

ANNUAL REPORT + FINANCIAL STATEMENTS 2016

National Heart Foundation of Australia
(Tasmania Division) ABN 17 009 481 707
For the year ended 31 December 2016

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Directors and Office Bearers

Patron

Her Excellency Professor the Honourable Kate Warner AC, Governor of Tasmania

Board of Directors

Chair & President

Mrs Stephanie Jaensch, BEcon, Dip Ed, GAICD (to 19 December 2016)

Mrs Kate Hanslow, BA, LLB (Hons), MAICD (from 19 December 2016)

Secretaries

Mr Gene Phair, BCom, FCA, MAICD

Mrs Kate Hanslow, BA, LLB (Hons), MAICD (to 19 December 2016)

Other Directors Appointed by Members

Mr Craig Barling, BCom, CA, GAICD

Mr Fergus Leicester, BBus, MBA, GradDipACG, FCPA, FGIA, FAICD

Dr Paul MacIntyre, MBChB, MD, FRACP

Mrs Gaye Rutherford, BA (Hons), BNutrDiet (Hons), GAICD

Mrs Alison Venn, BSc Hons, PhD, Grad Dip Epidemiol (appointed 4 February 2016)

Mrs Janelle Whittle, BCom, MHRM, AAICD (appointed 19 December 2016)

Chief Executive Officer

Mr Graeme Lynch, BCom (Melb.), LLB (Hons), GradDipLS (Tas.), FCPA, GAICD, FAIM

Auditor

KPMG

Registered Office

Level 1/89 Brisbane Street, Hobart 7000



Directors' Report

The Directors present their report together with the general purpose Financial Report for the National Heart Foundation of Australia (Tasmania Division) ("the Foundation") for the year ended 31 December 2016 and the Independent Audit Report thereon.

Directors

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

Name and Qualifications	Experience and Special Responsibilities	Number of Board Meetings# Attended	Appointed to/resigned from Board during 2016
Mrs Stephanie Jaensch BEcon, Dip Ed, GAICD President (to 19 Dec 2016)	<ul style="list-style-type: none"> ▪ Tourism and special projects consultant ▪ Tasmanian State Foundation Representative on the Board of National Heart Foundation of Australia (to 19 Dec 2016) ▪ President, National Heart Foundation of Australia (Tasmania Division) Board (to 19 Dec 2016) ▪ Chair, National Heart Foundation of Australia (Tasmania Division) Governance Committee (to 19 Dec 2016) 	6 out of 6	Resigned 19 Dec 2016
Mrs Kate Hanslow BA, LLB (Hons), MAICD President (from 19 Dec 2016)	<ul style="list-style-type: none"> ▪ Senior Associate Lawyer, Worrall Lawyers, practicing in the areas of Estate Planning and Estate and Trust Litigation ▪ President, National Heart Foundation of Australia (Tasmania Division) (from 19 Dec 2016) ▪ Tasmanian Member Foundation Representative on the Board of National Heart Foundation of Australia (from 19 Dec 2016) ▪ Member, National Heart Foundation of Australia Audit & Governance Committee ▪ Member, National Heart Foundation of Australia (Tasmania Division) Governance Committee. Appointed Chair 19 Dec 2016. ▪ Member, National Heart Foundation of Australia (Tasmania Division) Finance, Risk, Audit & Compliance Committee (to 19 Dec 2016) ▪ Secretary, National Heart Foundation of Australia (Tasmania Division) (to 19 Dec 2016) 	6 out of 6	

Directors' Report (cont'd)

Name and Qualifications	Experience and Special Responsibilities	Number of Board Meetings# Attended	Appointed to/resigned from Board during 2016
Mr Craig Barling BCom, CA, GAICD	<ul style="list-style-type: none"> ▪ Executive Director, Transformation, University of Tasmania ▪ Director, Fahan School and Fahan Properties Limited ▪ Director and Finance, Risk & Audit Committee Chair, Anglicare Tasmania Inc ▪ Member, National Heart Foundation of Australia Finance Advisory Committee (to 19 Dec 2016) ▪ Member, National Heart Foundation of Australia Investment Committee (to 19 Dec 2016) ▪ Chair, National Heart Foundation of Australia (Tasmania Division) Finance, Risk, Audit & Compliance Committee (to 19 Dec 2016) and continuing member 	6 out of 6	
Mr Fergus Leicester BBus, MBA, GradDipACG, FCPA, FGIA, FAICD	<ul style="list-style-type: none"> ▪ Chief Operating Officer, St Michael's Collegiate School ▪ Community Member, Tasmanian Board of the Medical Board of Australia ▪ State Councillor, Governance Institute of Australia ▪ Member, National Heart Foundation of Australia (Tasmania Division) Finance, Risk, Audit & Compliance Committee. Appointed Chair 19 Dec 2016. 	6 out of 6	
Dr Paul MacIntyre MBChB, MD, FRACP	<ul style="list-style-type: none"> ▪ Director of Cardiology, Royal Hobart Hospital ▪ Chair, National Heart Foundation of Australia (Tasmania Division) Health Advisory Committee 	3 out of 6	
Mr Gene Phair Secretary BCom, FCA, MAICD	<ul style="list-style-type: none"> ▪ Head of Shadforth Financial Group, Tasmania ▪ Board Member, The Hutchins School ▪ Member, National Heart Foundation of Australia (Tasmania Division) Governance Committee 	5 out of 6	
Mrs Gaye Rutherford BA (Hons), BNutrDiet (Hons), GAICD	<ul style="list-style-type: none"> ▪ Accredited Practising Dietitian ▪ Accredited Sports Dietitian ▪ Board Member, Fairbrother Pty Ltd ▪ Chair, Fairbrother Foundation ▪ Board Member and Vice-President, Sports Dietitians Australia ▪ President, St Michael's Collegiate Parents and Friends Association ▪ Member, National Heart Foundation of Australia (Tasmania Division) Health Advisory Committee 	4 out of 6	

Directors' Report (cont'd)

Name and Qualifications	Experience and Special Responsibilities	Number of Board Meetings# Attended	Appointed to/resigned from Board during 2016
Prof Alison Venn BSc Hons, PhD, Grad Dip Epidemiol	<ul style="list-style-type: none"> ▪ Director, Menzies Institute of Medical Research (Menzies) ▪ Director, Tasmanian Cancer Registry, Menzies ▪ Director, Tasmanian Data Linkage Unit ▪ Editorial Board Member, Australia & New Zealand Journal of Public Health 	4 out of 6	Appointed 4 Feb 2016
Ms Janelle Whittle BCom, MHRM, AAICD	<ul style="list-style-type: none"> ▪ Experienced Human Resources Leader ▪ Director Organisational Design and Change, University of Tasmania ▪ Member, National Heart Foundation of Australia (Tasmania Division) Finance, Risk, Audit & Compliance Committee 	1 out of 1	Appointed 19 Dec 2016

Number of National Heart Foundation of Australia (Tasmania Division) Board meetings held while the Director held office.

