

# ANNUAL REPORT + FINANCIAL STATEMENTS 2017

National Heart Foundation of Australia  
(Queensland Division)

ABN 32 009 691 570

For the year ended 31 December 2017



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## Directors and Office Bearers

<b>Patron</b>	His Excellency, the Governor of Queensland The Honourable Paul de Jersey AC
<b>Board of Directors</b>	
<b>President</b>	Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ (Appointed 19/10/2017) Mr Brett Delaney, BCom, FCA (Resigned 19/10/2017)
<b>Deputy President</b>	Mr Ian Humphreys, BA (UNSW), LLB (UTS), Dip Leg Prac (UTS), LLM (Syd)
<b>Honorary Treasurer</b>	Mr Ben Woodbridge, CA, BCom, GradDipAppFin (Appointed 30/10/2017) Ms Melanie Gin, BCom, CA (Resigned 18/10/2017)
<b>Directors</b>	Dr Roger K Wilkinson, MBBS, BA, M.Litt., FRACP, FCSANZ Dr Colin Dillon AM APM Prof Lyn Griffiths, BSc Hons, PLD Mr Peter Scott, DIP Bus, BBus, MPA, MBA, FCPA Ms Rebecca Treston, QC (Resigned 04/05/2017) Professor Michael Good AO, MD PhD, FASM, FRACP, FTSE, FAHMS (Resigned 06/06/2017)
<b>Chief Executive Officer</b>	Mr Stephen Vines, MBA, BBus Mgmt, MAICD,
<b>Health Director</b>	Ms Rachelle Foreman, MPhil, MScST, BAppSc (HMS), MAICD
<b>Finance Director</b>	Mrs Catherine Donald, BCom
<b>Fundraising Director</b>	Mrs Sonya Tufnell, MA, BA (Hons), CFRE, MFIA (Appointed 06/02/2017) Mr Bruce Macdonald, BAgSc, DipEd (Resigned 31/03/2017)
<b>Honorary Solicitors</b>	McInnes Wilson Lawyers
<b>Auditors</b>	KPMG
<b>Registered Office</b>	557 Gregory Terrace, Fortitude Valley, Brisbane 4006

**Bequests**

*The following individuals provided for the Heart Foundation in their wills and distributions were received in 2017*

Kathleen Astwood	Colin Hamlyn Magill
Rodney Maurice Baldwin	Iris Mangan
Gesina Johanna Beukema	David Mayo
Susan Mary Blake	Yvonne Iris McCormack
Maitland Boulter	Dorothy McEwen
Marion Briggs	Barbara Rose McGhee
Robert Onslow Bushnell	Lois Wynne McGowan
Thomas Bernard Cannon	Murdoch McPherson
Marjorie Jean Cohen	Charles Lyall Gordon Moore
Denis Ian Connolly	Thelma Morriss
Brenda May Cooper	James Oakley
Edith Costello	Leonard John O'Rourke
Jean Elizabeth Daley	Edward Palmer
Ethel Joyce Dent	Muriel Norma Poole
Gregory Doneley	William Dallas Poultney
Donald Donovan	Peter Powell
Dorothy Jean Enoch	Aileen Ralph
Jessie Agnes Finch	Jessie Elizabeth Sandilands
Margaret Fitchew	Robert Seed
Kathe Gnutek	Joyce Mavis Smith
Kathleen Clare Griffin	Ivy Bertha Sommerfeld
Ivy Grove	David Hilton Sunner
Vera May Hamilton	Terence Taylor
Dorothy Ellen Harris	Neville Theodore Thieme
Maud Holt	Florence Barbara Valentine
Toni Patrice Howden	Nancy Winniffrith Volker
Valmena Ellen Ireland	Antonia Alida Warnas
Jillaine Margaret Johnstone	Justine Waugh
Barbara Judge	Julie Ann White
Edith Kite	Charles Albert Geoffrey Whitehead
Gloria Kleidon	George Xavier Windsham
Colin Bernard Kowitz	Ronald Woodbridge
Claire Margaret Lee	Irene Wright
Ronald Basil Levy	Mary Wright
Krystyna Loziak	

## **Trust and Foundations**

Alma Jackson Trust  
Bert & Vera Thiess Foundation  
Ethel Wallace Foundation  
Frederick Wallace Gilbert & Delia Gilbert Fund  
Gladys Winifred Wieland Trust  
John Louis Lazarus Levine and Sarah Levine Fund  
Nancy Hannah Dorothy Penhallurick Fund  
Perpetual Foundation - The Ivan Maurice Jones Endowment  
The Allan & Patricia Ellen Coulson Memorial Trust  
The Arthur & Doris Wilkinson Memorial Trust  
The Beryl Beatrice Scott and Gordon Ferguson Scott Memorial Trust  
The Beryl Pearl Pilkington Perpetual Charitable Trust  
The C H Boden Memorial Trust  
The Derek Martin Muller Bequest  
The Donald & Joan Wilson Foundation  
The Edward Bullock Gift Fund  
The Henry Cyril Robjohns and Stella May Robjohns Memorial Trust  
The Ira Josey, Peace Mary & Ashley Josey Keidge Perpetual Charitable Trust  
The Peter David Ferguson Bequest  
The Jack Jacobs Charitable Trust  
The Florence Agnes Todd Charitable Trust  
The Hart Family Perpetual Trust  
The Jack & Bon Mason Memorial Trust  
The JC & PM Martin Trust  
The Stanley & Eunice Nicholson Trust  
The Thomas & Coral Williams Trust  
The Thomas Henley and Winnifred Jean Kelly Memorial Fund  
The Thomas and Vera Condie Trust  
Vincent & John Patrick Cahill Medical Research Trust Fund  
William Selwyn Wright Fund

