorian Division) ("the Foundation") for the year ended 31 December 2015 and the auditors' report thereon.

Directors

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

Name and qualifications	Experience and special responsibilities	Board Meetings attended & held#	Appointment & resignation
Mr J Etherington, BEc, FCA, FAICD (President)	Chartered Accountant; 28 years in public practice, including 16 years as a partner of Deloitte. Currently a non executive director on a range of public, private and not for profit organisations. He is a director of the National Heart Foundation of Australia and a member of the National Audit and Governance Committee.	5/5	Director since 2008
Mr Ron Fairchild, BHK (Hons), CFRE	Vice President and Chief Advancement Officer, Deakin University.	5/5	Director since 2006
Mrs L Fryar	Sales & Marketing; 34 years working across Government's and Corporate Australia. Worked with the Heart Foundation for 14 years and currently Account Executive Gartner Australasia specializing in the Utility Industry.	3/5	Director since 2014
Ms D Lee, MA; BusMgmt & DipFinPlan (Snr CFTP)	Over 25 years in setting up and managing Treasury division as Treasury Manager, including Pacific Dunlop Group of Asia & Australia; China Int'l Trust & Investment Group of Australia and the major banks in Hong Kong. Currently with Baillieu Holst as Investment & Strategic Portfolios Advisor for self-managed superfund, corporate and family trust clients.	4/4	Director since 2015
Prof I Meredith AM, MBBS (Hons), BSc (Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI	Professor & Director of Monash Heart at Monash Health, Professor of Medicine & Cardiology Monash University, Executive Director of Monash Cardiovascular Research Centre, Monash University; CSANZ Representative National Heart Foundation; Member of CSANZ Federal Board; Board Member Asia Pacific Society of Interventional Cardiology.	3/5	Director since 2006
Prof B Oldenburg, BSc, MPsychol, PhD	Professor of Noncommunicable Disease Control and Director of the Centre for Health Equity in the School of Population and Global Health, University of Melbourne, Australia.	4/5	Director since 2014
Mr B O'Shea, LLB, BSc	Solicitor practicing principally in the area of technology development and commercialisation. Member, Monash Medical Centre Ethics Committee.	1/1	Retired May 2015
Prof A Royse, MBBS, MD, FRACS, FCANZ	Cardiothoracic Surgeon, Royal Melbourne Hospital. Deputy Head, Department of Surgery and Co-director, Ultrasound Education Unit, The University of Melbourne.	2/5	Director since 2008
Ms J Singh, LLB, BEc (Hons)	Solicitor practising in the area of mergers and acquisitions and corporate law at Norton Rose Fulbright.	4/4	Director since 2015
A/Prof Andrew Taylor, MBBS, PhD, FRACP, FCSANZ	Director of Cardiac MRI and Head of Non-Invasive Imaging, Heart Centre, Alfred Hospital. Head of Clinical Imaging, Baker IDI Heart and Diabetes Institute, Adjunct Associate Professor, Department of Medicine, Central Clinical School, Monash University.	5/5	Director since 2012

#meetings attended and meetings held while the director held office

Directors' Report (continued)

for the year ended 31 December 2015

Corporate Governance Statement

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

Role of the Board

The Board's primary role is to ensure that the activities of the Foundation are directed towards achieving its mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. The Board must ensure that this mission is achieved in the most efficient and effective way. The Foundation operates as part of a co-operative federation with Divisions in each of the other States and Territories of Australia. The relationships between all entities are set out in a Federation Agreement 2013-2017 which requires Divisions making grants to the National Heart Foundation of Australia ("National") to fund research and other health programs conducted on a National basis.

Oversight by the Board

The Board oversees and monitors the performance of management by:

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

Specific responsibilities of the Board

The Board fulfils its primary role by:

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

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

Responsibilities of management

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

Board members

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

- There must be no less than six and no more than twelve directors
- No employees of the Foundation, including the CEO, can be a director of the Foundation
- Each year a minimum of one third of the directors shall retire from office but are eligible to stand for election immediately upon retirement
- A Director may only serve a maximum period of nine consecutive years and will not be eligible to stand for re-election after this time

Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on page 7.

Board members receive written advice of the terms and conditions of their appointment and complete a structured induction program when first appointed. Management presentations to the Board enable directors to maintain knowledge of the business and operations of the Foundation.

A formalised Board Performance Evaluation process is undertaken on an annual basis.

