

ANNUAL REPORT + FINANCIAL STATEMENTS 2017

National Heart Foundation of Australia
(Tasmania Division)

ABN 17 009 481 707

For the year ended 31 December 2017



Contents

Directors and Office Bearers.....	2
Directors' Report	3
Directors' Declaration	9
Statement of Surplus or Deficit and Other Comprehensive Income.....	10
Statement of Financial Position	11
Statement of Changes in Equity.....	11
Statement of Cash Flows	12
Lead Auditor's Independence Declaration	13
Notes to the Financial Statements.....	14
Independent Auditor's Report	30
Foundation Highlights of 2017	34
Fundraising	36
External Funding.....	38
Gifts in Wills.....	39
Volunteer Support in 2017	40

Directors and Office Bearers

Patron

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

Board of Directors

Chair & President

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

Secretary

Mr Gene Phair, BCom, FCA, MAICD

Other Directors Appointed by Members

Mr Craig Barling, BCom, CA, GAICD (resigned 27 March 2017)

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

Dr Paul MacIntyre, MBChB, MD, FRACP

Mrs Gaye Rutherford, BA (Hons), BNutrDiet (Hons), GAICD (resigned 22 May 2017)

Mrs Alison Venn, BSc Hons, PhD, Grad Dip Epidemiol

Mrs Janelle Whittle, BCom, MHRM, GAICD

Chief Executive Officer

Mr Graeme Lynch, BCom (Melb.), LLB (Hons), GradDipLS (Tas.), FCPA, FAICD, 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 2017 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 2017
Mrs Kate Hanslow BA, LLB (Hons), GAICD President	<ul style="list-style-type: none"> ▪ Senior Associate Lawyer, Worrall Lawyers, practicing in the areas of Estate Planning and Estate and Trust Litigation ▪ Research Fellow, Tasmania Law Reform Institute ▪ President, National Heart Foundation of Australia (Tasmania Division) ▪ Tasmanian Member Foundation Representative on the Board of National Heart Foundation of Australia ▪ Chair, National Heart Foundation of Australia (Tasmania Division) Governance Committee 	6 of 6	
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 (Tasmania Division) Finance, Risk, Audit & Compliance Committee (to 27 March 2017) 	0 of 1	Resigned 27 March 2017
Mr Fergus Leicester BBus, MBA, GradDipACG, FCPA, CA, 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 Investment Committee (from 22 February 2017) ▪ Member, National Heart Foundation of Australia Finance Advisory Committee (from 21 February 2017) ▪ Chair, National Heart Foundation of Australia (Tasmania Division) Finance, Risk, Audit & Compliance Committee 	5 of 6	

Directors' Report (cont'd)

Name and Qualifications	Experience and Special Responsibilities	Number of Board Meetings# Attended	Appointed to/ resigned from Board during 2017
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 	2 of 6	
Mr Gene Phair Secretary BCom, FCA, MAICD	<ul style="list-style-type: none"> ▪ Head of Shadforth Financial Group, Tasmania ▪ Chair, The Hutchins School Board ▪ Member, National Heart Foundation of Australia (Tasmania Division) Governance Committee 	5 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 & Friends Association ▪ Member, National Heart Foundation of Australia (Tasmania Division) Health Advisory Committee (to 22 May 2017) 	3 of 3	Resigned 22 May 2017
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 Institute of Medical Research (Menzies) ▪ Director, Tasmanian Data Linkage Unit ▪ Editorial Board Member, Australia & New Zealand Journal of Public Health ▪ Member, National Heart Foundation of Australia (Tasmania Division) Health Advisory Committee 	5 of 6	
Ms Janelle Whittle BCom, MHRM, GAICD	<ul style="list-style-type: none"> ▪ Experienced Human Resources Leader ▪ Director Organisational Design & Change, University of Tasmania ▪ Member, National Heart Foundation of Australia (Tasmania Division) Finance, Risk, Audit & Compliance Committee ▪ Member, National Heart Foundation of Australia Audit & Governance Committee (from 27 March 2017) 	6 of 6	

Number of National Heart Foundation of Australia (Tasmania Division) Board 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. The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

The Foundation recognises the importance of diversity on its Board. Female Directors comprised 50% of Board membership as at 31 December 2017 (50% at the end of 2016).

