

“ I feel that by giving a donation I may help to save a life.”

“ The heart is so vital to life. Keep up the good work.”

“ I support the Heart Foundation because they have been a great help to me, 15 years ago I had a triple bypass, since then a stent and valve and pacemaker operation and am told it’s a miracle I’m still here.”

“ It’s important work you’re doing – thank you!” “ I donate because I lost a friend to heart disease. She was only 24 when she died and it broke my heart.” “ I love being part of an organisation that wants to find cures and make people’s lives easier with their heart health and general wellbeing.” “ I think of all those who might have a longer happier life if the heart health message was better heard.” “ I support the Heart Foundation because it might happen to me and anyone I know or anyone else.” “ Being a volunteer for many years now, gives me a sense of worth and pride that I can help in small ways as well.”

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# ANNUAL REPORT 2013

+ FINANCIAL STATEMENTS

National Heart Foundation of Australia  
(Northern Territory Division) Incorporated ABN 48 842 342 239  
For the year ended 31 December 2013



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## Directors and Office Bearers

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### Patron

Her Honour the Honourable Sally Thomas, AM, Administrator of the Northern Territory

### Board of Directors

President Dr Marcus Ilton, MBBS, FRACP

Vice President Mr Graham Kemp

Treasurer Ms Hayley Richards, BComm (Economics)

Directors Ms Lee Oliver

Mr Lee Morgan Assoc Diploma Natural Resources (appointed May 2013)

Prof Alan Cass BA, MBBS, Grad Dip Clinical Epidemiology, FRACP, PhD (appointed May 2013)

Mr Jamie Blanchard BA, LLB, MBA, Grad Cert Public Policy (appointed May 2013)

Mr Chris Natt (resigned July 2013)

Honorary Secretary Ms Inta Tumuls, LLB (Hons) Grad Dip Legal Practice, BSc, Dip Ed, Grad Cert Management

### Chief Executive Officer

Ms Dorothy Morrison, BA, DipContEd, MEd

### Solicitors

Cridlands MB Lawyers

### Auditors

BDO Audit (NT)

### Registered Officer

Level 3  
21 Knuckey Street  
Darwin, NT 0800

### Postal Address

GPO Box 4363  
Darwin, NT 0801

## Directors' Report

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The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (Northern Territory Division) Incorporated ("the Foundation") for the year ended 31 December 2013 and auditors' 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	Board meetings attended and held	Appointment & resignation
Dr Marcus Ilton, MBBS, FRACP	7 / 7	Appointed 1998
Mr Graham Kemp	7 / 3	Appointed 2008
Ms Hayley Richards, BComm (Economics)	7 / 5	Appointed 2012
Ms Lee Oliver	7 / 7	Appointed 2011
Mr Lee Morgan Assoc Diploma Natural Resources	4 / 4	Appointed May 2013
Prof Alan Cass BA, MBBS, Grad Dip Clinical Epidemiology, FRACP, PhD	4 / 4	Appointed May 2013
Mr Jamie Blanchard BA, LLB, MBA, Grad Cert Public Policy	4 / 3	Appointed May 2013
Mr Chris Natt	3 / 0	Appointed May 2012 Resigned July 2013
Ms Inta Tumuls, LLB (Hons) Grad Dip Legal Practice, BSc, Dip Ed, Grad Cert Management	7 / 4	Appointed 2010

## Corporate Governance Statement

The Foundation is incorporated under the NT Associations Act. Ultimate responsibility for the governance of the company rests with the Board of Directors. This corporate governance statement outlines how the Board meets that responsibility. The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

### Role of the Board

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

### Federation Agreement

The Foundation entered into a new 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 January 2013. 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 ("National"). All costs associated with these renamed "Group Services" are held and

## **Directors' Report (continued)**

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accounted for in the National Heart Foundation of Australia ("National") 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 Foundations expenditure but is offset by increased grants to the National Heart Foundation of Australia ("National").