## **Queensland Community Foundation**

Estate of John Roy Hucker Trust  
Estate of Lillian May Thomas  
Estate of Lorna May Andrews  
Mr Greg Hooper  
Estate of Janice Edith Cosgrove  
Estate of the Late Emily Swaffer  
Estate of Hester Florence Lamont  
Estate of William Swan  
Estate of Ray Maynard  
Estate of Dorothy Mildred Haynes  
Estate of John Harry Sharpe  
Estate of Rosetta Callan  
Estate of Walter Sitzwohl

**Directors' Report**

for the year ended 31 December 2017

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (Queensland Division) ("the Foundation") for the year ended 31 December 2017 and auditors' report thereon.

**Directors**

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

<b>Name and qualifications</b>	<b>Experience and special responsibilities</b>	<b>Board Meetings Attended &amp; held #</b>	<b>Exec Board Meetings Attended &amp; held #</b>	<b>Appointment and resignation</b>
<b>A/Prof David Colquhoun</b> MBBS, FRACP, FCSANZ	Cardiologist at the Wesley Medical Centre and Greenslopes Private Hospital. Medical Director of Core Research Group. Appointed QLD President 19/10/2017. Qld representative National Board of Directors 19/10/2017	8/8	2/2	Appointed 5 June 2013
<b>Mr Ian Humphreys</b> BA (UNSW), LLB (UTS), Dip Leg Prac (UTS), LLM (Syd)	Managing Partner of the Brisbane Office of Ashurst Australia. Admitted in New South Wales (1990), High Court (1991) and Queensland (1995) and England and Wales as a foreign lawyer (2014). Appointed Deputy President 28/4/2016.	7/8	4/4	Appointed 7 May 2015
<b>Mr Ben Woodbridge</b> CA, BCom. GradDipAppFin	Partner of PricewaterhouseCoopers with over 20 years professional services experience in Brisbane, Melbourne and New York. He is a Chartered Accountant, Registered company auditor, Member of the Institute of Internal Auditors, Member of the Risk Management Association of Australia and has a Graduate Diploma of Applied Finance & Investment (FINSIA). Appointed Secretary/Treasurer 31/10/2017. Qld representative member of National Finance and Audit Committee 31/10/2017.	4/4	1/1	Appointed 24 August 2017
<b>Dr Roger K Wilkinson</b> MBBS, BA, M.Litt., FRACP, FCSANZ	Honorary Consultant Cardiologist, Royal Brisbane Hospital; Consultant Cardiologist to St Andrew's War Memorial Hospital; Senior Lecturer in Medicine (Clinical) University of Queensland. Appointed Deputy President 20/4/05 to 19/4/06. President 19/4/06 to 25/5/09. Appointed Acting President 27/3/13 to 23/4/13. Appointed President 23/4/13 to 7/5/2015.	8/8	4/4	Appointed 31 October 1996
<b>Prof Lyn Griffiths</b> BSc Hons, PLD	Executive Director, Institute of Health and Biomedical Innovation (IHBI) – QLD. Professor in Molecular Genetics	2/4		Appointed 19 October 2017
<b>Mr Peter Scott</b> DIP Bus, BBus, MPA, MBA, FCPA	Current CFO/Energy QLD – prior CFO Energex Ltd, CFO Seqwater, CEO Wide Bay Water	1/3		Appointed 7 November 2017

**Directors' Report**

for the year ended 31 December 2017

<b>Dr Colin Dillon AM APM</b>	A descendant of the "Kumbumerri" people whose traditional country covers Queensland's Gold Coast and its environs. Current Chairman of the Board of Brisbane Indigenous Media Association. A former Commissioner (1996-1999) on the Board of the Aboriginal and Torres Strait Islander Commission. Former Director on the Board of Aboriginal Hostels Limited. Served in the Queensland Police Service from 1965-2001 having attained commissioned rank of Inspector of Police. During his distinguished policing career, he was awarded commendations for bravery and exemplary police work. Awarded the Australian Police Medal (APM) in the Queen's Honours' list in 1992 for distinguished police service to Queensland. In 2000, awarded the honorary degree of 'Doctor of the University' from Queensland University of Technology, the highest status in recognition for service to the community and QUT. Awarded the Australia Medal (AM) in the Order of Australia Awards in 2013.	4/8		Appointed 7 May 2015
<b>Ms Rebecca Treston QC</b>	Queen's Counsel in private practice. Special interest in Estate and Trusts.	1/3		Appointed 12 June 2013 Resigned 4 May 2017
<b>Prof Michael Good AO MD PhD, FASM, FRACP, FTSE, FAHMS</b>	Medical Researcher, NHMRC Senior Principal Research Fellow. Head, Laboratory of Vaccines for the Developing World, Institute for Glycomics, Griffith University. Chairman of the Heart Foundation's Queensland Cardiovascular Research Network Steering Committee (2016).	1/6		Appointed 12 December 2013 Resigned 6 June 2017
<b>Ms Melanie Gin BCom, CA</b>	Member of National Finance and Audit Committee; Senior Forensic Auditor/Financial Accountant, Energex Pty Ltd. Member of the Institute of Chartered Accountants Australian & New Zealand. Appointed Honorary Treasurer 7/5/2015.	4/4	2/3	Appointed 19 February 2015 Resigned 18 October 2017
<b>Mr Brett Delaney BCom, FCA</b>	Retired Partner, PricewaterhouseCoopers; Member of Council for University of Southern Queensland and Chair of Audit & Risk Committee – Honeycombes Property Group; Fellow of the Institute of Chartered Accountants Australia New Zealand; Member of Australian Institute of Company Directors. Appointed President of Heart Foundation – Qld Division 7 May 2015. Honorary Secretary/Treasurer – Qld Division 7/5/2008 to 7/5/2015. Member of National Finance and Audit Committee 7/5/2008 to 7/5/2015.	5/5	3/3	Appointed 24 August 2005 Resigned 19 October 2017