A summary of meetings held and attendance at the Foundation's Board Advisory Committees is set out below:

Committee	Director	Number of Committee Meetings# Attended	Appointed to / resigned from Committee during 2016
Governance Committee			
	Mrs Stephanie Jaensch	3 of 3	Resigned 19 Dec 2016
	Mrs Kate Hanslow	3 of 3	
	Mr Gene Phair	3 of 3	
	Mrs Gaye Rutherford	0 of 0	Appointed 19 Dec 2016
Finance, Risk, Audit and Compliance Committee			
	Mr Craig Barling	1 of 2	
	Mrs Kate Hanslow	2 of 2	Resigned 19 Dec 2016
	Mr Fergus Leicester	2 of 2	
	Ms Janelle Whittle	0 of 0	Appointed 19 Dec 2016
Health Advisory Committee			
	Dr Paul MacIntyre	2 of 2	
	Mrs Gaye Rutherford	1 of 2	
	Prof Alison Venn	0 of 1	Appointed 28 Apr 2016

Number of National Heart Foundation of Australia (Tasmania Division) Committee meetings held while the Director held office.

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.

Directors' Report (cont'd)

The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

The Foundation aspires to improve gender diversity on its Board. Female Directors comprised 50% of Board membership as at 31 December 2016 (43% at the end of 2015).

Role of the Board

The Board's primary role is to ensure that the activities of the Foundation are directed towards achieving its purpose to reduce premature death and suffering from heart, stroke and blood vessel disease. The Board must ensure that this purpose is achieved in the most efficient and effective way.

The Foundation operates as part of a co-operative Federation with Divisions in each of the other States and Territories of Australia and the National Heart Foundation of Australia ("National"). The relationships between all these entities ("Members of the Federation") are set out in a Federation Agreement, with the Divisions making grants to National to fund research and other health programs conducted on a national basis.

Oversight by the Board

The Board of the Foundation oversees and monitors the performance of the State Management Team ("Management") by:

- meeting at least five times during the year
- receiving detailed financial and other reports from Management at those meetings
- receiving additional information and input from Management when necessary
- receiving advice from the three Tasmanian Board Advisory Committees: Governance; Health; and Finance, Risk, Audit and Compliance, and
- reviewing advice from National Board Advisory Committees including: Finance; Audit and Governance; and Cardiovascular Health.

Each Tasmanian Board and National Board Advisory Committee operates under its own Terms of Reference approved by the respective Boards. National Board Committees are charged with responsibility to advise the National Board on particular aspects of the operations and administration of the Federation and setting of policies recommended for adoption by the Divisions.

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 policies, processes and internal controls are in place which protect the integrity and reputation of the Foundation
- ensuring that management information systems are in place and its financial reporting complies with international accounting principles and standards
- 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
- governing the operation of the Foundation in accordance with the Constitution and all legislative and regulatory requirements, and
- 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 Management.

Directors' Report (cont'd)

Risk Management

The National Board oversees the establishment, implementation and regular review of the risk management system of the Federation, which is designed to protect the Federation's reputation and manage those risks that might preclude it from achieving its purpose.

Management is responsible for adapting the National risk management system which assesses, monitors and manages operational, financial reporting and compliance risks for approval by the Foundation's Board.

The Foundation's Finance, Risk, Audit & Compliance Committee oversees this work and reviews management reports prior to tabling before the Board.

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. National has also appointed an external body to undertake the internal audit function.

Ethical Standards and Code of Conduct

Board Members, all staff and volunteers are expected to comply with relevant laws 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 stakeholders.

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, medical professionals, researchers, government and not-for-profits, its suppliers and other Members of the 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 Achievements of Objectives

The primary activities of the Foundation are directed towards achieving its purpose to reduce premature death and suffering 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.

Alignment to Strategic Plan "For All Hearts"

Short and Long Term Objectives and Strategies

The Foundation has a five-year strategic plan, "For All Hearts 2013-2017", aligned directly with our purpose to reduce premature death and suffering from heart, stroke and blood vessel disease in Australia.

Through "For All Hearts", we have focused on four main goals:

1. Healthy hearts
2. Heart care
3. Health equity, and
4. Research.

The "For All Hearts" strategic 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). [Benchmark 2012].

Directors' Report (cont'd)

Performance Measures and Key Achievements in 2016

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

- Healthy Hearts
- Heart Care
- Equity
- Research
- Finance and Operations
- Fundraising and Donor Engagement, and
- Community Engagement, Awareness, Reputation and Relevance.

Key achievements against some of these performance measures include significant increases in:

- personal relevance of the Foundation to Tasmanians aged 30-65
- the Foundation's effectiveness in raising the community's awareness and knowledge of heart health
- awareness of heart disease as a leading cause of premature mortality and morbidity in Tasmania
- unprompted awareness of the Tick brand
- awareness of warning signs of heart attack, and
- providing support to heart attack survivors.

Review of Results and Operations for Current Year

The Foundation recorded total revenue of \$1,454,517 in 2016. This outcome reflects a \$530,929 reduction from the 2015 result. The difference results from a \$384,849 reduction in non-bequest income. The reduction in non-bequest income is attributed to reduced performance of several National programs including Big Heart Appeal and Jump Rope for Heart, and a strategic decision to reduce the resourcing for local events that produce low returns on investment. The focus on the cost of fundraising has resulted in a decrease in fundraising expenditure of \$191,540.