### **Oversight by the Board**

The Board oversees and monitors the performance of management by:

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

### **Specific responsibilities of the Board**

The Board fulfils its primary role by:

- Selecting, appointing, guiding and monitoring the performance of the Chief Executive Officer ("CEO")
- Formulating the strategic plan of the Foundation in conjunction with the CEO and management
- Approving operating and capital budgets formulated by the CEO and management
- Monitoring the progress of management in achieving the strategic plan
- Monitoring the adherence by management to operating and capital budgets
- Ensuring the integrity of internal control, risk management and management information systems
- Ensuring stakeholders receive regular reports, including financial reports
- Ensuring the independence of the Foundation from government, industry and other groups in determining health and other policies and recommendations
- Ensuring the Foundation complies with 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 seven directors
- No employees of the Foundation, including the CEO, can be a director of the Foundation

The Board ensures it is well equipped with skills and expertise relevant to the Foundation's activities to make it a stable and effective governing body.

The current Board's qualifications appear on page 4. Board members receive written advice of the terms and conditions of their appointment and complete a structured induction program when first appointed. Management presentations to the Board enable directors to maintain knowledge of the business and operations of the Foundation. A formalised Board Performance Evaluation process is undertaken.

### **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.

## **Directors' Report (continued)**

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### **Ethical standards and code of conduct**

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

### **Involving stakeholders**

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

### **Principal activities and achievement of objectives**

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

### **Short and long term objectives and strategies for achieving these objectives**

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

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

- Healthy hearts
- Heart care
- Health equity
- Research

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

#### **Performance Measures and Key Achievements in 2013**

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 atypical heart attack symptoms.

## **Directors' Report (continued)**

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### **Highlights in 2013**

#### **Landmark smoke free launch**

In October 2013, the Tiwi Islands Shire Council, along with our NT team, launched a new smoke-free policy for all shire sites. We worked with the council to develop and implement the initiative, which aims to promote health, especially around tobacco and heart disease, through positive lifestyle messaging. The initiative uses unique, locally designed smoke-free signage which is now displayed across 30 shire sites. The launch was fronted by members of the Tiwi Bombers Football Club. Sport is a significant part of many young Tiwi Islanders lives, and the Bombers' motivational talks helped highlight the smoke-free message.

#### **Keeping the heart in the north**

2013 was a big year for our NT team, who worked with our Commonwealth Government colleagues to keep heart health front of mind for remote communities. With the Remote Active Living and Tackling Smoking and Healthy Lifestyle projects continuing, we worked with multiple partners to strengthen the capacities of remote workforces to deliver healthy lifestyle messages at a local level, focusing on children, youth and the broader community.

#### **For all Territorians**

- Along with our work in the Tiwi Islands, we worked closely with local governments to make smoke-free communities a priority across the Northern Territory. The Tackling Smoking and Healthy Lifestyles Project is a \$1.69 million, externally funded project through the Commonwealth Department of Health under the Closing the Gap initiative. The funding for the project supports this ongoing focus through direct engagement with communities and has extended the focus to cover the communities of Goulburn and Croker Islands, covering a population of around 3,500 Aboriginal and Torres Strait Islander people.
- We worked to deliver absolute Cardiovascular Disease (CVD) risk training to 21 health care workers in the east Arnhem area. These workshops were designed to increase the knowledge, skills and confidence of clinicians who work with community members every day – and will allow them to identify people who are at risk of a heart attack or stroke, and help them to modify their lifestyle.
- We are for all Territorians! We've worked with the City of Darwin to make sure that our city has plenty of green space and safe places to be active through Healthy Spaces and Places workshops, allowing engagement and consultation with town planners and policy makers about the importance of these spaces to the cardiovascular health and social wellbeing of our community.
- We also conducted Healthy Lifestyles workshops, with over 90 community workers taking part, who can now help us to spread the word about healthy eating, physical activity, the importance of being smoke-free and the importance of getting regular health checks.

## Directors' Report (continued)

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

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

Charitable support from the general public continued to be strong in 2013. Income from this type of fundraising is obtained in an increasingly competitive charity climate.