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 two Tasmanian Board Advisory Committees: 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.

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. The Board's Finance, Risk, Audit and Compliance Advisory Committee reviews management reports with respect to risk, including adaption of the National risk management system, which assesses, monitors and manages operational, financial reporting. 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 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].

Performance Measures and Key Achievements in 2017

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 2017

The Foundation recorded total revenue of \$1,713,784 in 2017. This outcome reflects an increase of \$259,267 on 2016 revenue. The three main areas of variance are bequest income up \$432,228 from 2016, non-bequest income down by \$24,887 from 2016 and a reduction of \$103,266 within grants for specific health projects.

Bequest income was \$876,388 in 2017, gifted from 12 estates, up from \$444,160 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 2017 provides an indication that the program will continue to deliver positive results in the future.

In 2017, the Foundation contributed \$390,540 to National for Core Programs.

The Tasmanian State Government committed support for the Doorknock Appeal of \$200,000 over the four years 2015 to 2018. In 2017, the Foundation gratefully accepted the third instalment of \$50,000. Throughout Tasmania 441 Doorknock collectors volunteered for the Foundation, down by 1,259 in 2016. 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 few years.

Programs run in Tasmania continued to have high levels of participation, including 55 Heart Foundation Walking groups across the State, attracting 1,187 regular walkers and provision of assistance to the 12,650 students from 48 schools who participated in Jump Rope for Heart.

Events Subsequent to Reporting Date

At 30 June 2018 the Federation Agreement will expire and subsequent to this date the Agreement will not be renewed. The Members of the Federation are currently in the process of unifying into a National entity.

Prior to 31 March 2018 each Division's Board undertook to communicate to National their intention as to whether or not they would recommend to their Members at the 2018 Annual General Meeting to become part of the proposed unified National entity.

On 31 March 2018 the Foundation's President notified National of the Board's decision to recommend to their Members to become part of the proposed unified National entity.

Directors' Report (cont'd)

National has provided a legally enforceable irrevocable letter of financial support to the Foundation confirming its intention to financially support the Foundation in such amounts from time to time sufficient to permit the Foundation to pay its debts as and when they fall due. This irrevocable letter of financial support is provided for a minimum of 12 months from the date of signing the Foundation's 2017 Directors' Report and Financial Statements.

Likely developments

Should unification proceed the Foundation's Board has agreed to recommend to its Members that its Constitution be amended at the 2018 Annual General Meeting of the Foundation, giving effect to National becoming the sole member of the Foundation.

The operations of the Foundation will continue under the new *One Heart Strategy 2018-2020* and as part of the transition process all existing permanent staff have been matched to ongoing positions in the unified National entity and as such no redundancies are planned.

There is no intention to close any office or wind up any of the Division entities within 12 months from the date of signing the Foundation's 2017 Directors' Report and Financial Statements.

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.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 13 and forms part of the Directors' Report for the Financial Year 2017.

Signed in accordance with a resolution of the Directors:



Kate Hanslow
President



Fergus Leicester
Chair
Finance, Risk Audit & Compliance Committee

Dated at Hobart this 24th day of April 2018.

Directors' Declaration

For the year ended 31 December 2017

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 14 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 2017 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 24th day of April 2018.

Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue			
Revenue from operating activities	4	1,713,784	1,454,517
Total revenue		1,713,784	1,454,517
Expenditure			
Health programs (including those funded by grants)		(660,489)	(717,722)
Honours Scholars program		(5,000)	(15,000)
Fundraising program		(525,533)	(739,939)
Cost of goods sold		(838)	(728)
Reputation, communications and publicity		(106,076)	(119,454)
Resource management		(52,860)	(90,388)
Depreciation	9	(36,307)	(37,791)
Total expenditure		(1,387,103)	(1,721,022)
Finance income	6	1,027	1,309
Net Surplus / (deficit)		327,708	(265,196)
Comprehensive income / (deficit) for the period			
Net grants from / (to) National Heart Foundation of Australia		(390,540)	298,631
Total comprehensive income / (deficit) for the year		(62,832)	33,435