Directors' Report (continued)

for the year ended 31 December 2015

Risk management

The Board oversees the establishment, implementation and regular review of the risk management system of the Foundation, which is designed to protect its reputation and manage those risks that might preclude it from achieving its mission. Management is responsible for establishing and implementing the risk management system which assesses, monitors and manages operational, financial reporting and compliance risks. The financial statements of the Foundation are subject to independent, external audit. Guidelines for internal controls have been adopted and compliance is reviewed bi-annually by independent staff from another Division.

Ethical standards and code of conduct

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

Involving stakeholders

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

PRINCIPAL ACTIVITIES AND ACHIEVEMENT OF OBJECTIVES

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

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan "For All Hearts"

The Foundation has a five-year strategic plan, For All Hearts 2013-2018, aligned directly with our vision for Australians to have the best cardiovascular health in the world and our mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. Through For All Hearts, we have focused on four main goals :

- Healthy hearts
- Heart care
- Health equity
- Research

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

Performance Measures and Key Achievements in 2015

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

- Cardiovascular health
- Community engagement and awareness raising
- Fundraising and donor engagement
- Finance and operations

This year the team in Victoria worked tirelessly to build links with communities across the state. From providing heart health checks to educating workers about the warning signs of a heart attack - we worked with communities at high risk of heart disease as well as other not-for-profit partners, business and government to help ensure every person in Victoria has a healthy heart.

Key achievements include:

- Close to 80% of Victorians now see the main role of the Heart Foundation in Victorian as being raising awareness, education and funding research
- Unprompted awareness of the Heart Foundation in Victoria remains high at 31%

Directors' Report (continued)

for the year ended 31 December 2015

- There was 100% increase in our community and donor engagement events over the same period last year
- In media we achieved a monthly audience reach 5.4 million people in 6 out of 12 months
- During 2015 we undertook a Cultural Audit of our work environment and our team is highly engaged in the work that they do with a strong culture of success. Over 80% of our staff believe this is a great place to work

Highlights in Cardiovascular Health in 2015

1. Health Professionals Forum

In November, we spoke to more than 120 health professionals including doctors, cardiac rehabilitation nurses, dieticians and diabetes educators from across Victoria about how we can better support patients after they experience a heart event. Our experts presented on cardiac rehabilitation and support programs available to patients. The forum generated a lot of discussion among health professionals and reinforced their commitment to the needs of patients. The Heart Foundation will look to host another forum for health professionals in 2016.

2. Plating up healthier choices

Poor diet is now the leading cause of the burden of disease in Australia, even more than smoking. At the same time, Victorians are eating out more than ever and asking for healthier foods. That's why we set out to make the healthier choice the easier choice for Victorians when dining out. Thanks to funding from the Victorian Government, we were able to speak to pubs and clubs about opportunities to partner on healthier food initiatives. We hope to use this information in 2016 to work with the industry to make their meals not only taste great, but keep customers healthy and coming back for more.

3. Understanding the needs of younger people living with heart disease

In 2015 we recognised a gap in support for young people under 40 living with a heart condition or recovering from heart disease. We undertook several focus groups and conversations with young people to better understand their support needs and how the Heart Foundation could assist them in the future. These discussions have led to the development of a suite of on-line resources including a video series featuring young people with heart disease telling their stories, information sheets, resources and links. We aim to run a face to face forum with young people in June 2016 to provide an opportunity for them to connect and share their experiences.

4. Heart health campaign across four ethnic communities

We worked with a number of media partners and ethnic organisations to reach Italian, Greek, Arabic and Chinese communities to spread the message about heart health including the warning signs of a heart attack.

Our media partners which included: Neos Kosmos, Il Globo, Rete Italia, 3zzz, SBS radio, Australian Chinese Daily, Pacific Times, Sing Tao, Australian News Express, and Chinese Melbourne Daily worked with us to deliver our messages through ethnic newspaper advertisements and health segments delivered on radio. Social media channels such as YouTube and Facebook were also used to promote heart health. Feedback has been extremely positive.

5. Diabetes increases your risk of heart disease

Having diabetes increases your risk of developing heart disease. That's why the Heart Foundation and Australia Diabetic Educators Association (ADEA) teamed up to offer free educational resources to help people living with diabetes.

The resources explain how to find out your risk of heart attack or stroke, how to recognise the warning signs of a heart attack and what you can do to reduce your risk. They are available on our website.

6. Educating workers about heart attack warnings signs

We teamed up with Incolink to deliver a Heart Attack Warning Signs campaign for workers in the in building and construction industries, a group at high risk of heart attacks. Thanks to support from the Victorian Government, we developed targeted education materials and delivered talks at building sites, and manufacturing and mining sites across Victoria. We're thrilled to report that workers who participated in the campaign showed an increased knowledge of heart attack warning signs and how to respond.