	2013	2012	2011	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income &amp; Expenditure</b>					
Charitable support - bequests	0	0	0	0	5
Charitable support - non-bequests	235	220	243	154	169
<b>Fundraising income</b>	<b>235</b>	<b>220</b>	<b>243</b>	<b>154</b>	<b>174</b>
Government non-reciprocal grants	53	57	56	36	45
Grants for specific health programs	618	138	81	18	182
Other income	19	6	1	3	12
<b>Total income</b>	<b>926</b>	<b>421</b>	<b>381</b>	<b>210</b>	<b>413</b>
Less: Fundraising expenditure	(82)	(94)	(182)	(37)	(59)
Communications & administration	(238)	(222)	(335)	(253)	(134)
<b>Surplus available for health programs &amp; research</b>	<b>606</b>	<b>105</b>	<b>(136)</b>	<b>(80)</b>	<b>220</b>
Health programs conducted locally	(1,083)	(652)	(440)	(316)	(639)
Contributions from National for health programs	465	552	571	395	413
<b>Balance added to/(deducted from) equity</b>	<b>(12)</b>	<b>5</b>	<b>(5)</b>	<b>(1)</b>	<b>(6)</b>
<b>Ratios:</b>	%	%	%	%	%
Fundraising expenditure to fundraising income	35%	43%	75%	24%	34%
Surplus from fundraising to fundraising income	65%	57%	25%	76%	66%
Surplus available for health programs & research to total income	65%	25%	(35%)	(37%)	53%
Expenditure on health programs and research to total income	67%	24%	(34%)	(37%)	55%
Expenditure on health programs and research to total expenditure	66%	24%	(34%)	(37%)	54%
Annual increase in expenditure on health programs & research	518%	(176%)	67%	(135%)	169%
<b>Assets &amp; Liabilities</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash & investments	1,292	805	72	88	88
Computers, cars & equipment	26	34	38	44	45
Other assets	523	78	85	9	38
<b>Total assets</b>	<b>1,841</b>	<b>916</b>	<b>195</b>	<b>141</b>	<b>170</b>
Total liabilities	(1,755)	(817)	(101)	(44)	(73)
<b>Total equity</b>	<b>86</b>	<b>99</b>	<b>93</b>	<b>97</b>	<b>98</b>



## **Directors' Report (continued)**

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### **Events Subsequent to Reporting Date**

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

### **Likely Developments**

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

### **Environmental Regulation**

The Foundation's operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However the Directors believe that the Foundation has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Foundation. The full impact of carbon tax legislation is yet to be determined as at the date of this report.

### **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.

### **Lead auditor's independence declaration**

The auditor's independence declaration is set out on page 27 and forms part of the directors' report for financial year 2013.

Signed in accordance with a resolution of the Directors.



Dr Marcus Ilton  
President



Hayley Richards  
Treasurer

Dated at Darwin this 19th day of March 2014

## Directors' Declaration

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In the opinion of the directors of National Heart Foundation of Australia (Northern Territory Division) Incorporated ("the Foundation"):

- (a) the financial statements and notes, set out on pages 10 to 26, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Foundations financial position as at 31 December 2013 and of their performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.



Dr Marcus Ilton  
President



Hayley Richards  
Treasurer

Dated at Darwin this 19th day of March 2014

**Statement of Comprehensive Income**

For the year ended 31 December 2013

		<b>The Foundation</b>	
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
<b>Revenue</b>			
Revenue from operating activities	4	906,362	414,437
<b>Total revenue</b>		<b>906,362</b>	<b>414,437</b>
<b>Expenditure</b>			
Health programs (including those funded by grants)		(1,083,268)	(651,659)
Fundraising		(82,220)	(93,576)
Cost of goods sold		(51)	(326)
Communications and publicity		(150,459)	(160,059)
Administration		(87,151)	(63,015)
<b>Results from Operating activities</b>		<b>(496,787)</b>	<b>(554,198)</b>
Finance income		19,254	6,850
Finance costs		0	0
<b>Net Finance income/(cost)</b>	6	<b>19,254</b>	<b>6,850</b>
<b>Operating Surplus/(deficit) for the period</b>		<b>(477,533)</b>	<b>(547,348)</b>
Net Grants (to)/from National Heart Foundation of Australia		465,167	552,463
<b>Surplus/(deficit) for the period</b>		<b>(12,365)</b>	<b>5,115</b>
<b>Other comprehensive income</b>			
Gains/(Losses) on sale and revaluation of financial assets		0	0
<b>Other comprehensive income for the period</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(12,365)</b>	<b>5,115</b>