The Notes on pages 14 to 29 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	7a	388,216	178,242
Trade and other receivables	8	51,785	104,415
Total current assets		440,001	282,657
Non-current assets			
Property, equipment and vehicles	9	148,748	185,218
Total non-current assets		148,748	185,218
Total Assets		588,749	467,875
Current liabilities			
Trade and other payables	10	94,114	31,434
Grants income deferred	11	139,764	14,903
Employee benefits	12	130,677	130,796
Total current liabilities		364,555	177,133
Non-current liabilities			
Employee benefits	12	2,558	6,273
Total liabilities		367,113	183,406
Net assets		221,636	284,469
Equity			
Retained earnings	13	221,636	284,469
Total equity		221,636	284,469

Statement of Changes in Equity

For the year ended 31 December 2017

	2017 \$	2016 \$
Balance of Equity as at 1 January	284,469	251,034
Comprehensive income for the period		
Surplus / (Deficit)	327,708	(265,196)
Other comprehensive income	(390,540)	298,631
Total comprehensive income / (deficit) for the period	(62,832)	33,435
Balance of Equity as at 31 December	221,636	284,469

The Notes on pages 14 to 29 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

	2017	2016
Note	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	1,241,917	1,281,569
Cash payments in the course of operations	(914,709)	(1,232,132)
Net grants made to / (from) National Heart Foundation of Australia	(118,261)	(183,207)
Net financial income	1,027	1,309
Net cash from / (payments for) operating activities	209,974	(132,461)
Cash flows from investing activities		
Acquisition of property, equipment and vehicles and computer software	-	(70,155)
Proceeds from sale of property, plant and equipment	-	27,000
Net payments for investing activities	-	(43,155)
Net increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents at 1 January	178,242	353,858
Cash and cash equivalents at 31 December	388,216	178,242

The Notes on pages 14 to 29 are an integral part of these financial statements.



Auditor's Independence Declaration under subdivision 160-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 2017 there have been:

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

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Andrew Gray'.

Andrew Gray

Partner

Hobart

24th April 2018



Notes to the Financial Statements

For the year ended 31 December 2017

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 24 April 2018.

(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

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net surplus after tax for the Foundation for the year ended 31 December 2017 amounted to \$327,708 (2016: deficit of \$265,196). At 31 December 2017, the Foundation had net current assets of \$75,446 (2016: \$105,524) and net assets of \$221,636 (2016: \$284,469). Subsequent to year end the Directors agreed to recommend to the Members to unify into the new National entity upon 1 July 2018.

Whilst there is no intention to close or wind-up the Foundation, substantial trading activities, assets and liabilities are expected to be transferred to the proposed unified National entity. However, this transition may take some time, and therefore the Foundation will continue to exist for at least 12 months following proposed unification and will remain active to receive any specific income or meet any contractual obligations.

Furthermore, in the event the Foundation does not proceed with unification (Members vote not to become part of the proposed unified National entity at the AGM), National acknowledge their legally enforceable irrevocable letter of financial support to the Foundation and will assist in ensuring there is an orderly transition of existing commercial arrangements between National and the Foundation.

In the opinion of the Board, the Foundation is a going concern and can pay its debts as and when they fall due to the following factors:

- National have acknowledged they will bear all costs of unification; and
- The Foundation has received confirmation of legally enforceable and irrevocable financial support from National to provide financial support in such amounts from time to time sufficient to permit the Foundation to pay its debts as and when they fall due. Such financial support can be in the form of cash injections, settlement of liabilities, repayment of related party borrowings, or deferral of payment of related party loans. The financial support stated above is provided for a minimum of 12 months from the date of signing the Foundation's 2017 Directors' Report and 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.

(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.

3 Significant accounting policies (cont'd)

(a) Revenue recognition (cont'd)

(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 12,650 students and 48 schools and groups throughout Tasmania.