Bequest income was \$444,160 in 2016, gifted from 16 estates, down from \$575,058 in the previous year. The Foundation remains extremely grateful for the bequest income that is directed to the organisation by so many Tasmanians. The number of additional confirmations of intended bequests throughout 2016 provides an indication that the program will continue to deliver positive results in the future.

In 2016, the Foundation received \$298,631 from National to support the Division's operations.

The Tasmanian State Government committed support for the Doorknock Appeal of \$200,000 over the four years 2015 to 2018. In 2016, the Foundation gratefully accepted the second instalment of \$50,000. Throughout Tasmania 1,700 Doorknock collectors volunteered for the Foundation, down by 1,657 in 2015. This was a significant reduction that was determined by National in line with the new fundraising strategy to focus on higher return per volunteer to offset increasing costs and the trend over recent years of lower returns per collector. This trend is nation-wide and is the experience of other charities in the sector. It is anticipated that the new Federation Fundraising Strategy, together with repositioning and strengthening the brand will have an impact over the next two years.

During 2016 the Foundation played a significant role in some important collaborations that contributed to the following outcomes:

- The Foundation has built on the significant advocacy achievement of 2015 of having a health and wellbeing amendment to the schedule of objectives in the *Land Use Planning and Approvals Act 1993*, by making a significant contribution to the process of Statewide Planning Provisions and Codes. All these submissions are accessible at www.heartfoundation.org.au under the "Get involved/Advocacy/State Advocacy/Tasmania" tab.
- A final draft of the Tasmanian Statewide Cardiac Services Plan has been developed by the Heart Foundation as an independent evidence-based approach to planning cardiac services through the continuum of prevention, primary, acute and secondary care. We have also actively engaged with primary care in encouraging the uptake of absolute risk guidelines and creation of a nurse ambassadors program led by our Clinical Issues Coordinator (a registered Nurse Practitioner in heart failure). A heart failure project has been supported by our health team in partnership with Primary Health Tasmania, the DHHS, Tasmanian Health Service, Australian Hospital and Health Care Association and Novartis with the object of improving out of hospital management of this condition.

Directors' Report (cont'd)

- The Foundation has worked across government to provide evidence-based input into the implementation of the A Healthy Tasmania Five Year Strategic Plan that was released mid-year. We provided advice on smoking, social marketing campaigns to encourage healthier behaviours, and health in all policies approaches. The Foundation was actively involved in the community discussion with legislators and policy-makers concerning proposals for a Tobacco Free Generation and raising the minimum smoking age to 21 or 25, the banning or control of e-cigarettes, increased tobacco license fees and an increase in social marketing for mass media tobacco control campaigns to encourage and support quit smoking attempts. ABS health survey data showed a 20% reduction in tobacco consumption in Tasmania for daily and occasional smokers (over 18) over the past three years.

Programs run in Tasmania continued to have high levels of participation, including 67 Heart Foundation Walking groups across the State, attracting 1,195 regular walkers and provision of assistance to the 5,100 students from 27 schools who participated in Jump Rope for Heart.

The Healthy Food Access Tasmania (HFAT) project that encourages collaboration and provides information on better access to healthy and affordable foods continued in 2016. Additional funding was obtained to undertake an institutional capability project and future sustainability of the program once funding ceased on 30 June 2016. The HFAT website by the Heart Foundation was launched as one of the outputs of the project and continues to be hosted by the Heart Foundation. We continue to advocate for the establishment of a Tasmanian Food and Nutrition Coalition.

An additional \$575,000 of funding was provided to fund research undertaken in Tasmania by the National Research Program in 2016.

Events Subsequent to Reporting Date

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

Likely Developments

The Federation Agreement term expires on 31 December 2017. Pursuant to the Federation Agreement, in 2016 the Divisions and National commenced a process for the review, extension or otherwise of the Federation Agreement. Members of the Federation are seeking to extend the term of the Federation Agreement to 30 June 2018 whilst the review of the future governance arrangements of the Federation are considered.

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 National has paid insurance premiums on behalf of the Foundation in respect of 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.

Directors' Report (cont'd)

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 15 and forms part of the Directors' Report for Financial Year 2016.

Signed in accordance with a resolution of the Directors.



Kate Hanslow
President



Fergus Leicester
Chair
Finance, Risk Audit & Compliance Committee

Dated at Hobart this 27th day of March 2017.

Directors' Declaration

For the year ended 31 December 2016

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

- (a) The Financial Statements, and Notes set out on pages 16 to 29, are in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2016 and of its performance for the financial year ended on that date, and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits 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.



Kate Hanslow
President



Fergus Leicester
Chair
Finance, Risk, Audit & Compliance Committee

Dated at Hobart this 27th day of March 2017.

Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue			
Revenue from operating activities	4	1,454,517	1,985,446
Total revenue		1,454,517	1,985,446
Expenditure			
Health programs (including those funded by grants)		(717,722)	(686,968)
Honours Scholars program		(15,000)	(20,000)
Fundraising program		(739,939)	(931,479)
Cost of goods sold		(728)	-
Reputation, communications and publicity		(119,454)	(112,976)
Resource management		(90,388)	(78,956)
Depreciation	9	(37,791)	(38,151)
Total expenditure		(1,721,022)	(1,868,530)
Finance income	6	1,309	2,595
Net Surplus / (deficit)		(265,196)	119,511
Comprehensive income / (deficit) for the period			
Net grants from National Heart Foundation of Australia		298,631	(142,613)
Total comprehensive income / (deficit) for the year		33,435	(23,102)

The Notes on pages 16 to 29 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	7a	178,242	353,858
Trade and other receivables	8	104,415	101,507
Total current assets		282,657	455,365
Non-current assets			
Property, equipment and vehicles	9	185,218	171,512
Total non-current assets		185,218	171,512
Total Assets		467,875	626,877
Current liabilities			
Trade and other payables	10	31,434	144,038
Grants income deferred	11	14,903	117,613
Employee benefits	12	130,796	112,812
Total current liabilities		177,133	374,463
Non-current liabilities			
Employee benefits	12	6,273	1,380
Total liabilities		183,406	375,843
Net assets		284,469	251,034
Equity			
Retained earnings	13	284,469	251,034
Total equity		284,469	251,034