**Statement of Financial Position**

for the year ended 31 December 2013

	Notes	The Foundation	
		2013 \$	2012 \$
<b>Current assets</b>			
Cash and cash equivalents	7a	1,291,820	804,726
Trade and other receivables	8	523,425	77,620
<b>Total current assets</b>		<b>1,815,245</b>	<b>882,346</b>
<b>Non-current assets</b>			
Property, Plant, equipment and vehicles	9	26,217	33,919
<b>Total non-current assets</b>		<b>26,217</b>	<b>33,919</b>
<b>Total assets</b>		<b>1,841,462</b>	<b>916,265</b>
<b>Current liabilities</b>			
Trade and other payables	10	115,701	87,192
Grants income deferred	11	1,622,331	712,637
Employee benefits	12	4,703	8,824
<b>Total current liabilities</b>		<b>1,742,735</b>	<b>808,653</b>
<b>Non-current liabilities</b>			
Employee benefits	12	12,480	9,000
<b>Total non-current liabilities</b>		<b>12,480</b>	<b>9,000</b>
<b>Total liabilities</b>		<b>1,755,215</b>	<b>817,653</b>
<b>Net assets</b>		<b>86,247</b>	<b>98,612</b>
<b>Equity</b>			
Retained earnings		86,247	98,612
<b>Total equity</b>	13	<b>86,247</b>	<b>98,612</b>

**Statements of Changes in Equity**

for the year ended 31 December 2013

		<b>The Foundation</b>	
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Balance of Equity as at 1 January</b>		98,612	93,497
<b>Comprehensive income for the period</b>			
Surplus/(deficit) for the period		(12,365)	5,115
Other comprehensive income		0	0
<b>Total comprehensive income for the period</b>		<b>(12,365)</b>	<b>5,115</b>
<b>Balance of Equity as at 31 December</b>	13	<b>86,247</b>	<b>98,612</b>

**Statement of Cash Flows**

for the year ended 31 December 2013

		<b>The Foundation</b>	
		<b>2013</b>	<b>2012</b>
<b>Notes</b>		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Cash receipts in the course of operations	1,487,019	1,067,594
	Cash payments in the course of operations	(1,197,846)	(974,979)
	Net financial income	198,593	645,973
	<b>Net cash from operating activities</b>	<b>487,766</b>	<b>738,588</b>
<b>Cash flows from investing activities</b>			
	Proceeds from sale of property, equipment and vehicles	0	0
	Acquisition of property, equipment, vehicles and computer software	(672)	(5,733)
	<b>Net cash from investing activities</b>	<b>(672)</b>	<b>(5,733)</b>
<b>Cash flows from financing activities</b>			
	Net grants received from National Heart Foundation of Australia	0	0
	<b>Net cash from financing activities</b>	<b>0</b>	<b>0</b>
	<b>Net increase in cash and cash equivalents</b>	<b>487,094</b>	<b>732,855</b>
	Cash and cash equivalents at 1 January	804,726	71,871
	<b>Cash and cash equivalents at 31 December</b>	<b>1,291,820</b>	<b>804,726</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2013

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### 1 Reporting entity

The National Heart Foundation of Australia (Northern Territory Division) Incorporated (the "Foundation") (ABN: 48 842 342 239) is an incorporated entity domiciled in Australia. The address of the Foundation's registered office is Level 3, Darwin Central Offices, 21 Knuckey Street, Darwin NT 0800. The Foundation is a not for profit charity 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 statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the NT Associations Act. The financial report was authorised for issue by the directors on 12 March 2014. Australian Accounting Standards set out accounting policies that AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

#### (b) Basis of measurement

The financial statements are prepared on the historical cost basis.

#### (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 in the financial statements. 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 areas where assumptions and estimates are significant to financial statements are disclosed in Note 4.

#### (e) New, revised or amending Accounting Standards and Interpretations adopted

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

##### AASB119 Employee Benefits (September 2011)

The Foundation has applied AASB 119 from 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2013

### 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 (deferred income)

Grants received for specific health programs 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 the funds attributable to work still to be completed are carried forward as grants income deferred.

##### (iv) Sale of goods

Revenue from the sale of goods is recognised when control of the goods passes to the customer.

##### (v) Services of volunteers

A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. School children across the Northern Territory also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 3,500 children and 26 schools and groups throughout the Northern Territory. The Foundation's door knock program successfully recruited over 890 volunteers to collect funds in 2013. 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) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank accounts and short term deposits maturing within 90 days that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

#### (c) 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.

#### (d) 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 fall under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

#### (e) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses, this being equivalent to fair value.

#### (f) Equipment and vehicles

##### (i) Recognition and measurement

Items of equipment and vehicles are measured at cost less accumulated depreciation and impairment losses. 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 equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of equipment and vehicles and are recognised on a net basis in the statement of surplus or deficit and comprehensive income.