The Foundation's Doorknock program successfully recruited 441 volunteers to collect funds in 2017. 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) 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.

3 Significant accounting policies (cont'd)**(f) Operating leased assets**

Leases in terms of which the Foundation does not substantially assume 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 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.

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.

3 Significant accounting policies (cont'd)

(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.

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.

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

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.

3 Significant accounting policies (cont'd)**(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: 2017 3% (2016 3%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2017 3.81% (2016 2.76%)
- expected settlement dates for annual leave: 2017 2 years (2016 2 years), and
- expected settlement dates for long service leave based on turnover history: 2017 10 years (2016 10 years).

(l) Segment reporting

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

(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.

3 Significant accounting policies (cont'd)

(n) Financial risk management (cont'd)

Economic dependency

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

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

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

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements. Those which may be relevant to the Foundation are set out below. The Foundation does not plan to adopt these standards early.

Not-for-profit (NFP) entities will account for income under either *AASB 15* or the new NFP specific standard.

AASB 15 Revenue from Contracts with Customers: *AASB 15* contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The application of *AASB 15* for not-for-profit entities is for financial year beginning 1 January 2019. Where such a transaction meets the requirements of *AASB 15 Revenue from Contracts with Customers*, revenue will be recognised in accordance with the requirements of this standard. To assist NFPs apply *AASB 15* to their circumstances, specific implementation guidance and illustrative examples have been inserted into *AASB 15*.

AASB 1058 Income of Not-for-Profit Entities: *AASB 1058* replaces the income recognition requirements relating to private sector NFP entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in *AASB 1004 Contributions* for financial years beginning 1 January 2019 onwards.

AASB 1058 establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives and to volunteer services received. The accounting guidance applied is driven by whether the agreement is enforceable and contains performance obligations. NFP entities will assess which standard is applicable for each individual agreement.

AASB 16 Leases: *AASB 16* removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. Early adoption will be permitted for entities that also adopt *AASB 15*.

AASB 9 Financial instruments: *AASB 9* applies for all companies. It brings big changes to the classification of impairment of financial assets. Also, it introduces a new hedge accounting model and extensive new disclosure requirements. This new standard is effective for annual reporting periods beginning on or after 1 January 2018 and available for early adoption. *AASB 9* replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. *AASB 9* includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from *AASB 139*. *AASB 9* is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Foundation is assessing the potential impact on its financial statements resulting from the application of *AASB 9*.

3 Significant accounting policies (cont'd)**(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.

4 Revenue from operating activities	2017 \$	2016 \$
Charitable support - bequest	876,388	444,160
Charitable support - non-bequest	728,130	753,017
Charitable support - Department of Premier & Cabinet Doorknock Appeal	50,000	50,000
Sale of goods	1,241	1,059
<i>Total revenue from fundraising activities</i>	1,655,759	1,248,236
Grants for specific health programs - Government	55,139	183,292
Grants for specific health programs and research - other	-	14,418
Other - CVH income - sales & services	3,048	230
Profit / (Loss) on sale of property, plant & equipment	(162)	8,341
<i>Total revenue from other operating activities</i>	58,025	206,281
Total revenue from operating activities	1,713,784	1,454,517
5 Auditor's remuneration	2017 \$	2016 \$
KPMG: Audit services	8,284	8,266
KPMG: Grant acquittal audit services	-	4,314
	8,284	12,580
6 Finance Income	2017 \$	2016 \$
Interest income	1,027	1,309

Notes to the Financial Statements (cont'd)