# meetings attended and meeting held while the Director held office

**Corporate Governance Statement**

The Foundation is a company limited by guarantee, incorporated under the *Corporations Act 2001*. 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.

## Directors' Report

for the year ended 31 December 2017

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### Role of the Board

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

### Federation Agreement

The Foundation entered into a 5 year Federation agreement on the 23<sup>rd</sup> November 2012. This agreement replaced the previous Memorandum of Understanding and took effect from 1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2017. Shared Services which were the responsibility of and hosted by various divisions in other States and Territories continue to be hosted by those divisions, but are now the responsibility and under the direct control of the National Heart Foundation of Australia. All costs associated with these renamed "Group Services" are held and accounted for in the National Heart Foundation of Australia's accounts unless there is a requirement at law for them to be recognised in the Foundations in which case they are recovered. This change to the operational structure has decreased the Foundation's expenditure but is offset by increased grants to the National Heart Foundation of Australia.

### Oversight by the Board

The Board oversees and monitors the performance of management by:

- Meeting eight times during the 2017 year
- Receiving detailed financial and other reports from management at those meetings
- Receiving additional information and input from management when necessary

### Specific responsibilities of the Board

The Board fulfils its primary role by:

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

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

### Responsibilities of management

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

### Board members

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

- There must be no less than 4 and no more than 12 directors, of whom up to two must be legally qualified Medical Practitioners.
- No employees of the Foundation, including the CEO, can be a director of the Foundation. Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on pages 6 and 7. Board members receive written advice of the terms and conditions of their appointment and complete a structured induction program when first appointed. Management presentations to the Board enable directors to maintain knowledge of the business and operations of the Foundation.



## Directors' Report

for the year ended 31 December 2017

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### Risk management

The Board oversees the establishment, implementation and regular review of the risk management system of the Foundation, which is designed to protect its reputation and manage those risks that might preclude it from achieving its mission. Management is responsible for establishing and implementing the risk management system which assesses, monitors and manages operational, financial reporting and compliance risks.

The financial statements of the Foundation are subject to independent, external audit. Guidelines for internal controls have been adopted and compliance is reviewed bi-annually by independent staff from another Division.

### Ethical standards and code of conduct

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

### Involving stakeholders

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

### Principal Activities and Achievement of Objectives

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

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

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

The Foundation has a five-year strategic plan, For All Hearts 2013-2017, aligned directly with our vision for Australians to have the best cardiovascular health in the world and our mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia.

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

- Healthy hearts
- Heart care
- Health equity
- Research

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

### 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:

- Finance and Operations
- Fundraising and Donor Engagement
- Research
- Community Engagement and Awareness

Some key achievements against some of these performance measures included significant increases in:

- personal relevance of the Heart Foundation to Australians aged 30 - 65
- the Foundation's effectiveness in raising the community's awareness/knowledge of heart health;
- awareness of heart disease as a leading cause of death for Australian women;
- unprompted awareness of the Tick brand;
- awareness of risk factors by women; and
- awareness of a typical heart attack symptoms.

## Directors' Report

for the year ended 31 December 2017

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### Review of Results and Operations for Current Year

Charitable support from the general public continued to be strong in 2017. Revenue from this type of fundraising is obtained in an increasingly competitive charity climate.

Total income was 27% lower (\$2,744,111) compared to last year. Revenue from fundraising activities was 29% lower than last year due to a decrease in bequests received. Revenue from the Bequest program is difficult to predict and can vary dramatically from year to year. The Foundation remains extremely grateful for the donations and bequest income that is directed to the organisation by so many Queenslanders. Notifications of confirmed and intended bequests continued to grow during the year and is a strong indication of continuing strong results in the future.

Total expenditure was 29% lower (\$2,985,210) compared to last year. The Foundation continued to contribute strongly to the National company in support of cardiovascular research and local health programs to the sum of \$4.2 million in 2017.

During 2017 the Foundation played a major role both in its own right and through its leadership in a number of collaborations and alliances that significantly contributed to the following outcomes:

- An incredible 44 new Heart Foundation Walking groups have been established in Queensland during 2017, with over 1,500 people joining the program during the year. This means there are now 6,375 participants in Queensland walking groups from Cairns to Charleville – the highest number in the country.
- From 2015-2017, over 7,500 cardiac patients and their carer's in Queensland signed up to trial the Heart Foundation's 'My Heart, My Life Support Program' to guide them through their recovery at home. The support program provided the My Heart, My Life resource, a phone call and an email support service. The content of the popular resource was updated and also provided in an online format (After my heart attack) on the Heart Foundation website with \$250,000 funding from the Queensland Government.
- Heart Foundation Queensland has been the proud beneficiary charity of the Cycle Challenge for over a decade. Coordinated by Bicycle Queensland, the partnership between the Heart Foundation and Bicycle Queensland has encouraged more people to participate and fundraise in the event – which has now raised over \$1 million towards cardiovascular research.
- The Heart Foundation hosted a series of research and community events during 2017 to give supporters greater understanding of our health programs and research projects.
- 16 Queensland researchers were supported with Heart Foundation funding.
- 80 Queensland Community Speakers shared heart health messages to more than 4170 people across the state.