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

for the year ended 31 December 2013

**3 Significant accounting policies (continued)****(ii) Depreciation**

Depreciation is charged to the statement of surplus or deficit and comprehensive income on a straight-line basis over the estimated useful lives of each item of 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.

**(g) Leased assets including property and equipment**

Leases in terms of which the Foundation assumes substantially all the risks and benefits of ownership are classified as finance leases. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by payments made. The interest components of the lease payments are expensed. There have been no finance leases during the periods covered by these financial statements. Other leases are classified as operating leases and payments are expensed on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. The Foundation recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's statement of financial position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's statement of financial position for the costs of restoring leased premises to conditions as set out in the lease agreement. This future obligation will be adjusted annually to reflect increases in CPI.

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

**(h) Financial Instruments****(i) Other financial instruments**

Other financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Other financial instruments are recognised initially at fair value plus any directly attributable transaction costs. A financial instrument is recognised if the Foundation becomes party to the contractual provisions of the instrument. 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(n). Other non-derivative financial instruments are measured at amortised costs using effective interest method, less any impairment losses.

**(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. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the Foundation and/or a Division on terms that the Foundation and/or Division would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2013

### 3 Significant accounting policies (continued)

#### (ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any objective evidence that they are impaired. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss for an individual asset measured under the cost model is recognised in the statement of surplus or deficit and comprehensive income, whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is recognised in the statement of surplus or deficit and comprehensive income to the extent that an impairment loss was previously recognised in the statement of surplus or deficit and comprehensive income.

#### (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 fair value.

#### (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, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Foundation or the Divisions expect 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: 2013 2.5% (2012: 3.0%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2013 4.23% (2012: 3.32%)
- expected settlement dates based on turnover history: 2013 10 years (2012: 10 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 statement of surplus or deficit and comprehensive income in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (l) Provisions

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

#### (m) Segment reporting

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

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

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

## Notes to the Financial Statements (continued)

for the year ended 31 December 2013

### 3 Significant accounting policies (continued)

#### (o) Financial risk management

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

Financial instruments

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

Further details in respect of each of these risks are set out in note 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 Foundations activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

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

Economic dependency

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

#### (p) 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 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

#### (q) Determination of fair values

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

##### (i) Trade and other receivables

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

##### (ii) Plant and equipment

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

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

for the year ended 31 December 2013

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>4 Revenue from operating activities</b>		
Charitable support - bequests	0	0
Charitable support - non-bequests	234,909	217,941
Sale of goods	170	980
<i>Total revenue from fundraising activities</i>	<u>235,079</u>	<u>218,921</u>
Government non-reciprocal grants	53,126	57,465
Grants for specific health programs - Government	618,157	138,331
Grants for specific health programs and research - other	0	697
Other	0	(977)
<i>Total revenue from other operating activities</i>	<u>671,283</u>	<u>195,516</u>
<b>Total revenue from operating activities</b>	<u>906,362</u>	<u>414,437</u>
<b>5 Auditors' remuneration</b>		
BDO Audit (NT)		
Audit services	6,200	6,200
Other services	2,000	0
	<u>8,200</u>	<u>6,200</u>
<b>6 Finance income and costs</b>		
<b>Recognised in Surplus/(deficit)</b>		
Interest income	19,254	6,850
Dividend income	0	0
<b>Finance income</b>	<u>19,254</u>	<u>6,850</u>
<b>Net finance income and costs recognised in Surplus/(deficit)</b>	<u>19,254</u>	<u>6,850</u>
<b>Recognised in Other Comprehensive Income</b>		
Impairment loss	0	0
<b>Net finance income and costs recognised in Other Comprehensive Income</b>	<u>0</u>	<u>0</u>
<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% to 3% (2012: 0% to 4.25%)	1,291,820	804,726
	<u>1,291,820</u>	<u>804,726</u>

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 18. The carrying value of cash and cash equivalents is equal to fair value.