7a Cash and cash equivalents	2017	2016
	\$	\$
Cash and cash equivalents include bank accounts and short-term deposits, maturing within 90 days paying interest rates in 2017 of 0.50% to 1.50% (2016 of 0.70% to 1.50%).	388,216	178,242
The Foundation's exposure to interest rate risk for financial assets and liabilities is disclosed in Note 18.		
The carrying value of cash and cash equivalents is equal to fair value		
7b Reconciliation of cash flows from operating activities	2017	2016
	\$	\$
Total comprehensive income / (deficit)	(62,832)	33,435
Adjustments for:		
Depreciation	36,307	37,791
(Gain) / loss on disposal of assets	162	(8,341)
Net cash from / (payments for) operating activities before changes in working capital and provisions:		
(Increase) / decrease in receivables	52,630	(2,908)
Increase / (decrease) in payables	62,680	(112,604)
Increase / (decrease) in grants income deferred	124,861	(102,710)
Increase / (decrease) in employee benefits	(3,834)	22,876
Net cash from / (payments for) operating activities	209,974	(132,461)
8 Trade & other receivables	2017	2016
	\$	\$
Trade receivables owing by National Heart Foundation of Australia	15,148	65,181
Other receivables and prepayments	36,637	39,234
	51,785	104,415

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 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
Balance at 1 January 2017	79,649	54,877	223,274	357,799
Acquisitions	-	-	-	-
Disposals	(1,363)	-	-	(1,363)
Balance at 31 December 2017	78,286	54,877	223,274	356,436
Depreciation & impairment losses				
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
Balance at 1 January 2017	62,769	8,912	100,901	172,582
Depreciation charge for the year	4,386	9,594	22,328	36,307
Disposals	(1,201)	-	-	(1,201)
Balance at 31 December 2017	65,954	18,506	123,229	207,688
Carrying amounts				
At 1 January 2016	18,255	18,658	134,599	171,512
At 31 December 2016	16,880	45,965	122,373	185,218
At 1 January 2017	16,880	45,965	122,373	185,218
At 31 December 2017	12,332	36,371	100,045	148,748

Notes to the Financial Statements (cont'd)

10 Trade and other payables	2017	2016
	\$	\$
Trade payables to National Heart Foundation of Australia	61,917	386
Other payables and accrued expenses	32,197	31,048
	94,114	31,434

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	2017	2016
	\$	\$
Balance at 1 January	14,903	117,613
Amounts received	180,000	95,000
Income taken to revenue	(55,139)	(197,710)
Balance at 31 December	139,764	14,903
Health in all Policies – Funded by Max Bruce Trust	7,513	7,513
Glenorchy on the Go Heartmoves program – Funded by Dept of Health & Human Services	6,812	7,390
LiveLighter Social Media Marketing Campaign – Dept of Health & Human Services	125,439	-
	139,764	14,903

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	2017	2016
	\$	\$
Aggregate liability of employee benefits, including on costs:		
Current - long service leave and annual leave	130,677	130,796
Non-current - long service leave	2,558	6,273
Total employee benefits	133,235	137,069
Personnel expenses:		
Wages and salaries	611,770	749,626
Contributions to superannuation plans	47,702	54,193
Total personnel expenses	659,472	803,819
Number of employees at year end (full time equivalents)	6.10	7.10

13 Reserves and Equity	2017	2016
	\$	\$
Retained earnings	221,636	284,469

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	2017	2016
	\$	\$

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 2017 there were 24 Members (there were 26 Members in 2016).

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 Kate Hanslow, BA, LLB (Hons), GAICD

Mr Craig Barling, BCom, CA, GAICD (to 27 March 2017)

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

Mr Gene Phair BCom, FCA, MAICD

Dr Paul MacIntyre, MBChB, MD, FRACP

Mrs Gaye Rutherford, BA (Hons), BNutrDiet (Hons), GAICD (to 22 May 2017)

Prof Alison Venn, BSc Hons, PhD, Grad Dip Epidemiol

Mrs Janelle Whittle, BCom, MHRM, GAICD

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.

15 Related parties (cont'd)

(a) Key management personnel disclosures and director related parties (cont'd)

State Management Team

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

Business Manager – Mrs Sue Harmsen

Cardiovascular Health Director – Mrs Gillian Mangan, BM, MPH

Fundraising Director – Ms Danielle Bendall BBus (Marketing)

The compensation of key executive management personnel was as follows:

	2017	2016
	\$	\$
Short-term employee benefits	450,248	437,873
Other long-term employee benefits	10,595	10,189
Total	460,843	448,062

(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:

	2017	2016
	\$	\$
Net Surplus / (Deficit) from operating activities	327,708	(265,196)
Contributions paid for purchase of services	441,065	496,281
Net grants from / (to) National Heart Foundation of Australia	(390,540)	298,631

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

	2017	2016
	\$	\$
Minimum lease payment not later than one year	110,074	108,161
Between one and five years	341,800	443,570
Later than five years	-	-
Aggregate lease expenditure contracted at reporting date	451,874	551,732

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

At 30 June 2018 the Federation Agreement will expire and subsequent to this date the Agreement will not be renewed. The Members of the Federation are currently in the process of unifying into a National entity.