7. Keeping Ballarat hearts healthy

During Heart Week, we offered free Heart Health Checks to the Ballarat community from our mobile clinic.

More than 300 people made the most of free Heart Health Checks where they found out their risk of having a heart attack in the next five years, and – most importantly – what they can do to prevent it. We also raised awareness of the risk factors for heart attack through a targeted campaign, which reached more than 260,000 people through media coverage alone. We chose the Ballarat area because it has the highest rate of cardiovascular disease in Victoria. It is our hope that, through prevention, we can improve heart health in the area and stop heart disease in its tracks.

Directors' Report (continued)

for the year ended 31 December 2015

8. Fresh air for all Victorians

Our campaign to make outdoor dining areas smoke-free became a reality in August when the Victorian Government announced a smoking ban in these areas from mid-2017. While we congratulated the government on the move, we will continue to push for smoke-free outdoor drinking areas so all Victorians can enjoy a meal or drink without the fog of second-hand smoke.

Review of Results and Operations for Current Year

The Foundation achieved an operating surplus of \$6.826 million in 2015 (2014: \$7.013 million). The level of operating surplus, while slightly below the prior year, exceeded most of the financial and business goals. The key features of the year's performance are strong growth in our bequests and government funding. The Foundation recorded a total of \$7.562 million (2014: \$7.884 million) from bequest and \$1.670 million (2014: \$840 million) from the State government, trusts and foundation and major gifts. These funds have enabled us to accomplish the strategic objectives we have set for the Foundation, and we greatly appreciate the commitment and generosity of our donors, corporate partners and the State government.

We sincerely thank our many donors, individuals and organisations that have supported us with financial and in-kind support. Further thanks is extended to all our volunteers for their time, energy, and talent that they have contributed to ensure the success our events and services.

The Foundation's total expenditure was \$7.123 million and we continue to achieve efficiencies and savings across our business units. The Foundation contributed strongly to the National company in support of cardiovascular research and local health programs to the sum of \$6.876 million in 2015 (2014: \$7.154 million).

Review of Results and Operations for Past Five Years

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

	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Income & Expenditure					
Charitable support - bequests	7,562	7,884	4,759	5,358	8,079
Charitable support - non-bequests	4,591	4,422	4,993	4,898	4,464
Fundraising income	12,153	12,306	9,752	10,256	12,543
Grants for specific health programs	1,248	759	276	189	179
Grants for specific fundraising & communications programs	422	81	6	-	-
Other income	125	158	147	115	155
Total income	13,949	13,303	10,181	10,560	12,877
Less: Fundraising expenditure	(3,187)	(3,114)	(3,132)	(3,802)	(3,459)
Communications & administration	(663)	(558)	(685)	(630)	(458)
Health programs conducted locally	(3,273)	(2,618)	(2,366)	(2,699)	(2,701)
Net Surplus/(deficit)	6,826	7,013	3,998	3,429	6,259
Contributions to National health programs & research	(6,876)	(7,154)	(4,195)	(3,678)	(6,401)
Balance added to/(deducted from) equity	(50)	(141)	(197)	(249)	(142)
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	26%	25%	32%	37%	28%
Surplus from fundraising to fundraising income	74%	75%	68%	63%	72%
Surplus available for health programs & research to total income	72%	72%	63%	58%	70%
Expenditure on health programs and research to total income	73%	73%	64%	60%	71%
Expenditure on health programs and research to total expenditure	72%	73%	63%	59%	70%
Annual increase in expenditure on health programs & research	4%	49%	3%	(30%)	81%
Assets & Liabilities					
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & investments	2,096	2,367	1,791	1,006	1,094
Computers, cars & equipment	516	733	988	1,238	1,484
Other assets	268	207	153	389	437
Total assets	2,880	3,307	2,932	2,633	3,015
Total liabilities	(2,404)	(2,781)	(2,266)	(1,769)	(1,902)
Total equity	476	526	666	864	1,113

Directors' Report (continued)
for the year ended 31 December 2015

State of Affairs

There were no significant changes in the state of affairs of the Foundation during the year.

Events Subsequent to Reporting Date

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

Likely Developments

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

Environmental Regulation

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

Insurance Premiums

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

The insurance premiums relate to:

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

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

Indemnification

During the year the Foundation has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Foundation.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 35 and forms part of the directors' report for financial year 2015.

Signed in accordance with a resolution of the Directors.