### Review of Results and Operations for Past Five Years

Set out below is a comparative table of income and expenditure and assets and liabilities for the past 5 years, including relevant ratios.

As a result of strong financial performance over the past 5 years, the Foundation has been able to contribute over \$28 million to health programs and research.

**Directors' Report**

for the year ended 31 December 2017

**Income & Expenditure**

Charitable support - bequests

Charitable support - non-bequests

**Fundraising income**

Investment income

Government non-reciprocal grants

Grants for specific health programs

Other income

**Total income**

Less: Fundraising expenditure

Communications &amp; administration

**Surplus available for health programs & research**

Health programs conducted locally

Contributions to National health programs &amp; research

**Balance added to/(deducted from) equity****Ratios:**

Fundraising expenditure to fundraising income

Surplus from fundraising to fundraising income

Surplus available for health programs &amp; research to total income

Expenditure on health programs and research to total income

Expenditure on health programs and research to total expenditure

Annual increase in expenditure on health programs &amp; research

	2017	2016	2015	2014	2013
Charitable support - bequests	3,162,013	5,276,890	3,355,581	4,624,342	3,584,052
Charitable support - non-bequests	3,353,200	3,945,190	4,259,020	4,634,925	5,421,962
<b>Fundraising income</b>	<b>6,515,213</b>	<b>9,222,080</b>	<b>7,614,601</b>	<b>9,259,267</b>	<b>9,006,014</b>
Investment income	4,969	11,524	17,616	0	0
Government non-reciprocal grants	50,000	50,000	0	50,000	50,000
Grants for specific health programs	770,537	785,872	259,067	624,268	754,074
Other income	64,401	79,755	23,148	31,773	41,630
<b>Total income</b>	<b>7,405,120</b>	<b>10,149,231</b>	<b>7,914,432</b>	<b>9,965,308</b>	<b>9,851,718</b>
Less: Fundraising expenditure	(2,723,933)	(3,082,749)	(3,042,632)	(3,149,555)	(3,504,868)
Communications & administration	(398,095)	(394,754)	(486,099)	(420,914)	(444,082)
<b>Surplus available for health programs &amp; research</b>	<b>4,283,092</b>	<b>6,671,728</b>	<b>4,385,701</b>	<b>6,394,839</b>	<b>5,902,768</b>
Health programs conducted locally	(2,308,060)	(2,335,014)	(1,783,815)	(2,063,208)	(2,241,125)
Contributions to National health programs & research	(1,923,766)	(4,526,547)	(2,489,810)	(4,379,710)	(3,983,015)
<b>Balance added to/(deducted from) equity</b>	<b>51,266</b>	<b>(189,834)</b>	<b>112,076</b>	<b>(48,079)</b>	<b>(321,372)</b>
<b>Ratios:</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Fundraising expenditure to fundraising income	42%	33%	40%	34%	39%
Surplus from fundraising to fundraising income	58%	67%	60%	66%	61%
Surplus available for health programs & research to total income	58%	66%	55%	64%	60%
Expenditure on health programs and research to total income	57%	68%	54%	65%	63%
Expenditure on health programs and research to total expenditure	58%	66%	55%	64%	61%
Annual increase in expenditure on health programs & research	(38%)	61%	(34%)	4%	(11%)

**Assets & Liabilities**

Cash &amp; investments

Computers, cars &amp; equipment

Other assets

**Total assets**

Total liabilities

**Total equity**

	2017	2016	2015	2014	2013
Cash & investments	1,214,765	1,290,778	1,082,360	1,307,546	1,032,141
Computers, cars & equipment	18,488	40,962	60,050	193,737	130,319
Other assets	97,848	129,802	156,974	92,049	327,536
<b>Total assets</b>	<b>1,331,101</b>	<b>1,461,542</b>	<b>1,299,384</b>	<b>1,593,332</b>	<b>1,489,996</b>
Total liabilities	(1,054,358)	(1,236,065)	(884,073)	(1,290,097)	(1,138,683)
<b>Total equity</b>	<b>276,743</b>	<b>225,477</b>	<b>415,311</b>	<b>303,235</b>	<b>351,313</b>

**Events Subsequent to Reporting Date**

At 30 June 2018 the Federation Agreement will expire. Subsequent to this date the National Heart Foundation of Australia Federation Agreement will not be renewed and the National Heart Foundation of Australia is currently in the process of unifying into a National entity.

Prior to 31 March 2018 each National Heart Foundation of Australia Division was required to communicate to the National Heart Foundation of Australia their intention to recommend their members to unify, or not.

On 31 March 2018 the Foundation directors notified the National Heart Foundation of Australia of their decision to recommend to their members to unify into the new National entity.