Prior to 31 March 2018 each Division's Board undertook to communicate to National their intention as to whether or not they would recommend to their Members at the 2018 Annual General Meeting to become part of the proposed unified National entity.

On 31 March 2018 the Foundation's President notified National of the Board's decision to recommend to their Members to become part of the proposed unified National entity.

National has provided a legally enforceable irrevocable letter of financial support to the Foundation confirming its intention to financially support the Foundation in such amounts from time to time sufficient to permit the Foundation to pay its debts as and when they fall due. This irrevocable letter of financial support is provided for a minimum of 12 months from the date of signing the Foundation's 2017 Directors' Report and 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.

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 assets	Note	2017 \$	2016 \$
Cash and cash equivalents	7a	388,216	178,242
Trade and other receivables	8	51,785	104,415
		440,001	282,657

Impairment losses from trade receivables

None of the Foundation's receivables are past due (2016: \$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 4 years.

18 Financial instruments (cont'd)

Liquidity risk (cont'd)

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

Non-derivative financial liabilities	Note	2017 \$	2016 \$
Trade and other payables	10	94,114	31,434
Grants income deferred	11	139,764	14,903
		233,878	46,337

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.

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 2016.

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 \$388,216.

	2017					2016				
	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	388,216	(3,882)	(3,882)	3,882	3,882	178,242	(1,782)	(1,782)	1,782	1,782

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)

Qualified Opinion

We have audited the *Financial Report*, of the 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 Division 60 of 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 2017, and of its performance for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The *Financial Report* comprises:

- i. Statement of financial position as at 31 December 2017.
- ii. Statement of surplus or loss 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 the 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 revenue, mainly comprising of cash donations, prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to charitable fundraising revenue, mainly comprising of cash donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable fundraising to the 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 the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Foundation, are not appropriate given the size and nature of the Foundation.



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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other information

Other Information is financial and non-financial information in The National Heart Foundation of Australia's (Tasmania Division) annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified opinion section above, we were unable to obtain sufficient appropriate evidence about the completeness of cash donations. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from



material misstatement, whether due to fraud or error; and

- ii. to issue an Auditor's Report that includes our opinion.

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

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

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

Our responsibilities include:

- i. Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- ii. Designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- iii. Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- vi. Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

Andrew Gray
Partner
Hobart
24th April 2018

(This page has been left blank intentionally)

Foundation Highlights of 2017

The **LiveLighter Campaign** was funded under the Tasmanian Government's Healthy Tasmania Five Year Strategic Plan. This confronting campaign, launched in November 2017, is designed to encourage the 67% of Tasmanians who are overweight or obese to make small lifestyle changes to achieve and maintain a healthy weight, through healthy eating and physical activity.

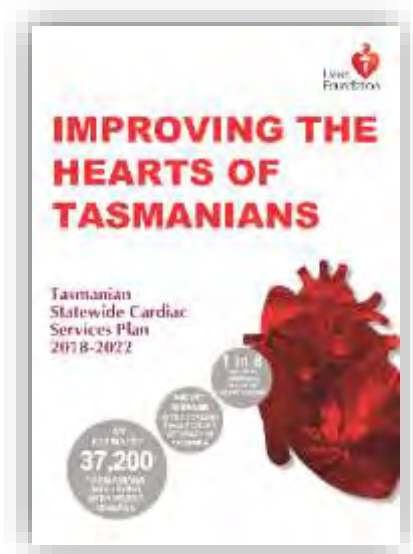


The Public Health Act was amended to treat e-cigarettes the same as tobacco products, with the State Government taking up most of the recommendations we made in a joint submission with Cancer Council Tasmania. This means that e-cigarette products may not be advertised, they may not be supplied to children under the age of 18 and use of e-cigarettes in smoke-free areas is prohibited.