J Etherington
Director

Dated at Melbourne this 22nd day of March 2016

Directors' Declaration

for the year ended 31 December 2015

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

- (a) the financial statements and notes, set out on pages 14 to 33, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Regulations 2013; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



J Etherington
Director

Dated at Melbourne this 22nd day of March 2016

Statement of Surplus or Deficit and Other Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue			
Revenue from operating activities	4	13,842,350	13,197,083
Total revenue		13,842,350	13,197,083
Net gain/(loss) on sale of property, plant and equipment		1	(8,057)
Health programs (including those funded by grants)		(3,272,714)	(2,617,859)
Fundraising		(3,185,963)	(3,106,726)
Cost of goods sold		(572)	(7,510)
Communications and publicity		(262,950)	(232,421)
Administration	15	(400,514)	(317,182)
Results from Operating activities		6,719,638	6,907,328
Finance income		106,264	105,932
Finance costs		-	-
Net Finance income/(cost)	6	106,264	105,932
Surplus/(deficit)		6,825,902	7,013,260
Net Grants to National Heart Foundation of Australia	18	(6,875,756)	(7,153,895)
Net Surplus/(deficit) for the year before tax		(49,854)	(140,635)
Income tax expense	3c	-	-
Net Surplus/(deficit) for the year after tax		(49,854)	(140,635)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit		-	-
Items that may be reclassified subsequently to surplus or deficit		-	-
Total other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(49,854)	(140,635)

Statement of Financial Position

for the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	7a	2,095,642	2,366,888
Trade and other receivables	8	267,431	205,989
Inventories		839	1,511
Total current assets		2,363,912	2,574,388
Non-current assets			
Property, plant, equipment and vehicles	9	515,792	732,597
Total non-current assets		515,792	732,597
Total assets		2,879,704	3,306,985
Current liabilities			
Trade and other payables	10	698,271	542,272
Grants income deferred	11	698,479	1,132,866
Employee benefits	12	304,827	266,311
Provisions	15	93,942	93,942
Total current liabilities		1,795,519	2,035,391
Non-current liabilities			
Employee benefits	12	31,284	30,035
Provisions	15	576,953	715,757
Total non-current liabilities		608,237	745,792
Total liabilities		2,403,756	2,781,183
Net assets		475,948	525,802
Equity			
Retained earnings		475,948	525,802
Total equity	13	475,948	525,802

Statement of Changes in Equity

as at 31 December 2015

	2015	2014
	\$	\$
Balance of Equity as at 1 January	525,802	666,437
Comprehensive income for the period		
Surplus/(Deficit)	(49,854)	(140,635)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	(49,854)	(140,635)
Balance of Equity as at 31 December	475,948	525,802

Statement of Cash Flows

for the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations		12,373,399	12,505,374
Cash payments in the course of operations		(5,315,972)	(4,507,346)
Net grants made to National Heart Foundation of Australia		(7,399,378)	(7,497,225)
Net financial income		95,181	57,351
Net cash from operating activities	7b	(246,770)	558,154
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		-	17,300
Acquisition of property, equipment, vehicles and computer software		(24,476)	-
Net cash from investing activities		(24,476)	17,300
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(271,246)	575,454
Cash and cash equivalents at 1 January		2,366,888	1,791,434
Cash and cash equivalents at 31 December	7a	2,095,642	2,366,888

Notes to the Financial Statements

for the year ended 31 December 2015

1 Reporting entity

The National Heart Foundation of Australia (Victorian Division) (the "Foundation") (ABN: 25 004 463 334) is a company domiciled in Australia. The address of the Foundation's registered office is Level 12, 500 Collins Street, Melbourne, Victoria 3000. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission, devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the directors on 22 March 2016.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for any equity instruments the Foundation may hold which will be measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Significant accounting judgments

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

Significant accounting estimates and assumptions

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

(i) 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 15.

(ii) Provisions for employee benefits

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

(e) Changes in accounting policies

The Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these 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 bequests and is brought to account on a cash received basis. When assets, such as investments or properties, are received from a bequest or donation, an asset is recognised, at fair value, when the Foundation gains control of such assets and the value of the asset can be reliably measured.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

3 Significant accounting policies (continued)

(a) Revenue recognition (continued)

(ii) Interest and dividend revenue

Interest revenue is recognised as it accrues on a daily basis. Dividend revenue is recognised when the right to receive payment is established. Where dividends are franked the dividend is recognised inclusive of imputation credits, which are refunded by the ATO.

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

Grants received for specific health programs or research are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as grants income deferred as recognised in note 11. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body. Where the terms of the grant do not stipulate that unexpended funds are to be returned to the funding body they are recognised as revenue once all agreed project outcomes and specified work has been completed.