Statement of Changes in Equity

For the year ended 31 December 2016

	2016 \$	2015 \$
Balance of Equity as at 1 January	251,034	274,136
Comprehensive income for the period		
Surplus / (Deficit)	(265,196)	119,511
Other comprehensive income	298,631	(142,613)
Total comprehensive income for the period	33,435	(23,102)
Balance of Equity as at 31 December	284,469	251,034

The Notes on pages 16 to 29 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2016

	2016	2015
Note	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	1,281,569	2,039,596
Cash payments in the course of operations	(1,232,132)	(1,301,602)
Net grants made to National Heart Foundation of Australia	(183,207)	(493,323)
Net financial income	1,309	2,595
Net cash from / (payments for) operating activities	7b (132,461)	247,266
Cash flows from investing activities		
Acquisition of property, equipment and vehicles and computer software	(70,155)	(2,070)
Proceeds from sale of property, plant and equipment	27,000	-
Net payments for investing activities	(43,155)	(2,070)
Net increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents at 1 January	353,858	108,662
Cash and cash equivalents at 31 December	7a 178,242	353,858

The Notes on pages 16 to 29 are an integral part of these financial statements.

Lead Auditor's Independence Declaration



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

To the Directors of National Heart Foundation of Australia (Tasmania Division)

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

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

KPMG

KPMG

Leigh Franklin

Partner

Hobart

27 March 2017



Notes to the Financial Statements

For the year ended 31 December 2016

1 Reporting entity

The National Heart Foundation of Australia (Tasmania Division) (the "Foundation") (ABN 17 009 481 707) is a company domiciled in Australia. The address of the Foundation's registered office is Level 1, 89 Brisbane Street, Hobart, Tasmania 7000.

The Foundation is a not-for-profit charity, registered under the *Australian Charities and Not-For-Profits Commission Act 2012*, devoted to reducing premature death and suffering from heart, stroke and blood vessel disease in Australia.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-For-Profits Commission Act 2012*. The financial report was authorised for issue by the Directors on 27 March 2017.

(b) Basis of measurement

The financial report is prepared on the historical cost basis 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 judgements, 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 judgements. 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 judgements

The Foundation has entered into a lease of premises as disclosed in Note 16.

Management has determined that all of the risks and rewards of ownership of these premises remain with the lessor and has therefore classified the lease as an operating lease.

Significant accounting estimates and assumptions

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

(i) *Provisions for employee benefits*

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

(e) Changes in accounting policies

The Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

2 Basis of preparation (cont'd)

(f) Going concern basis of accounting

As noted in the Directors' Report, the Federation Agreement term expires on 31 December 2017. Pursuant to the Federation Agreement, in 2016 the Divisions and National commenced a process for the review, extension or otherwise of the Federation Agreement. Members of the Federation are seeking to extend the term of the Federation Agreement to 30 June 2018 whilst the review of the future governance arrangements of the Federation are considered. Notwithstanding the review of the future governance arrangements, having regard to the extended term of the Federation Agreement to 30 June 2018 these financial statements have been prepared on a going concern basis.

3 Significant accounting policies

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

(a) Revenue recognition

(i) Charitable support

Revenue is received from appeals, donations, fundraising events and bequests and is brought to account on a cash received basis. When assets such as investments or properties are received from a bequest or donation, an asset is recognised at fair value when the Foundation gains control of such assets and the value of the asset can be reliably measured.

(ii) Interest

Interest revenue is recognised as it accrues on a daily basis.

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

Grants received for specific health programs or research are recognised as income only to the extent of work completed on those projects when the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor if the program is not completed. In those circumstances, any funds attributable to work still to be completed are carried forward as grants income deferred as recognised in Note 11.

Upon finalisation of grant activity any unexpended funds are held as income deferred 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) 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 Tasmania also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 5,100 students and 27 schools and groups throughout Tasmania.

The Foundation's Doorknock program successfully recruited 1,734 volunteers to collect funds in 2016. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3 Significant accounting policies (cont'd)

(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) Trade and other receivables

Trade and other receivables are measured at cost less impairment losses, this being equivalent to amortised cost.

(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) (iii)]. Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised / derecognised by the Foundation on the date it commits to purchase/ sell each item.

Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive Income.

(ii) Depreciation

Depreciation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of property, equipment and vehicles from the date they are acquired and are ready for use.

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) Operating leased assets

Leases in terms of which the Foundation assumes substantially all the risks and benefits of ownership 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 operating leased assets are not recognised on the Foundation's Statement of Financial Position. This future obligation will be adjusted annually to reflect increases in CPI (refer to Note 16).

(g) Non-derivative financial assets

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

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

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

3 Significant accounting policies (cont'd)

(g) Non-derivative financial assets (cont'd)

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.

(i) Other financial instruments

A financial instrument is recognised on the date the Foundation becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cash flows 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 costs using the effective interest method, less any impairment losses.

(ii) Share capital

The Foundation has no issued capital and is limited by guarantee. If the Foundation is wound up each member would have a liability of an amount not exceeding \$20. Refer Note 14.

(iii) 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.

(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

(i) Non-derivative financial assets including receivables

Each financial asset apart from those classified at fair value through other comprehensive income is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

(ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any objective evidence that they are impaired. If any such objective evidence exists, the asset's recoverable amount is estimated.

3 Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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 the Statement of Surplus or Deficit and Other Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Calculation of recoverable amount

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

(j) Trade and other payables (Non-derivative financial liability)

Trade and other payables are stated at cost, this being equivalent to amortised cost.

(k) Employee benefits

(i) Short term benefits

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

(ii) Long term benefits

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

- assumed rate of future increases in wage and salary rates: 2016 3% (2015 3%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2016 2.76% (2015 2.88%)
- expected settlement dates for annual leave: 2016 2 years (2015 2 years), and
- expected settlement dates for long service leave based on turnover history: 2016 10 years (2015 10 years).

(l) Segment reporting

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

3 Significant accounting policies (cont'd)

(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).

(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, and
- Operational risk.

Further details in respect of each of these risks are set out in Note 18 *Financial instruments*.

Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities.

The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 Foundation's approach to capital management during the year.

The Foundation is not subject to externally imposed capital requirements. Refer to Note 13 for the details on managing capital requirements.

Economic dependency

The National Heart Foundation of Australia ("National") and the State and Territory Divisions operate as a co-operative Federation. Virtually all revenue from charitable support is received by the Divisions. However, most expenditure on research and certain health programs is spent by National.