Healthy Active by Design contributed to the Tasmanian Land Use Planning Reform process and to City of Hobart Transport Strategy consultations.

We have made several submissions on land use planning and transport strategy to State Government and the City of Hobart, designed to **improve the built environment** that we live, work and play in, so that it better supports us to be physically active, and use active travel to get around.

The Heart Foundation established a **Clinical Ambassador Program** that provides **heart care education to clinical staff** such as nurses, exercise physiologists, and pharmacists. The first of a series of workshops was held in November, when we delivered a **psycho-cardiology seminar** with Associate Professor Rosemary Higgins from Deakin University presenting. The Seminar explored the psychological and social impact of cardiovascular disease. Two more workshops are planned for 2018.



We published our **Statewide Cardiac Services Plan**. The goal of this plan is to ensure that people requiring cardiac services in Tasmania will have equitable access to best practice care - irrespective of where and when they enter the health system, where they reside, or what their gender or ethnicity is. The plan forms the basis of advocacy across the Tasmanian Health System including in our submission to the Legislative Council Government Administration Committee Inquiry to Health Services in Tasmania.

The Heart Foundation partnered with Primary Health Tasmania, Department of Health & Human Services, Tasmanian Health Service, Australian Health & Hospitals Association and Novartis to work on **delivering better management of heart failure patients in general practice**. A plenary and two workshops on heart failure management were delivered at a Chronic Disease Symposium for clinicians. We are undertaking audits and quality improvement activities with five general practices, to determine how care for people with heart failure in the community can be improved.

We are working with health professionals in our hospitals and cardiology clinics across the State to ensure **patients receive relevant heart health information** and are made aware of other Heart Foundation resources such as our Heart Foundation Helpline (13 11 12) and Heart Foundation Walking programs. Our website now contains a section “After my heart attack”, making this critical information even more accessible for heart attack survivors and their carers.

The Big Heart Appeal raised \$90,000 from the Premier’s Breakfast, including a \$50,000 Tasmanian Government donation and pledges totalling \$40,000 from Tasmanian business leaders.



In 2017 the Heart Foundation provided \$17.5 million through **more than 200 research projects, fellowships and scholarships** across Australia. This included 5 researchers from the University of Tasmania, who have:

- developed a smart phone app to help people quit smoking
- analysed the reasons why people do or do not engage in regular physical activity, and what can be done to help people engage in more active lifestyles
- explored cardiovascular disease over the life course
- analysed the role that childhood factors play in developing heart disease in adulthood and
- explored the feasibility of linking exercise blood pressure (different to resting BP) records to cardiovascular disease outcomes.

We are set to begin a new 3-year strategic plan for the National Heart Foundation in 2018, which will continue to build on these gains.

Fundraising

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.

Our supporters have given through our Regular Giving program, to our Appeals and events, as well as philanthropic support through Wills, Trusts, Foundations and other generous major gifts.

We gratefully acknowledge our sponsors and all other supporters who gave to us so generously during 2017.

Big Heart Appeal 2017



The Premier of Tasmania, the Honourable Will Hodgman MP, launched the Big Heart Appeal Doorknock for 2017 on behalf of the Tasmanian Government. This was the third of four \$50,000 Tasmanian Government annual donations to the Big Heart Appeal Doorknock.

The Heart Foundation is very grateful for the support of the Tasmanian Government.

We also offer our heartfelt thanks to these other generous contributors to the Big Heart Appeal 2017 Doorknock launch:



Ald. Heather Chong

Third Party Event Fundraisers

A big thank you to those who generously raised funds in support of the Heart Foundation during 2017:

More than \$2,000 raised

Standing Room Only

Bilymo Rist

Dana Gray

Up to \$2,000 raised

Republic Bar & Café

Bell Bay Aluminium

Rotary Club of Youngtown

Jeremy Scott

Beulal Memorial Committee

Hutchins School Student Alexander Smart

Moonah Primary School

Commonwealth Bank Call Centre Social Club

Crowe Horwath Social Club

Huntington Tavern

In Kind Support

Every year we run events and functions through which we engage our supporters and donors and keep them informed of the work of the Heart Foundation.