(iv) Sale of goods

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

(v) Services of volunteers

A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. School children across Victoria also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 83,675 children and 274 schools and groups throughout Victoria. The Foundation's door knock program successfully recruited over 18,862 volunteers to collect funds in 2015. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(b) Goods and services tax

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

(c) Income Tax

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

(d) Inventories

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

(e) Property, 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(i)(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive income.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

3 Significant accounting policies (continued)**(e) Property, equipment and vehicles (continued)**

(ii) Depreciation

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

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

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

(f) Leased assets including property and equipment

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

Other leases are classified as operating leases and payments are expensed on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. The Foundation recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's Statement of Financial Position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's Statement of Financial Position for the costs of restoring leased premises to conditions as set out in the lease agreement. This future obligation will be adjusted annually to reflect increases in CPI (refer to note 15).

Determining whether an arrangement contains a lease

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

(g) Non-derivative financial assets

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

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

3 Significant accounting policies (continued)

(g) Non-derivative financial assets (continued)

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

(i) Fair Value through Other Comprehensive Income

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

(ii) Amortised Cost

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

(iii) Other financial instruments

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

Share capital

The Foundation has no issued capital and is limited by guarantee. If the Foundation is wound up each member would have a liability of an amount not exceeding \$4. Refer note 17.

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are stated at cost less impairment losses, this being equivalent to fair value. Refer to note 3(i).

(h) Non-derivative financial liabilities

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

(i) Impairment

(j) Non-derivative financial assets including receivables

Each financial asset apart from those 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. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. An impairment loss in respect of amortised cost investments is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at an appropriate effective interest rate and is recognised directly in Surplus or Deficit. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

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

(iii) Calculation of recoverable amount

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

(j) Employee Benefits**(i) Short term benefits**

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

(ii) Long term benefits

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

- assumed rate of future increases in wage and salary rates: 2015: 3.0% (2014: 2.0%)
- discount rate based on the bond rate which most closely match the terms to maturity of the related liabilities: 2015: 2.88% (2014: 3.32%)
- expected settlement dates for annual leave 2015: 2 years (2014: 2 years)
- expected settlement dates for long service leave based on turnover history: 2015: 15 years (2014: 15 years)

(k) Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessment of the true value of money and risks specific to the liability. Provisions consist of operating leases expenses straight line, office lease incentives deferred, onerous leases and make good of leased premises. The unwinding of the discount is recognised as a finance cost (refer to note 15).

(l) Segment reporting

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

(m) Finance income and finance costs

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

3 Significant accounting policies (continued)

(n) Financial risk management

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

Financial instruments

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

Further details in respect of each of these risks are set out in note 20 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundations activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain supporter, donor, creditor and market confidence and to sustain future development of the business. There were no changes in the Foundations approach to capital management during the year. The Foundation is not subject to externally imposed capital requirements.

Economic dependency

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

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Foundation are set out below. The Foundation does not plan to adopt these standards early.

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

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

The following new standards are not expected to have a significant impact on the Foundation's financial statements.

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

(p) Determination of fair values

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

(i) 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.

(ii) Property, plant and equipment

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

	2015	2014
	\$	\$
4 Revenue from operating activities		
Charitable support - bequests	7,562,421	7,883,772
Charitable support - non-bequests	4,587,337	4,406,823
Sale of goods	3,548	15,237
<i>Total revenue from fundraising activities</i>	<u>12,153,306</u>	<u>12,305,832</u>
Grants for specific health programs - Government	1,248,361	758,530
Grants for specific health programs and research - other	421,601	80,590
Other	19,082	52,131
<i>Total revenue from other operating activities</i>	<u>1,689,044</u>	<u>891,251</u>
Total revenue from operating activities	<u>13,842,350</u>	<u>13,197,083</u>
5 Auditors' remuneration		
KPMG Australia: Audit services	21,420	21,000
	<u>21,420</u>	<u>21,000</u>
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	49,211	64,686
Dividend income	57,053	41,246
Finance income	<u>106,264</u>	<u>105,932</u>
Net finance income and costs recognised in Surplus/(Deficit)	<u>106,264</u>	<u>105,932</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