National relies on the distribution of net grants from the Divisions to fund its commitments. Such grants are receivable under the terms of a Federation Agreement between National and each of the Divisions.

The Federation Agreement also provides funding to the Foundation in the event that there are insufficient funds internally generated to support an adequate level of working capital to deliver the business plan approved by the Board.

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements.

Except for *AASB 9 Financial Instruments (2010)* which the Foundation early adopted with a date of initial application of 1 January 2011, the Foundation has not elected to early adopt any other new Australian Accounting Standards.

Those which may be relevant to the Foundation are:

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.

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.

3 Significant accounting policies (cont'd)

(o) New standards and interpretations not yet adopted (cont'd)

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

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

(p) Determination of fair values

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

(i) Trade and other receivables / payables

The fair value of trade and other receivables / payables 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.

	2016 \$	2015 \$
4 Revenue from operating activities		
Charitable support – bequests	444,160	575,058
Charitable support - non-bequest	753,017	1,137,866
Charitable support - Department of Premier & Cabinet Doorknock Appeal	50,000	50,000
Sale of goods	1,059	805
<i>Total revenue from fundraising activities</i>	<u>1,248,236</u>	<u>1,763,729</u>
Grants for specific health programs – Government	183,292	211,464
Grants for specific health programs and research – other	14,418	9,826
Other - CVH income - sales & services	230	610
Profit / (Loss) on sale of property, plant and equipment	8,341	(183)
<i>Total revenue from other operating activities</i>	<u>206,281</u>	<u>221,717</u>
Total revenue from operating activities	<u>1,454,517</u>	<u>1,985,446</u>
5 Auditor's remuneration		
KPMG: Audit services	8,266	8,160
KPMG: Grant acquittal audit services	4,314	-
	<u>12,580</u>	<u>8,160</u>
6 Finance Income		
Interest income	1,309	2,595

	2016 \$	2015 \$
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits, maturing within 90 days paying interest rates in 2016 of 0.70% to 1.50% (2015 of 0.50% to 2.00%).	178,242	353,858
The Foundation's exposure to interest rate risk for financial assets and liabilities is 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		
Total comprehensive income / (deficit)	33,435	(23,102)
Adjustments for:		
Depreciation	37,791	38,151
(Gain) / loss on disposal of assets	(8,341)	183
Net cash from / (payments for) operating activities before changes in working capital and provisions		
(Increase) / decrease in receivables	(2,908)	124,945
Increase / (decrease) in payables	(112,604)	76,663
Increase / (decrease) in grants income deferred	(102,710)	31,601
Increase / (decrease) in employee benefits	22,876	(1,175)
Net cash from / (payments for) operating activities	(132,461)	247,266
8 Trade & other receivables		
Trade receivables owing by National Heart Foundation of Australia	65,181	21,944
Other receivables and prepayments	39,234	79,563
	104,415	101,507

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

9 Property, equipment and vehicles

	Office furniture & equipment \$	Motor vehicles \$	Leasehold improvements \$	Total \$
Cost				
Balance at 1 January 2015	87,591	51,514	213,519	352,624
Acquisitions	2,070	-	-	2,070
Disposals	(15,536)	-	-	(15,536)
Balance at 31 December 2015	74,125	51,514	213,519	339,158
Balance at 1 January 2016	74,125	51,514	213,519	339,158
Acquisitions	5,523	54,877	9,755	70,155
Disposals	-	(51,514)	-	(51,514)
Balance at 31 December 2016	79,649	54,877	223,274	357,799
Depreciation & impairment losses				
Balance at 1 January 2015	62,151	25,129	57,568	144,848
Depreciation charge for the year	9,072	7,727	21,352	38,151
Disposals	(15,353)	-	-	(15,353)
Balance at 31 December 2015	55,870	32,856	78,920	167,646
Balance at 1 January 2016	55,870	32,856	78,920	167,646
Depreciation charge for the year	6,898	8,912	21,981	37,791
Disposals	-	(32,856)	-	(32,856)
Balance at 31 December 2016	62,769	8,912	100,901	172,581
Carrying amounts				
At 1 January 2015	25,440	26,385	155,951	207,776
At 31 December 2015	18,255	18,658	134,599	171,512
At 1 January 2016	18,255	18,658	134,599	171,512
At 31 December 2016	16,880	45,965	122,373	185,218

	2016 \$	2015 \$
10 Trade and other payables		
Trade payables to National Heart Foundation of Australia	386	104,746
Other payables and accrued expenses	31,048	39,292
	31,434	144,038
The carrying value of trade and other payables is equal to fair value. The Foundation's exposure to liquidity risk relating to trade and other payables is disclosed in Note 18.		
11 Grants income deferred		
Balance at 1 January	117,613	86,012
Amounts received	95,000	252,891
Income taken to revenue	(197,710)	(221,290)
Balance at 31 December	14,903	117,613
Health in all Policies – Funded by Max Bruce Trust		
Glenorchy on the Go Heartmoves program –	7,513	21,930
Healthy Food Access – Primary Health Tasmania	7,390	84,019
Institutional Capability Project – Primary Health Tasmania	-	1,660
	14,903	117,613
The carrying value of grants income deferred is equal to fair value. The Foundation's exposure to liquidity risk relating grants income deferred is disclosed in Note 18.		
12 Employee benefits		
Aggregate liability of employee benefits, including on costs:		
Current - long service leave and annual leave	130,796	112,812
Non-current - long service leave	6,273	1,380
Total employee benefits	137,069	114,192
Personnel expenses:		
Wages and salaries	749,626	737,093
Contributions to superannuation plans	54,193	54,575
Total personnel expenses	803,819	791,668
Number of employees at year end (full time equivalents)	7.10	10.50
13 Reserves and Equity		
Retained earnings	284,469	251,034

Retained earnings

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 National as a contribution towards national health programs and research.

14 Company limited by guarantee

The National Heart Foundation of Australia (Tasmania Division) 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 \$20.

As at 31 December 2016 there were 26 Members (there were 28 Members in 2015).