As a result of the above the National Heart Foundation of Australia has provided a legally enforceable irrevocable letter of financial support confirming their 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, until the Foundation is able to pay its debts as and when they fall due without the support of the National Heart Foundation of Australia Division. The financial support stated above is provided for a minimum of 12 months from the date the 31 December 2017 financial report of the Foundation is signed.

**Likely Developments**

Should unification proceed the Foundation will alter its Constitution such that the National entity will become the sole member, or one of the required minimum number of members.

The operations of the Foundation will continue under the 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 entity and as such no redundancies are planned.

There is no intention to close any office or wind up any entity within 12 months from the date the 31 December

## Directors' Report

for the year ended 31 December 2017

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2017 financial report of the Foundation is signed.

### Environmental Regulation

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

### Insurance Premiums

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

The insurance premiums relate to:

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

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

The lead auditor's independence declaration is set out on page 32 and forms part of the directors' report for financial year ended 31 December 2017.

Signed in accordance with a resolution of the directors.



Associate Professor David Colquhoun  
President

Dated at Brisbane this 30th day of April 2018

## Directors' Declaration

for the year ended 31 December 2017

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In the opinion of the directors of National Heart Foundation of Australia (Queensland 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 Commission 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.



Associate Professor David Colquhoun

President

Dated at Brisbane this 30th day of April 2018

**Statement of Comprehensive Income**

for the year ended 31 December 2017

	Notes	2017 \$	2016 \$
<b>Revenue</b>			
Revenue from operating activities	4	7,400,151	10,137,707
<b>Total revenue</b>		7,400,151	10,137,707
Net gain/(loss) on sale of property, plant and equipment		4,342	0
Research		(60,832)	(33,897)
Health programs (including those funded by grants)		(2,247,228)	(2,301,118)
Fundraising		(2,723,933)	(3,082,749)
Communications and publicity		(242,410)	(225,955)
Administration		(160,027)	(168,799)
<b>Results from Operating activities</b>		1,970,063	4,325,189
Finance income		4,969	11,524
Finance costs		0	0
<b>Net Finance income/(cost)</b>	6	4,969	11,524
<b>Net Surplus/(deficit)</b>		1,975,032	4,336,713
<b>Net Grants to National Heart Foundation of Australia</b>		(1,923,766)	(4,526,547)
<b>Surplus/(deficit) for the year after tax</b>		<b>51,266</b>	<b>(189,834)</b>
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income for the year</b>		<b>51,266</b>	<b>(189,834)</b>

**Statement of Financial Position**

as at 31 December 2017

	Notes	2017 \$	2016 \$
<b>Current assets</b>			
Cash and cash equivalents	7a	1,214,765	1,288,385
Trade and other receivables	8	97,848	129,802
Investments	9	0	2,393
<b>Total current assets</b>		1,312,613	1,420,580
<b>Non-current assets</b>			
Property, equipment and vehicles	10	18,488	40,962
<b>Total non-current assets</b>		18,488	40,962
<b>Total assets</b>		1,331,101	1,461,542
<b>Current liabilities</b>			
Trade and other payables	11	595,580	753,781
Grants income deferred	12	135,883	197,929
Employee benefits	13	301,939	274,130
<b>Total current liabilities</b>		1,033,402	1,225,840
<b>Non-current liabilities</b>			
Employee benefits	13	20,956	10,225
<b>Total non-current liabilities</b>		20,956	10,225
<b>Total liabilities</b>		1,054,358	1,236,065
<b>Net assets</b>		276,743	225,477
<b>Equity</b>			
Retained earnings		276,743	225,477
<b>Total equity</b>	14	<b>276,743</b>	<b>225,477</b>

**Statement of Changes in Equity**

for the year ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Balance of Equity as at 1 January</b>	225,477	415,311
<b>Comprehensive income for the period</b>		
Surplus/(Deficit)	51,266	(189,834)
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>51,266</b>	<b>(189,834)</b>
<b>Balance of Equity as at 31 December</b>	<b>276,743</b>	<b>225,477</b>

**Statement of Cash Flows**

for the year ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	7,130,026	9,457,935
Cash payments in the course of operations	(3,868,326)	(4,220,297)
Net grants made to National Heart Foundation of Australia	(3,352,705)	(5,043,870)
Net financial income	5,185	12,257
<b>Net cash from operating activities</b>	<b>(85,820)</b>	<b>206,025</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, equipment and vehicles	12,200	0
Acquisition of property, equipment, vehicles and computer software	0	0
<b>Net cash from investing activities</b>	<b>12,200</b>	<b>0</b>
<b>Net increase in cash and cash equivalents</b>	<b>(73,620)</b>	<b>206,025</b>
Cash and cash equivalents at 1 January	1,288,385	1,082,360
<b>Cash and cash equivalents at 31 December</b>	<b>1,214,765</b>	<b>1,288,385</b>

Notes

7b

7a



## Notes to the Financial Statements

for the year ended 31 December 2017

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### 1 Reporting entity

The National Heart Foundation of Australia (Queensland Division) (the "Foundation") (ABN: 32 009 691 570) is a company domiciled in Australia. The address of the Foundation's registered office is 557 Gregory Terrace, Fortitude Valley QLD 4006. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission, devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

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### 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 30 April 2018.

#### (b) Basis of measurement

The financial report is prepared on the historical cost basis except for equity instruments which are measured at fair value.

#### (c) Functional and presentation currency

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

#### (d) Use of estimates and judgements

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

#### Significant accounting estimates and assumptions.

There are no 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.