	2015	2014
	\$	\$
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 2% to 2.75% (2014: 2.5% to 3.4%)	2,095,642	2,366,888
	2,095,642	2,366,888
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 20. The carrying value of cash and cash equivalents is equal to fair value.		
7b Reconciliation of cash flows from operating activities		
Net surplus / (deficit) from ordinary activities	(49,854)	(140,635)
Adjustments for:-		
Depreciation/Amortisation	241,282	230,057
Make good / restoration	1,647	2,468
Operating lease expense obligations incurred	(46,509)	(73,285)
Investments acquired for nil consideration via bequests	-	-
Net loss/(gain) on disposal of property, equipment and vehicles	(1)	8,057
Office lease incentives deferred	(93,942)	(93,942)
Net cash from operating activities before changes in working capital and provisions	52,623	(67,280)
(Increase)/decrease in receivables	(72,078)	(44,476)
(Increase)/decrease in grants income accrued	10,636	(10,636)
(Increase)/decrease in inventories	672	1,001
Increase/(decrease) in payables	155,999	(311,697)
Increase/(decrease) in grants income deferred	(434,387)	937,902
Increase/(decrease) in employee benefits	39,765	53,340
Net cash from operating activities	(246,770)	558,154
8 Trade and other receivables		
Trade receivables owing by other National Heart Foundation divisions	-	-
Trade receivables owing by National Heart Foundation of Australia (National)	93,734	91,622
Grants income accrued	-	10,636
Other receivables and prepayments	173,697	103,731
	267,431	205,989

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

9 Property, equipment and vehicles

	Leasehold improvements	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Balance at 1 January 2014	1,444,825	834,126	100,810	2,379,761
Acquisitions	-	-	-	-
Disposals	-	(1,000)	(62,940)	(63,940)
Balance at 31 December 2014	<u>1,444,825</u>	<u>833,126</u>	<u>37,870</u>	<u>2,315,821</u>
Balance at 1 January 2015	1,444,825	833,126	37,870	2,315,821
Acquisitions	24,476	-	-	24,476
Disposals	-	(135,123)	-	(135,123)
Balance at 31 December 2015	<u>1,469,301</u>	<u>698,003</u>	<u>37,870</u>	<u>2,205,174</u>
Depreciation & Impairment losses				
Balance at 1 January 2014	811,429	523,350	56,971	1,391,750
Depreciation charge for the year	144,483	77,902	7,672	230,057
Disposals	-	(1,000)	(37,583)	(38,583)
Balance at 31 December 2014	<u>955,912</u>	<u>600,252</u>	<u>27,060</u>	<u>1,583,224</u>
Balance at 1 January 2015	955,912	600,252	27,060	1,583,224
Depreciation charge for the year	166,768	68,833	5,681	241,282
Disposals	-	(135,124)	-	(135,124)
Balance at 31 December 2015	<u>1,122,680</u>	<u>533,961</u>	<u>32,741</u>	<u>1,689,382</u>
Carrying amounts				
At 1 January 2014	<u>633,396</u>	<u>310,776</u>	<u>43,839</u>	<u>988,011</u>
At 31 December 2014	<u>488,913</u>	<u>232,874</u>	<u>10,810</u>	<u>732,597</u>
At 1 January 2015	<u>488,913</u>	<u>232,874</u>	<u>10,810</u>	<u>732,597</u>
At 31 December 2015	<u>346,621</u>	<u>164,042</u>	<u>5,129</u>	<u>515,792</u>

10 Trade and other payables

Trade payables to National Heart Foundation of Australia
Trade payables to other National Heart Foundation divisions
Other payables and accrued expenses

2015	2014
\$	\$
571,056	418,832
-	20,000
127,215	103,440
<u>698,271</u>	<u>542,272</u>

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

	2015	2014
	\$	\$
11 Grants income deferred		
Balance at 1 January	1,132,866	194,964
Amounts received	1,020,282	1,777,022
Income taken to revenue	(1,454,669)	(839,120)
Balance at 31 December	<u>698,479</u>	<u>1,132,866</u>
The carrying value of grants income deferred is equal to fair value. The Foundation's exposure to liquidity risk relating to grants income deferred is disclosed in note 20.		
12 Employee benefits		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	304,827	266,311
Non-current - long service leave	31,284	30,035
Total employee benefits	<u>336,111</u>	<u>296,346</u>
<i>Personnel expenses:</i>		
Wages and salaries	2,624,579	2,382,560
Contributions to superannuation plans	276,981	231,237
Total personnel expenses	<u>2,901,560</u>	<u>2,613,797</u>
Number of employees at year end (full time equivalents)	<u>29</u>	<u>31</u>
13 Reserves and Equity		
Total Equity at beginning of year	525,802	666,437
Operating Surplus/(deficit)	6,825,902	7,013,260
Net Grants to National Heart Foundation of Australia	(6,875,756)	(7,153,895)
Other Comprehensive Income	-	-
Total Equity at end of year	<u>475,948</u>	<u>525,802</u>

Nature and purpose of reserves**Specific or restricted purposes.**

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

13 Retained earnings (continued)

Each year when budgets for the following year are being formulated, an estimate is made of an optimum level of retained earnings. That optimum level takes into account a solvency buffer and the necessary funding of the basic infrastructure of the foundation. Basic infrastructure includes receivables, inventories, property, equipment and vehicles. The excess of actual retained earnings over the optimum level so calculated is remitted to the National Heart Foundation of Australia ("National") as a contribution towards national health programs and research.