15 Related parties

(a) Key management personnel disclosures 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 members of the State Management Team of the Foundation for the entire period:

Non-executive Directors

The names of each person holding the position of Director of the Foundation during the financial year are:

Mrs Stephanie Jaensch, BEcon, Dip Ed, GAICD (to 19 December 2016)

Mrs Kate Hanslow, BA, LLB (Hons), MAICD

Mr Craig Barling, BCom, CA, GAICD

Mr Fergus Leicester, BBus, MBA, GradDipACG, FCPA, FGIA, FAICD

Mr Gene Phair BCom, FCA, MAICD

Dr Paul MacIntyre, MBChB, MD, FRACP

Mrs Gaye Rutherford, BA (Hons), BNutrDiet (Hons), GAICD

Prof Alison Venn, BSc Hons, PhD, Grad Dip Epidemiol (from 4 February 2016)

Mrs Janelle Whittle, BCom, MHRM, AAICD (from 19 December 2016)

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.

State Management Team

Chief Executive Officer – Mr Graeme Lynch, BCom (Melb.), LLB (Hons), GradDipLS (Tas.), FCPA, GAICD, FAIM

Business Manager – Mrs Sue Harmsen

Cardiovascular Health Director – Mrs Gillian Mangan, BM, MPH

Relationship Manager – Ms Danielle Bendall

The compensation of key executive management personnel was as follows:

	2016	2015
	\$	\$
Short term employee benefits	437,873	416,426
Other long term employee benefits	10,189	8,925
Total	448,062	425,351

15 Related parties (cont'd)

(b) Other related parties

Related parties are Members of the Federation and Directors of related parties and the Director-related entities. The Foundation makes grants to 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, parties to which are all Members of the Federation.

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 agreement, a grant is paid by National to the Foundation. Net Grants made by the Foundation to National were as follows:

	2016 \$	2015 \$
Net Surplus / (Deficit) from operating activities	(265,196)	119,511
Contributions paid for purchase of services	496,281	574,945
Net grants from National Heart Foundation of Australia	298,631	(142,613)

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

16 Capital and leasing commitments

Lease expenditure commitments

Office space

Minimum lease payment not later than one year	108,161	100,186
Between one and five years	443,570	516,158
Later than five years	-	-
Aggregate lease expenditure contracted at reporting date	<u>551,732</u>	<u>616,344</u>

Lease of office space commenced on 1 January 2012. CPI adjustments occurred in October 2013, 2014 & 2015 and a market review was undertaken in October 2016. The term of the lease is ten years, plus two consecutive five year options.

17 Subsequent events

Other than disclosed in this Report the Foundation is not aware of any subsequent event that has occurred since the balance date that could materially affect these financial statements.

18 Financial instruments

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

Credit risk

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is monitored by management on an ongoing basis. The Foundation does not require collateral in respect of financial assets.

The credit risk relating to the Foundation's financial assets which are recognised in the Statement of Financial Position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia. At the reporting date, there were no significant concentrations of credit risk.

18 Financial instruments (cont'd)

Credit risk (cont'd)

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:

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	7a	178,242	353,858
Trade and other receivables	8	104,415	101,507
		282,657	455,365

Impairment losses from trade receivables

None of the Foundation's receivables are past due (2015: \$nil). Based on receivables history, the Foundation believes that no impairment allowance is necessary in respect of trade receivables not past due.

Liquidity risk

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

Trade and other payables, and grants income deferred have contractual cash flows which are six months or less. Obligations for office leases have contractual cash flow obligations until lease expiry, which is 5 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:

	Note	2016 \$	2015 \$
Non-derivative financial liabilities			
Trade and other payables	10	31,434	144,038
Grants income deferred	11	14,903	117,613
		46,337	261,651

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

18 Financial instruments (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased / (decreased) equity and surplus / deficit by the amounts shown in the Sensitivity Analysis Disclosure. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2015.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the 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
- Addressing the risks identified
- Development of contingency plans
- Applying ethical and high level business standards, and
- Mitigation of risk including insurance.

Compliance with standards is supported by a program of periodic reviews of internal controls undertaken by internal audit. The results of these reviews are discussed with 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 cash rates of \$178,242.

	2016					2015				
	Carrying Amount	-1%		+1%		Carrying Amount	-1%		+1%	
	\$	Profit	Equity	Profit	Equity	\$	Profit	Equity	Profit	Equity
		\$	\$	\$	\$		\$	\$	\$	\$
Interest rate risk										
Financial assets										
Variable rate instruments										
Cash at bank	178,242	(1,782)	(1,782)	1,782	1,782	353,858	(3,539)	(3,539)	3,539	3,539

19 Economic dependency

The National Heart Foundation of Australia (Tasmania Division) operates as part of a co-operative Federation with Divisions in each of the others States and Territories of Australia and the National Heart Foundation of Australia (National). The relationships between all these entities (Members of the Federation) are set out in a Federation Agreement which includes an agreement for each State or Territory to grant, in accordance with the formula in the Federation Agreement, surplus income to National to fund research and other health programs conducted on a national basis. In the case of a deficit, each State or Territory is provided with a grant from National which broadly equates to any deficit experienced.



Independent Auditor's Report

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

Report on the audit of the Financial Report

Qualified Opinion

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

True and fair view

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 (Tasmania Division) is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

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

The **Financial Report** comprises:

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

Basis for Qualified opinion

Charitable fundraising is a significant source of fundraising revenue for the National Heart Foundation of Australia (Tasmania Division). The Foundation has determined that it is impracticable to establish controls over the collection of charitable fundraising cash donations (e.g. Jump Rope for Heart and Door Knock Appeal), 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 support (non-bequest) revenue, mainly comprising of cash donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable support (non-bequest) revenue to the National Heart Foundation of Australia (Tasmania Division), reported in the accompanying financial report is complete. In respect of the qualification however, based on our understanding of 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.

Responsibilities of the Directors' for the Financial Report

The Directors are responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the ACNC.
- (ii) Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- (iii) Assessing the Foundation's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_files/ar3.pdf This description forms part of our Auditor's Report.

KPMG

Leigh Franklin

Partner

Hobart

27 March 2017

Foundation Highlights

The Heart Foundation's Healthy Food Access Tasmania Web Portal was officially launched at the Hobart City Farm. In an Australia-first, the Web Portal is a tool that connects local and State Government with key community participants to help improve access to fresh, affordable (preferably locally sourced) food. We have engaged a Healthy Food Access Communications Officer to help drive the project into the future.