#### (e) 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 for the Foundation for the year ended 31 December 2017 amounted to \$1,975,032 (2016: Surplus of \$4,336,713). At 31 December 2017, the Foundation had net current assets of \$279,211 (2016: net current assets \$194,740) and net assets of \$276,743 (2016: \$225,477).

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 the Foundation or wind up the Foundation, substantial trading activities, assets and liabilities are expected to be transferred to the unified entity. However this transition may take some time therefore the Foundation will continue to exist for at least 12 months following unification, and will remain active to receive any specific income or meet any contractual obligations under the name of the Foundation. Furthermore, in the event the Foundation does not proceed with unification (members vote not to unify at the AGM), National Heart Foundation of Australia acknowledge their commitment to the written financial support issued to the Foundation and will assist in ensuring there is an orderly transition of existing commercial arrangements between the National entity and the Foundation.

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

- The National Heart Foundation of Australia have acknowledged they will bear all costs of unification; and
- The Foundation has received confirmation of legally enforceable and irrevocable financial support from National Heart Foundation of Australia, 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 the 31 December 2017 financial report of the Foundation is signed.





## Notes to the Financial Statements

for the year ended 31 December 2017

### 3 Significant accounting policies (continued)

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

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

A financial asset is recognised on the date the Foundation becomes party to the contractual provisions of the asset. 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.

#### (h) Impairment

##### (i) Non-derivative financial assets including receivables

Each financial asset, apart from those classified at fair value, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security.

##### (ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any objective evidence that they are impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss for an individual asset measured under the cost model is recognised in the statement of comprehensive income, whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. As the future economic benefits of the asset are not primarily dependent on the asset's ability to generate cash inflows, value in use is the depreciated replacement cost of the asset concerned. Depreciated replacement cost is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

#### (i) Trade and other payables (non-derivative financial liability)

Trade and other payable are stated at cost, this being equivalent to fair value.

#### (j) Employee benefits

##### (i) Short term benefits

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

##### (ii) Long term benefits

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

- assumed rate of future increases in wage and salary rates: 2017: 3.0% (2016: 3.0%)
- 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 based on turnover history: 2017: 15 years (2016: 15 years)

##### (iii) Defined contribution plans

A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Superannuation contributions are made by the Foundation in respect of all employees to provide accumulation style benefits only. Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in the period during which services are rendered by employees.

#### (k) Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessment of the time value of money and risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 3 Significant accounting policies (continued)

#### (l) Segment reporting

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

#### (m) Finance income and finance costs

Finance income comprises interest income, dividend income and gains on disposal of financial assets. Finance costs comprise losses on disposal and impairment of financial assets.

#### (n) Financial risk management

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

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

Further details in respect of each of these risks are set out in note 18 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the 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 Foundation. 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.

##### *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 Company are set out below. The Company 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 years 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.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

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### 3 Significant accounting policies (continued)

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.

The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9 but does not expect the impact to be material to the Foundation.

#### **(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) Equity and debt securities

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

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>4 Revenue from operating activities</b>		
Charitable support - bequests	3,162,013	5,276,890
Charitable support - non-bequests	3,351,273	3,944,024
Sale of goods	1,927	1,166
<i>Total revenue from fundraising activities</i>	<i>6,515,213</i>	<i>9,222,080</i>
Government non-reciprocal grants	50,000	50,000
Grants for specific health programs - Government	616,342	621,633
Grants for specific health programs and research - other	154,195	164,239
Other	64,401	79,755
<i>Total revenue from other operating activities</i>	<i>884,938</i>	<i>915,627</i>
<b>Total revenue from operating activities</b>	<b>7,400,151</b>	<b>10,137,707</b>
<b>5 Auditors' remuneration</b>		
KPMG Australia: Audit services	30,503	29,964
	<b>30,503</b>	<b>29,964</b>
<b>6 Finance income and costs</b>		
<b>Recognised in Surplus/(Deficit)</b>		
Interest income	4,969	11,524
<b>Finance income</b>	<b>4,969</b>	<b>11,524</b>
<b>Net finance income and costs recognised in Surplus/(Deficit)</b>	<b>4,969</b>	<b>11,524</b>
<b>7a Cash and cash equivalents</b>		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.01% to 0.50% (2016: 0.01% to 1.30%)	1,214,765	1,288,385
	<b>1,214,765</b>	<b>1,288,385</b>

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 18.

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>7b Reconciliation of cash flows from operating activities</b>		
<b>Net surplus / (deficit) from ordinary activities</b>	51,266	(189,834)
Adjustments for:-		
Depreciation/Amortisation	14,616	19,088
Investments acquired for nil consideration via bequests	2,393	(2,393)
Net loss/(gain) on disposal of property, equipment and vehicles	(4,342)	0
<b>Net cash from operating activities before changes in working capital and provisions</b>	63,933	(173,139)
(Increase)/decrease in receivables	39,231	(10,349)
(Increase)/decrease in grants income accrued	(7,277)	37,521
Increase/(decrease) in payables	(158,201)	503,720
Increase/(decrease) in grants income deferred	(62,046)	(158,669)
Increase/(decrease) in employee benefits	38,540	6,941
<b>Net cash from operating activities</b>	<b>(85,820)</b>	<b>206,025</b>
<b>8 Trade and other receivables</b>		
Trade receivables owing by National Heart Foundation of Australia (National)	79,926	98,680
Grants income accrued	7,277	0
Other receivables and prepayments	10,645	31,122
	<b>97,848</b>	<b>129,802</b>
<b>9 Investments</b>		
<b>Current investments</b>		
Listed Shares	0	2,393
	<b>0</b>	<b>2,393</b>