These events are made possible through the in-kind support of generous organisations who provide us with venues, catering and other support. We would like to thank:

Federal Group

Government House

Gray Matters

May Shaw Health Centre Inc.

Winestate (Peter Simic)

We have also received pro-bono legal advice, and monthly advice from:

Worrall Lawyers

External Funding

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

- Heart Foundation Honours Scholarships, funded by Bruce Wall Trust and The Select Foundation
- Health in all Policies, funded by Max Bruce Trust
- Live Lighter Social Media Campaign, funded by Department of Health & Human Services
- The many 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

Along with continuing to advocate for a State Policy for Healthy Spaces and Places throughout 2017, the Heart Foundation made a further submission regarding the proposed Land Use Planning and Approvals Amendment (Tasmanian Planning Policies) Bill 2017, and the proposed draft Tasmanian Planning Policies.

We also tendered three submissions to the Hobart City Council's Transport Strategy consultation process, which highlighted the need for active living and active travel to be addressed and promoted in the proposed strategy. Some of our key recommendations were:

- prioritising active travel over motor vehicle use
- increasing urban density and concentration of services to enhance the opportunity for physical activity as part of daily routine
- increasing the appeal of public transport through more capacity and frequency, establishing bus lanes, better transit options, and better waiting areas.

LiveLighter Social Media Campaign, funded by the Department of Health & Human Services

LiveLighter is a program which aims to encourage Australian adults to lead healthier lifestyles – to make changes to what they eat and drink, and to be more active.

The State Government has funded the Heart Foundation to deliver a television and social media campaign for the 2017-18 financial year, and to evaluate the campaign.

Gifts in Wills

Thanks to those of our supporters 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.

We gratefully recognise the generous individuals who have included a Gift to the Heart Foundation in their Will.

Bequests

During 2017, Gifts were distributed from the Estates of:

Andrew Warton Bennie	Bess Kable
Swinton Leslie Brown	David Nathaniel Lindus
John Campbell	Rowlett Jeffrey Mace
Marguerite Doris Cowen	Barbara Joan Pettit
Georgine Mavis Davies	Eleanor Mary Trethewie
Jonathan Noel Grey	Richard Michael Franz Wendt

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 2017

Once again, we were privileged to be supported by thousands of Tasmanian volunteers in 2017. As well as the 441 big-hearted volunteers who participated during September as part of the Big Heart Appeal, there were 1,187 active walkers participating in one of the 67 Heart Foundation Walking Groups across the State.

During 2017 an amazing 12,650 students, staff, parents and friends from 48 schools around the State took part in Jump Rope for Heart, helping to raise funds and to encourage 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
Andrew Verrier
Lauraine Walker
Maureen Wallace

Community Speakers

Ken Clayton
Mike Frost
Mary Gays
Henry West

Event Speakers

Her Excellency, Professor the Honourable
Kate Warner AC
Premier, The Hon Will Hodgman MP
Valentina Ho
Myles Moore
Ayame Ochi
Will Priestley
Sue Sanderson

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

Heart Care Ambassadors

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





Heart Foundation Helpline: 13 11 12
heartfoundation.org.au

Australian Capital Territory

Canberra

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

New South Wales

Sydney

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

Northern Territory

Darwin

Level 3, 21 Knuckey Street
Darwin NT 0800
(08) 8982 2700

Queensland

Brisbane

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

South Australia

Adelaide

155-159 Hutt Street
Adelaide SA 5000
(08) 8224 2888

Tasmania

Hobart

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

Victoria

Melbourne

Level 2, 850 Collins Street
Docklands
VIC 3008
(03) 9329 8511

Western Australia

Perth

334 Rokeby Road
Subiaco WA 6008
(08) 9388 3343