14 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year

Between one and five years

Later than five years

	2015 \$	2014 \$
	990,414	972,739
	942,913	1,967,451
	-	-
	1,933,327	2,940,190
	13,107	28,032
	735,039	753,864

Expenditure in the period was as follows:

Office equipment

Office space

15 Provisions

For the year ended 31 December 2015 an onerous lease provision of \$65,083 has been recorded by the Foundation which has respectively increased administration costs noted in the Statement of Surplus or Deficit. This lease relates to the Victorian office premises.

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

	Operating lease expense obligations \$	Office lease incentives deferred \$	Make good of leased premises \$	Onerous lease provision \$	Total \$
Balance at 1 January 2014	499,210	367,940	107,308	-	974,458
Future obligations incurred	-	-	2,468	-	2,468
Incentives offset against lease rental expense	-	(93,942)	-	-	(93,942)
Expenditure recognised in the statement of comprehensive income	(73,285)	-	-	-	(73,285)
Balance at 31 December 2014	425,925	273,998	109,776	-	809,699
Current	-	93,942	-	-	93,942
Non-Current	425,925	180,056	109,776	-	715,757
	425,925	273,998	109,776	-	809,699
	Operating lease expense obligations \$	Office lease incentives deferred \$	Make good of leased premises \$	Onerous lease provision \$	Total \$
Balance at 1 January 2015	425,925	273,998	109,776	-	809,699
Future obligations incurred	-	-	1,647	-	1,647
Incentives offset against lease rental expense	-	(93,942)	-	-	(93,942)
Expenditure recognised in the statement of comprehensive income	(111,592)	-	-	65,083	(46,509)
Balance at 31 December 2015	314,333	180,056	111,423	65,083	670,895
Current	-	93,942	-	-	93,942
Non-Current	314,333	86,114	111,423	65,083	576,953
	314,333	180,056	111,423	65,083	670,895

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

16 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.

Contingent liabilities considered remote
Performance guarantees the Foundation

2015 \$	2014 \$
365,112	365,112
365,112	365,112

The Foundation has guaranteed, as a party to its operating leases, the payment of rentals in accordance with the signed agreements for the specified lease terms. The terms of the lease agreements required the Foundation to secure bank guarantees of \$365,112 as minimum compensation payments to the lessor in the event of default. The Foundation's lease term is due to expire by 30 November 2017. The directors considered no liability is required to be recognised in respect of these guarantees as the Divisions are in compliance with the lease agreements.

17 Company limited by guarantee

The Foundation is a company incorporated in Australia under the Corporations Act 2001 as a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that they are a member, or within one year afterwards for payment of the debts and liabilities of the company contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of \$4.

18 Related parties**Key management personnel and director related parties**

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

Non executive directors

Mr John Etherington, BEc, FCA, FAICD
 Mr Ronald Fairchild, BHK (Hons), CFRE
 Mrs Leonie Fryar
 Ms Daphne Lee, MA; BusMgmt & DipFinPlan (Snr CFTP)
 Professor Ian Meredith AM, MBBS(Hons), BSc(Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI
 Professor Brian Oldenburg, BSc, MPsychol, PhD
 Mr Bernard O'Shea, LLB, BSc (until 26 May 2015)
 Professor Alistair Royse, MBBS, MD, FRACS, FCSANZ
 Ms Jyoti Singh LLB, BEc(Hons)
 A/Prof Andrew Taylor, MBBS, PhD, FRACP, FCSANZ

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

Executive Staff

Mr Rob Daly, MBA, BA, PFDip
 Ms Diana Heggie MCSP, MAICD, grad. Dip. Human Services Research
 Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHLthSci (Health Promotion)
 Ms Roanna Khor, BBus (Accounting), CPA

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

18 Related Parties (continued)

The compensation of key management personnel was as follows:

Short term employee benefits
Other long term benefits
Total

	2015	2014
	\$	\$
	652,039	628,302
	12,063	12,259
	664,102	640,561

Other related parties

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

The aggregate amounts included in the profit from ordinary activities that resulted from transactions with non-director related parties are:

Contributions received from sale of services
Contributions paid for purchase of services
Grants for research and other national initiatives

	2015	2014
	\$	\$
	690,844	761,889
	(2,607,982)	(2,975,488)
	(6,875,756)	(7,153,895)

19 Subsequent events

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

20 Financial instruments

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

Credit risk

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's receivables.