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

**10 Property, equipment and vehicles**

	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$

Balance at 1 January 2016	140,877	68,266	209,143
Acquisitions	0	0	0
Disposals	0	0	0
Balance at 31 December 2016	140,877	68,266	209,143

Balance at 1 January 2017	140,877	68,266	209,143
Acquisitions	0	0	0
Disposals	0	(19,002)	(19,002)
Balance at 31 December 2017	140,877	49,264	190,141

**Depreciation & Impairment losses**

Balance at 1 January 2016	123,311	25,782	149,093
Depreciation charge for the year	8,847	10,241	19,088
Disposals	0	0	0
Balance at 31 December 2016	132,158	36,023	168,181

Balance at 1 January 2017	132,158	36,023	168,181
Depreciation charge for the year	6,110	8,506	14,616
Disposals	0	(11,144)	(11,144)
Balance at 31 December 2017	138,268	33,385	171,653

**Carrying amounts**

At 1 January 2016	17,566	42,484	60,050
At 31 December 2016	8,719	32,243	40,962

At 1 January 2017	8,719	32,243	40,962
At 31 December 2017	2,609	15,879	18,488

**11 Trade and other payables**

	2017 \$	2016 \$
Trade payables to National Heart Foundation of Australia	396,108	566,679
Trade payables to other National Heart Foundation divisions	187	68,359
Other payables and accrued expenses	199,285	118,743
	595,580	753,781

The Foundation's exposure to liquidity risk relates to trade and other payables is disclosed in note 18.



**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>12 Grants income deferred</b>		
Balance at 1 January	197,929	356,598
Amounts received	701,214	627,203
Income taken to revenue	(770,537)	(785,872)
Income accrued	7,277	0
Balance at 31 December	<b>135,883</b>	<b>197,929</b>

The carrying value of grants income deferred is equal to fair value. The Foundation's exposure to liquidity risk relating to grants income deferred is disclosed in note 18.

**13 Employee benefits**

Aggregate liability for employee benefits including oncosts:

Current - long service leave and annual leave	301,939	274,130
Non-current - long service leave	20,956	10,225
Total employee benefits	<b>322,895</b>	<b>284,355</b>
<i>Personnel expenses:</i>		
Wages and salaries	2,039,757	1,936,603
Contributions to superannuation plans	151,948	144,389
Total personnel expenses	<b>2,191,705</b>	<b>2,080,992</b>
Number of employees at year end (full time equivalents)	20	19

**14 Equity**

<b>Retained Earnings at beginning of year</b>	225,477	415,311
Operating Surplus/(deficit)	51,266	(189,834)
Other Comprehensive Income	0	0
Total Comprehensive Income for the year	51,266	(189,834)
<b>Total Equity at end of year</b>	<b>276,743</b>	<b>225,477</b>

**Assets held in trust**

From time to time the Foundation is appointed as trustee in relation to funds to be applied for research or other programs related to cardiovascular health. As no equity is held in those assets they are excluded from the financial statements.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Balance brought forward	279,443	271,913
Interest and funds received	5,754	7,530
Less Payments in accordance with Trust	0	0
Balance carried forward	<b>285,197</b>	<b>279,443</b>



**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

**15 Company limited by guarantee**

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

As at 31 December 2017 there were 7 members (2016: 8 members) of the Foundation.

At 31 December 2017 the total liability for membership in the event the Foundation is wound up would be \$28.

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

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

**Non executive directors**

Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ

Mr Ian Humphreys, BA (UNSW), LLB (UTS), Dip.Leg.Prac (UTS), LLM (Syd),

Mr Ben Woodbridge, CA, BCom, GradDipAppFin

Dr Roger K Wilkinson, MBBS, BA, M.Litt., FRACP, FCSANZ

Dr Colin Dillon, AM APM

Prof Lyn Griffiths, BSc Hons, PLD

Mr Peter Scott, DIP Bus, BBus, MPA, MBA, FCPA

Ms Rebecca Treston, QC (Resigned 04/05/2017)

Professor Michael Good, AO, MD PhD, FASM, FRACP, FTSE, FAHMS (Resigned 06/06/2017)

Ms Melanie Gin, BCom, CA (Resigned 18/10/2017)

Mr Brett Delaney, BCom, FCA (Resigned 19/10/2017)

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

**Executive Staff**

Mr Stephen Vines, MBA, BBus Mgmt, MAICD, Chief Executive Officer

Ms Rachelle Foreman, MPhil, MScST, BAppSc (HMS), Health Director

Mrs Catherine Donald, BCom, Finance Director

Mrs Sonya Tufnell, MA, BA (Hons), CFRE, MFIA, Fundraising Director (Appointed 06/02/2017)

Mr Bruce Macdonald, BAgSc, DipEd, Fundraising Director (Resigned 31/03/2017)

The compensation of key management personnel was as follows:

Short term employee benefits

Post - employment benefits

Other long term benefits

Total

	2017	2016
	\$	\$
	680,778	638,207
	55,136	54,508
	(9,127)	8,874
	<b>726,787</b>	<b>701,589</b>

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

**16 Related Parties (continued)****Other related parties**

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

	2017	2016
	\$	\$
Contributions received from sale of services - Divisions	2,011,612	6,033,247
Contributions paid for purchase of services - Divisions	3,911,119	5,678,389
Grants for research and other national initiatives	1,923,766	4,526,547
Contribution paid for Rent - National	218,625	218,625

Amounts receivable and payable to non-director related parties are shown in notes 8 and 11 respectively.