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

for the year ended 31 December 2013

**7b Reconciliation of cash flows from operating activities**

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Net surplus / (deficit) from ordinary activities</b>	(12,365)	5,115
Adjustments for:-		
Depreciation	8,373	9,074
Amortisation	0	0
Make good / restoration	0	0
Operating lease expense obligations	0	0
Investments acquired for nil consideration via bequests	0	0
Net loss/(gain) on disposal of property, equipment and vehicles	0	821
<b>Net cash from operating activities before changes in working capital and provisions</b>	(3,992)	15,010
(Increase)/decrease in receivables	(438,940)	(16,528)
Increase/(decrease) in payables	90,993	(8,872)
Increase/(decrease) in Federation Agreement Grants	(62,484)	90,333
Increase/(decrease) in grants income deferred	909,694	651,508
Increase/(decrease) in employee benefits	(641)	7,137
<b>Net cash from operating activities</b>	<u>494,630</u>	<u>738,588</u>
<b>8 Trade and other receivables</b>		
Trade receivables owing by other National Heart Foundation divisions	7,244	3,236
Trade receivables owing by National Heart Foundation Australia	6,277	61,107
Other receivables and prepayments	509,904	13,277
	<u>523,425</u>	<u>77,620</u>

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.

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

for the year ended 31 December 2013

**9 Property, equipment and vehicles**

	Office furniture & equipment	Leasehold improvements	Total
	\$	\$	\$
Balance at 1 January 2012	58,054	52,000	110,054
Acquisitions	5,733	0	5,733
Disposals	(1,156)	0	(1,156)
Balance at 31 December 2012	62,631	52,000	114,631
Balance at 1 January 2013	62,631	52,000	114,631
Acquisitions	672	0	672
Disposals	(3,684)	0	(3,684)
Balance at 31 December 2013	59,619	52,000	111,619
<b>Depreciation &amp; Impairment losses</b>			
Balance at 1 January 2012	45,588	26,385	71,973
Depreciation charge for the year	3,874	5,200	9,074
Disposals	(335)	0	(335)
Balance at 31 December 2012	49,127	31,585	80,712
Balance at 1 January 2013	49,127	31,585	80,712
Depreciation charge for the year	3,165	5,200	8,365
Disposals	(3,675)	0	(3,675)
Balance at 31 December 2013	48,617	36,785	85,402
<b>Carrying amounts</b>			
At 1 January 2012	12,466	25,615	38,081
At 31 December 2012	13,504	20,415	33,919
At 1 January 2013	13,504	20,415	33,919
At 31 December 2013	11,002	15,215	26,217

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

for the year ended 31 December 2013

**10 Trade and other payables**

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Trade payables to National Heart Foundation of Australia	66,566	68,348
Trade payables to other National Heart Foundation divisions	199	0
Other payables and accrued expenses	48,936	18,844
	<b>115,701</b>	<b>87,192</b>

The carrying value of trade and other payables is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relates to trade and other payables is disclosed in note 18.

**11 Grants income deferred**

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 January	712,637	61,129
Amounts received	1,527,851	791,900
Income taken to revenue	(618,157)	(140,392)
Balance at 31 December	<b>1,622,331</b>	<b>712,637</b>

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

**12 Employee benefits**

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	4,703	8,824
Non-current - long service leave	12,480	9,000
Total employee benefits	<b>17,183</b>	<b>17,824</b>
<i>Personnel expenses:</i>		
Wages and salaries	649,106	511,360
Contributions to superannuation plans	43,484	48,301
Total personnel expenses	<b>692,590</b>	<b>559,661</b>
Number of employees at year end (full time equivalents)	<b>8.9</b>	<b>7.4</b>

**13 Reserves and Equity**

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b><i>Movements in reserves during the year:</i></b>		
Retained Earnings at beginning of year	<b>98,612</b>	<b>93,497</b>
<b>Total Equity at beginning of year</b>	<b>98,612</b>	<b>93,497</b>
Operating Surplus/(deficit)	(477,533)	(547,348)
Net Grants from National Heart Foundation of Australia	465,167	552,463
Other Comprehensive Income	0	0
Total Comprehensive Income	(12,366)	5,115
<b>Total Equity at end of year</b>	<b>86,247</b>	<b>98,612</b>

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

for the year ended 31 December 2013

**14 Operating leases as lessee**

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	3,096	3,096
Between one and five years	8,513	11,609
Later than five years	0	0
	<u>11,609</u>	<u>14,705</u>
Expenditure in the period was as follows:		
Office equipment	3,096	774
Office space	53,126	57,465
	<u>56,222</u>	<u>58,239</u>

The Foundation receives a rental lease benefit from the NT Government in respect to the office space occupied at the Darwin Central Building in Darwin city. The rental lease benefit commenced on 1 July 2004 and it expired on 30 June 2009. The Department of Health & Families approved the renewal of the lease for a further five years commencing 1 July 2009.