The publication of the *Healthy Tasmania Five Year Strategic Plan* and ongoing debate about the proposed Statewide Planning Scheme provided the backdrop for numerous positive contributions and engagements with all levels of government and community stakeholders.

In one of our busiest years to date on the advocacy front, Heart Foundation Tasmania authored or co-authored 14 parliamentary and government submissions and discussion papers. For the first time, we have published our catalogue of advocacy work on our website to ensure free public access to our ideas and recommendations in the advocacy space.

As well as lobbying for change in the corridors of power, we have enjoyed ongoing success in the public domain, with frequent appearances in the media, raising awareness about important issues including prevention, equity, active travel and the built environment.

As part of a new Tasmanian Heart Failure Program, we have employed Tasmania's only cardiac nurse practitioner specialising in heart failure. She has been engaged to provide education and support to staff in general practices concerning the improved management of people with heart failure. Before being rolled out across the State, the program will operate initially in the South of Tasmania in areas where there is a high number of potentially preventable heart failure hospital admissions. These areas include Glenorchy, the Derwent Valley, Brighton, Sorell, Richmond, Dodges Ferry and Lewisham.

The free Health Information Service received over 50 calls each month from Tasmanians throughout the year. Both heart patients and their carers sought Heart Foundation health professional advice on existing heart conditions and how to keep the heart in good shape.

The Heart Foundation Walking program continues to be strong, with 67 groups across the State attracting 1,200 regular walkers and over 5,100 students from 27 schools participating in the Heart Foundation Jump Rope for Heart Program.

Fundraising

The *Standing Room Only "For the Fallen"* charity rock concert set the tone for what was to be a very fast-paced and exhilarating year for the Heart Foundation in Tasmania. The concert, which saw rockers from the thriving 1980s pub-rock scene reunite for a good cause, raised an incredible \$7,000 to help in the fight against cardiovascular disease. We are very pleased that we will be joining forces with *Standing Room Only* again in 2017.

Midway through the year we hosted an Exclusive Fundraising Event at the Hotel Grand Chancellor. Replete with captivating entertainment and an incredibly moving keynote address from one of our supporters, Lauren Watson, the Event culminated in a fundraising auction. Thanks to the generosity of our community and corporate supporters, and with an incredible team-effort, over \$40,000 was raised on the night to help sustain our vital work.

Our staff have engaged with donors including confirmed and intending bequestors, regular givers direct mail campaign supporters and major gift campaign contributors. A range of morning and afternoon tea functions across the State were held including a morning Tea hosted by our Patron, the Governor of Tasmania and a Memorial Service at St David's Cathedral.

As a charity, we depend on the generosity of the Tasmanian business community and individuals who help us fund lifesaving research, community education and prevention programs. Fundraising activities and events such as these are made possible with the generous assistance of our supporters.

We gratefully acknowledge our sponsors and all other supporters who gave to us so generously during 2016.

Exclusive Fundraising Event

Presenting Sponsor



Major Sponsor



Venue Sponsor



Entertainment Sponsor



Sponsors

- Brown Brothers (Refreshments Sponsor)
- Gray Matters Advertising (Design Sponsor)
- James Boag (Refreshments Sponsor)
- The Mercury (Advertising Sponsor)
- Performance Automobiles (Corporate Sponsor)
- RACT (Corporate Sponsor)
- Steve's Liquor (Refreshments Sponsor)
- St Lukes Health (Corporate Sponsor)
- Veolia Environmental Services (Corporate Sponsor)

- Lark Distillery
- Mandy Hunniford
- Overeem Distillery
- Pennicott Wilderness Journeys
- RACT
- Spirit of Tasmania
- Ronald Young & Co. Builders

Raffle Prize Donors

- For the Love of Gold
- The Mercury

Auction Donors

- Hon Elise Archer, MP
- Hon Vanessa Goodwin, MP
- Hon Matthew Groom, MP
- Byron Bay BluesFest
- Nick Glade-Wright
- Just Conor Photography
- Kingston Beach Golf Course

Our Thanks to

- Tiffany Voss (Event Coordinator)
- Carrington's Style Hire (Design)
- Commonwealth Bank
- Jon Xintavelonis (MC)
- Matthew Garwood (Entertainer)
- Phil Defegely (Auctioneer)

Big Heart Appeal 2016



The Premier of Tasmania, the Honourable Will Hodgman MP, launched the Big Heart Appeal Doorknock for 2016 on behalf of the Tasmanian Government. We will receive a \$50,000 Tasmanian Government donation towards the Big Heart Appeal Doorknock, annually for four years to 2018.

We offer our heartfelt thanks to the Tasmanian Government, along with the following organisations who contributed to the Big Heart Appeal:



Fundraising (cont'd)

Third Party Event Fundraisers

A Long Road from a Broken Heart – Jeremy Scott

Athol, the Art of Wellness

Christmas Lights – Gaye Goss

Netball Shootout – Netball Tasmania

Point to Pinnacle – Lauren (Lolly) Watson

Rotary Club, Evandale

Run for Ron – Dana Gray

Standing Room Only “For the Fallen” – Darren and Jodi Roach (Resilience Marketing), Collee Chappell, and Steve Miller

Major Gifts Campaign

Resilience Marketing



Winestate Tasting

Peter Simic



External Funding

Thank you to the organisations and people who have supported our work by providing funding for specific programs:

- Heart Foundation Honours Scholarships, funded by Bruce Wall Trust and The Select Foundation
- Health in all Policies, funded by Max Bruce Trust
- Healthy Food Access Project, funded by Primary Health Tasmania
- The anonymous donors to the For All Tasmanian Hearts Appeal

Heart Foundation Honours Scholarships, funded by Bruce Wall Trust and The Select Foundation

Since 2009 the Heart Foundation has partnered with the Menzies Institute for Medical Research to jointly support Tasmanian-based Honours Scholars. The Heart Foundation's ability to co-fund the annual Honours Scholarships results from the generous financial support provided by the Bruce Wall Trust and The Select Foundation.

The scholarships have facilitated a means for some of the brightest minds in the State to focus their honours year research efforts on cardiovascular disease which in turn has generated some exceptional research outcomes.