**17 Subsequent events**

At 30 June 2018 the Federation Agreement will expire. Subsequent to this date the National Heart Foundation of Australia Federation Agreement will not be renewed and the National Heart Foundation of Australia is currently in the process of unifying into a National entity.

Prior to 31 March 2018 each National Heart Foundation of Australia Division was required to communicate to the National Heart Foundation of Australia their intention to recommend their members to unify, or not into the new National entity.

On 31 March 2018 the Foundation directors notified the National Heart Foundation of Australia of their decision to recommend to their members to unify into the new National entity.

As a result of the above the National Heart Foundation of Australia has provided a legally enforceable irrevocable letter of financial support confirming their 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, until the Foundation is able to pay its debts as and when they fall due without the support of National Heart Foundation of Australia Division. The financial support is provided for a minimum of 12 months from the date the 31 December 2017 financial report of the Foundation is signed.

**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.

Investments are allowed only in liquid securities and equity securities in Australian shares that are in compliance with the Foundation's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Foundation's financial assets have high credit quality.

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:

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

**18 Financial instruments (continued)**

	Notes	2017 \$	2016 \$
<b>Financial assets</b>			
Cash *	7a	1,214,765	1,288,385
Trade and other receivables *	8	90,571	129,802
Grants income accrued *	8	7,277	0
Listed Shares#	9	0	2,393
		1,312,613	1,420,580

\* Financial assets held at cost/amortised cost

# Financial assets held at fair value through other comprehensive income

**Impairment losses from trade receivables**

Of the Foundation's trade receivables balance of \$90,571 (2016: \$129,802), \$0 is past due.

Based on receivables history, the Foundation believes that no impairment allowance is necessary in respect of trade receivables, as trade and other receivables predominately relate to the National Heart Foundation and other Divisions (refer Note 8).

**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 cashflows which are 6 months or less. The maximum exposure to liquidity risk is represented by the carrying amount of each financial liability in the statement of financial position as summarised below:

	Notes	2017 \$	2016 \$
<b>Non derivative financial liabilities</b>			
Trade and other payables	11	595,580	753,781
Grants income deferred	12	135,883	197,929
		731,463	951,710

**Market risk**

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

**Interest rate risk**

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

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the *Sensitivity Analysis Disclosure*. The analysis assumes all other variables remain constant.

This analysis is performed on the same basis as that used in 2016.

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2017

**18 Financial instruments (continued)****Sensitivity Analysis Disclosure**

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

- A parallel shift of +1%/-1% in market interest rates (AUD) from year end rates of 3%
- Proportional other market price risk movement of equity securities listed on the ASX index of +10%/-10%

	2017					2016				
	Carrying Amount/ Face Value	-1% Surplus/ (Deficit)	Equity	+1% Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	-1% Surplus/ (Deficit)	Equity	+1% Surplus/ (Deficit)	Equity
<b>Interest rate risk</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>										
<i>Variable rate instruments</i>										
Cash at bank	1,214,765	(12,148)	(12,148)	12,148	12,148	1,288,385	(12,884)	(12,884)	12,884	12,884
<b>Total increase/(decrease)</b>		(12,148)	(12,148)	12,148	12,148		(12,884)	(12,884)	12,884	12,884

	2017					2016				
	Carrying Amount/ Market Value	-10% Surplus/ (Deficit)	Equity	+10% Surplus/ (Deficit)	Equity	Carrying Amount	-10% Surplus/ (Deficit)	Equity	+10% Surplus/ (Deficit)	Equity
<b>Other market price risk</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>										
Investments - listed shares	0	0	0	0	0	2,393	0	(239)	0	239
<b>Total increase/(decrease)</b>		0	0	0	0		0	(239)	0	239

**Fair value hierarchy**

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

The different levels have been defined as:

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

	Notes	31-December-2017		
		Level 1	Level 2	Level 3
		\$	\$	\$
Investments - listed shares	9	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>

	Notes	31-December-2016		
		Level 1	Level 2	Level 3
		\$	\$	\$
Investments - listed shares	9	2,393	0	0
		<b>2,393</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

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### 18 Financial instruments (continued)

#### Operational risk

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

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

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

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

# Independent Auditor's Report

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

## Qualified Opinion

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

In our opinion except for the possible effects of the matter described in the Basis for Qualified opinion section of our report, the accompanying **Financial Report** of the Foundation is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2072*, including:

- i. giving a true and fair view of the Foundation 's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* and *the Australian Charities and Not-for-profits Commission Regulation 207 3*.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2017.
- ii. Statement of profit 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 Foundation. The Foundation has determined that it is impracticable to establish controls over the collection of charitable fundraising revenue, mainly comprising 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 Foundation, 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 National Heart Foundation of Australia (Queensland Division)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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.

We also:

1. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
11. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Foundation.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 registered Foundation to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors' of the registered Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings.



KPMG



Tracey Barker  
Partner

Brisbane  
30 April 2018





# 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 (Queensland 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:

- 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

Tracey Barker  
Partner

Brisbane  
30 April 2018



**Heart Foundation Helpline: 13 11 12**  
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