The Foundation does not require collateral in respect of financial assets. The credit risk relating to the Foundation's financial assets which are recognised in the statement of financial position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments. Investments are allowed only in liquid securities and equity securities in Australian shares that are in compliance with the Foundation's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Foundation's financial assets have high credit quality. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

20 Financial instruments (continued)

At the reporting date there were no significant concentrations of credit risk apart from a bank guarantee referred to in note 20 relating to the Foundation office lease agreement.

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:

Financial Instruments

	Notes	2015 \$	2014 \$
Financial assets			
Cash *		849,975	250,291
Cash call accounts *		1,245,667	2,116,597
Total cash and cash equivalents	7a	2,095,642	2,366,888
Trade and other receivables *	8	267,431	205,989
		2,363,073	2,572,877

* Financial assets held at cost/amortised cost

Impairment losses from trade receivables

Of the Foundation's trade receivables balance of \$267,431, \$12,061 is past due (2014: \$2,655).

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

Liquidity risk

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

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

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

	Notes	2015 \$	2014 \$
Non derivative financial liabilities			
Trade and other payables	10	698,271	542,272
Grants income deferred	11	698,479	1,132,866
		1,396,750	1,675,138

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

20 Financial instruments (continued)

Market risk

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

Interest rate risk

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

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 33.

Fair value sensitivity analysis for fixed rate instruments

The surplus/(deficit) would be affected by changes in the fixed interest rate as shown in the Sensitivity Disclosure Analysis. The analysis assumes all other variables remain constant. The analysis is performed using a change of 1% on page 33. The analysis is performed on the same basis as that used in 2014.

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased/(decreased) equity and surplus/(deficit) by the amounts shown in the Sensitivity Analysis Disclosure. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2014.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Foundation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Foundation's operations.

The Foundation's objective is to manage operational risk so as to prevent financial losses and damage to the Foundation's reputation. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management of the Foundation. This responsibility is supported by the development of overall guidelines for the management of risk in the following areas:

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

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

Sensitivity Analysis Disclosure

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

- A parallel shift of +1%/-1% in market interest rates (AUD) from year end rates of 2%.

Notes to the Financial Statements (continued)

for the year ended 31 December 2015

20 Financial instruments (continued)

Fair value hierarchy

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

The different levels have been defined as:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie: as prices) or indirectly (ie: derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There are no Level 2 or 3 fair value financial instruments on hand at 31 December 2015 (2014: nil).

	2015					2014				
		-1%		+1%			-1%		+1%	
Interest rate risk	Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
<i>Variable rate instruments</i>										
Cash at bank	849,975	(8,500)	(8,500)	8,500	8,500	250,291	(2,503)	(2,503)	2,503	2,503
Cash call accounts	1,245,667	(12,457)	(12,457)	12,457	12,457	2,116,597	(21,166)	(21,166)	21,166	21,166
Total increase/(decrease)		(20,957)	(20,957)	20,957	20,957		(23,669)	(23,669)	23,669	23,669



Independent auditor's report to the members of National Heart Foundation of Australia (Victorian Division)

We have audited the accompanying financial report of National Heart Foundation of Australia (Victorian Division) (the Foundation), which comprises the statement of financial position as at 31 December 2015, and the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

This audit report has also been prepared for the members of the Foundation in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC).

Directors' responsibility for the financial report

The directors of the Foundation 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 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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

Independence

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

Basis for qualified auditor's opinion

Charitable fundraising income of \$4,587,337 is a significant source of fundraising revenue for the National Heart Foundation of Australia (Victorian Division). The National Heart Foundation of Australia (Victorian Division) has determined that it is impracticable to establish controls over the collection of charitable fundraising income prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to charitable fundraising income had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable fundraising income of the National Heart Foundation of Australia (Victorian Division), reported in the accompanying financial report is complete.

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

Auditor's opinion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

KPMG

KPMG

Amanda Bond

Partner

Melbourne

22 March 2016

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

To: the directors of National Heart Foundation of Australia (Victorian Division)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A Bond

Amanda Bond
Partner

Melbourne

22 March 2016

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