**15 Incorporation of Foundation**

The National Heart Foundation of Australia (Northern Territory Division) is incorporated under the NT Association Act.

**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 consolidated entity 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 listed in the Director's Report on page 4. 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 or any Division since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

**Executive Staff**

Ms D Morrison – Chief Executive Officer  
Mr S Dixon – Cardiovascular Health Director

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
The compensation of key management personnel was as follows:		
Short term employee benefits	179,591	202,383
Other long term benefits	0	0
Total	<u>179,591</u>	<u>202,383</u>



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

for the year ended 31 December 2013

**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 National Heart Foundation of Australia ("National") primarily to fund research and other health programs conducted on an Australia-wide basis. Such grants are payable under the terms of the Federation agreement between the Foundation and the National Heart Foundation of Australia ("National"). The grant payable by the Foundation is equal to its net operating surplus (payable monthly in arrears) representing the excess of income received less capital expenditure and operating expenditure (excluding depreciation).

	<b>The Foundation</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Net Surplus/(Deficit) from continuing operations	(477,533)	(547,348)
Net grants paid/(received)	(465,167)	(552,463)

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

**17 Subsequent Events**

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

**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, and arises principally from the Foundation's receivables and investments. Exposure to credit risk is monitored by management on an ongoing basis. The Foundation does not require collateral in respect to 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 is represented by the carrying amount of each financial asset in the statement of financial position as summarised below:

	<b>Notes</b>	<b>The Foundation</b>	
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Financial assets</b>			
Cash		159,968	139,085
Cash call accounts		1,131,852	665,641
Term deposits		0	0
Total cash and cash equivalents	7a	1,291,820	804,726
Trade and other receivables	8	7,245	77,620
Income accrued	8	6,865	0
		<b>1,305,930</b>	<b>882,346</b>

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

for the year ended 31 December 2013

**18 Financial Instruments (continued)****Impairment losses from trade receivables**

None of the Foundation's receivables are past due (2012; \$Nil). Based on receivables history, the Foundation believes no impairment allowance is necessary in respect to 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 consolidated Foundation's reputation.

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

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

	Notes	The Foundation	
		2013 \$	2012 \$
<b>Non derivative financial liabilities</b>			
Trade and other payables	10	111,429	87,192
Grants income deferred	11	1,622,331	712,637
		<u>1,733,760</u>	<u>799,829</u>

**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 short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 25.

*Fair value sensitivity analysis for fixed rate instruments*

The surplus/(deficit) would be affected by changes in the fixed interest rate as shown in the Sensitivity Disclosure Analysis. The analysis assumes all other variables remain constant. The analysis is performed using a change of 1% on page 37. The analysis is performed on the same basis as that used in 2012

*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 2012.

**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.

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

for the year ended 31 December 2013

**18 Financial instruments (continued)**

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

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

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

*Sensitivity Analysis Disclosure*

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

- A parallel shift of +1%/-1% in market interest rates (AUD) from year end rates of 3.0%.

	2013					2012				
		-1%		+1%			-1%		+1%	
Interest rate risk	Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>										
<b>Fixed rate instruments</b>										
Term deposits-maturing within 90 days	0	0	0	0	0	0	0	0	0	0
Term deposits-maturing beyond 90 days	0	0	0	0	0	0	0	0	0	0
<b>Variable rate instruments</b>										
Cash at bank	159,968	(1,600)	(1,600)	1,600	1,600	139,085	(1,391)	(1,391)	1,391	1,391
Cash call accounts	1,131,852	(11,319)	(11,319)	11,319	11,319	665,641	(6,656)	(6,656)	6,656	6,656
<b>Total increase/(decrease)</b>		(12,918)	(12,918)	12,919	12,918		(8,047)	(8,047)	8,047	8,047

## INDEPENDENT AUDIT REPORT

To the members of National Heart Foundation of Australia (Northern Territory Division) Incorporated

We have audited the accompanying financial report of National Heart Foundation of Australia (Northern Territory Division) Incorporated (“the Association”), which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

### *Directors’ Responsibility for the Financial Report*

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Northern Territory Associations Act, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### *Auditor’s Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association’s preparation and fair presentation of the financial report 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 Association’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

*Auditor's Opinion*

In our opinion, the financial report of National Heart Foundation of Australia (Northern Territory Division) Incorporated is properly drawn up:

- a) so as to present fairly, in all material respects, the financial position of National Heart Foundation of Australia (Northern Territory Division) Incorporated as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards; and
- b) in accordance with the *Northern Territory Associations Act*

BDO

BDO Audit (NT)



CJ Sciacca CA

Audit Partner

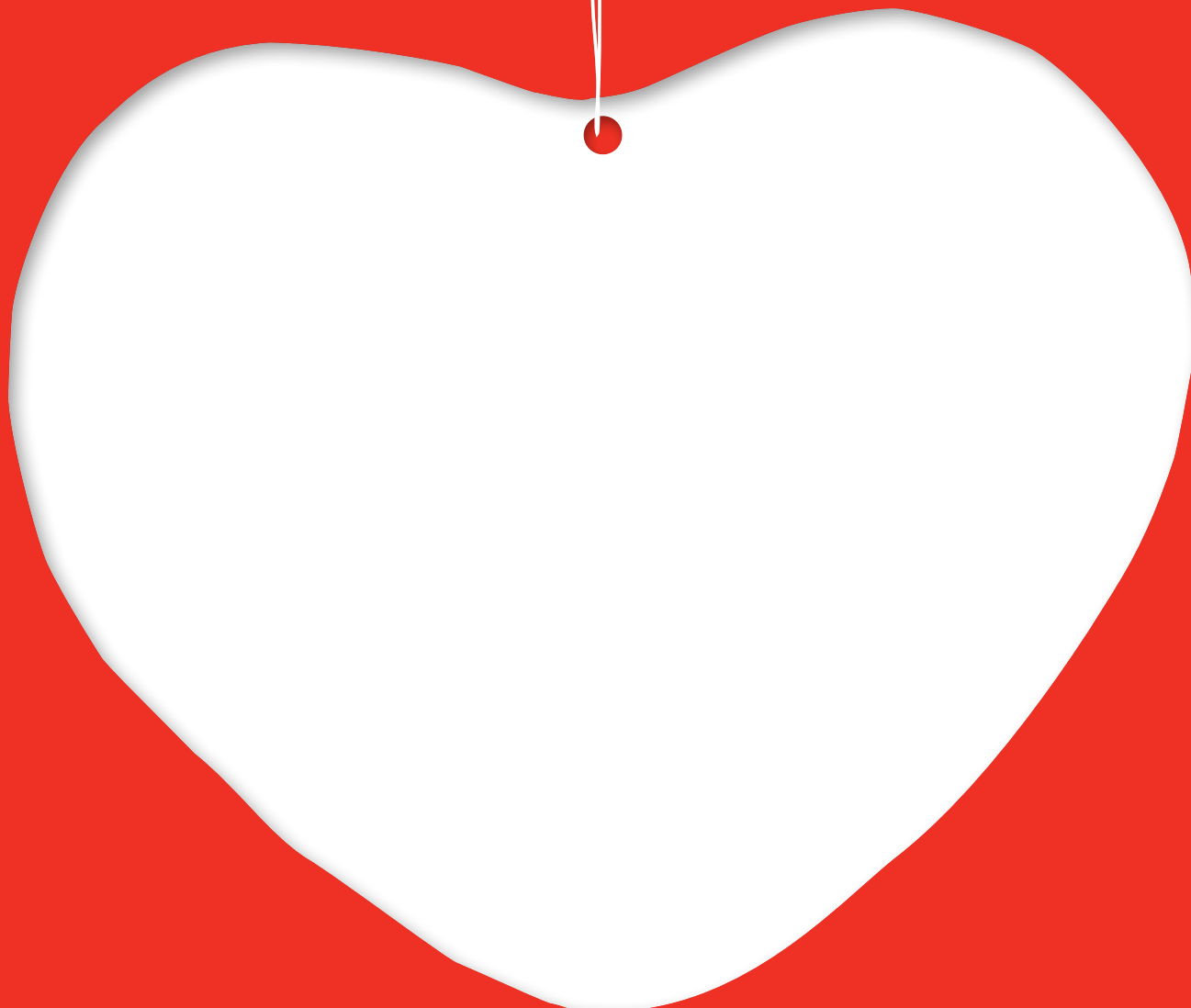
Registered Company Auditor

Darwin

Date: 21 March 2014

For heart health information  
1300 36 27 87  
[www.heartfoundation.org.au](http://www.heartfoundation.org.au)

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