We also provide our scholars with opportunities to speak at our donor care events about their work.

Health in All Policies, funded by the Max Bruce Trust

In 2015, the Heart Foundation built on the successful lobbying for the inclusion of a health and wellbeing amendment within the *Land Use Planning and Approvals Amendment (Tasmanian Planning Scheme) Act 2015* by renewing calls for interdepartmental and inter-sectoral collaboration that will see the health and wellbeing of Tasmanians prioritised using a whole-of-government approach.

We used our Budget Submission 2017-18 to 2020-21 to advocate for costed measures that will reduce Tasmania's disproportionately high rates of smoking and obesity.

Healthy Food Access Tasmania Project, funded by Primary Health Tasmania

The Healthy Food Access Tasmania Project has now funded seven local projects, extensively mapped healthy food access in each of the 29 local government areas around the State, and developed an online interactive Web Portal to help bring producers, institutions, community organisations and consumers closer together. The Web Portal's successful launch in 2016 heralded the beginning of a new phase in the project, with the transition being facilitated by our new Healthy Food Access Communications Officer. Our valued partners are the University of Tasmania, local governments, growers, food retailers, schools and workplaces and a variety of community organisations.

We also led a project with UTas School of Business and Economics and the Local Government Association of Tasmania to develop capacity-building within local government. An outcome of this project is a recommendation for establishing a cross-sectoral Tasmanian Food and Nutrition Coalition. We continue to work with many stakeholders building support for the Coalition.

For all Tasmanian Hearts, Major Gifts Campaign

Generous contributions have been pledged by donors to this campaign for the Heart Attack Survivor Support (HASS) project. The primary outcomes of HASS are expected to be that survivors and carers have:

- improved knowledge and understanding of their condition, recovery and / or limitations post heart attack, and
- access to and usage of the information and services offered.

And in the longer term:

- Improved physical and mental wellbeing
- Increase in activities and functions, and
- Improved social and personal relationships.

The secondary benefits expected are:

- Improved general community perceptions and attitudes towards heart attack survivors, and
- Improved attitude and perception towards the Heart Foundation.

Gifts in Wills

Thanks to people who have left a Gift in a Will, we have been able to support some of the most significant medical breakthroughs in heart health in the world. Every day, researchers funded by the Heart Foundation continue to work towards unlocking more medical breakthroughs that lead to improved heart health, and better prevention and management of heart disease.

The Heart Foundation gratefully acknowledges the generous individuals who have chosen to include a Gift in their Wills.

Bequests 2016

Gifts were distributed in 2016 from the Estates of:

Beverley Phyllis Atkinson	Richard Geoffrey New
Andrew Warton Bennie	Colin Roy Purton
Josephine Dimsey	Annette Rolls
William E Evans	Kathleen Patricia Thompson
Hilda May Hammond	

Trusts Held in Perpetuity

The Estate of the late Sheila Burn
 The Estate of the late Jean Esme Hughes
 The Estate of the late Mildred Tonks
 The Estate of the late Bruce Wall

Volunteer Support in 2016

Once again, we were privileged to be supported by thousands of Tasmanian volunteers in 2016. As well as the 1,700 big-hearted volunteers who participated during September as part of the Big Heart Appeal, there were 1,195 active walkers participating in one of the 67 Heart Foundation Walking Groups across the State.

Hundreds of students, staff, parents and friends from 27 schools around the State took part in Jump Rope for Heart in 2016, helping raise funds, as well as encouraging Tasmanians to maintain heart healthy habits. Our Jump Rope for Heart Demonstration Teams, Illawarra Primary, Waimea Heights Primary, and Glen Dhu Primary Schools had another remarkable year, inspiring others and raising awareness about cardiovascular disease.

We wish to acknowledge and sincerely thank the following team of volunteers who support our staff. Their support and assistance is invaluable to the day to day functioning of the Heart Foundation in Tasmania.

Administrative Volunteers

Lena Bachinger
Christine Horswill
Rose Hurst
Claire Mangan
Julie Oakley
Andrew Verrier
Elizabeth Virtue
Lauraine Walker
Maureen Wallace

Event Volunteer

Rebecca Harmsen

Community Speakers

Shivanthi Bartlett
Dong Lum Cheah
Nicholas Cretan
Nicholas D'Elia
Mike Frost
Mary Gays
Dr Michael Loughhead
Philip Rothschild
Henry West
Mingling Wu

Event Speakers

Her Excellency, Professor the Honourable
Kate Warner AC
Premier, The Hon Will Hodgman MP
Adj Prof Jon Kelly, AM
Sheralee Davies
Sue Sanderson
Jeremy Scott
Lauren (Lolly) Watson

Go Red for Women Ambassador

Jane Stephens

Health Advisory Committee

Dr Ashutosh Hardikar
Dr Faline Howes
Dr Paul MacIntyre
Prof Mark Nelson
Assoc Prof Philip Roberts-Thomson
Gaye Rutherford
Sue Sanderson
Assoc Prof James Sharman
Prof Alison Venn

Healthy Food Access Tasmania Reference Group

Stuart Auckland (University of Tasmania)
Pat Burton (SecondBite)
Rebecca Essex (Tasmanian Health Service)
Kate Hiscock (Local Government Association
of Tasmania)
Sandra Murray (University of Tasmania)
Caitlin Saunders (Dept of Health & Human
Services)
Martina Wyss (Primary Health Tasmania)

Heart Care Ambassadors

Emma Dwyer
Michael Finney
Julia Gheller
Vanessa Gillies
Samantha Kaye
Sue Nunn
Tom Shepherd
Mel Tuthill
Helen Woodfall

Australian Capital Territory

Canberra

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Phillip ACT 2606
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New South Wales

Sydney

Level 3, 80 William Street
Sydney NSW 2011
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Northern Territory

Darwin

Darwin Central Offices
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Darwin NT 0800
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Queensland

Brisbane

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Fortitude Valley QLD 4006
T: (07) 3872 2500

South Australia

Adelaide

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

Tasmania

Hobart

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Hobart TAS 7000
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Victoria

Melbourne

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

Western Australia

Perth

334 Rokeby Road
Subiaco WA 6008
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1300 36 27 87

heartfoundation.org.au