Annual Report & Financial Statements 2019

National Heart Foundation of Australia

ABN 98 008 419 761
For the year ended 31 December 2019

Contents

Directors and Office Bearers

Patron	His Excellency General the Honourable Sir Peter Cosgrove AK MC (retd) Governor-General of the Commonwealth of Australia
Board of Directors	
National President	Mr C B Leptos AM, BCom (Melb), MBA (Melb), FAICD, FCA, FCPA
Directors	Associate Professor D M Colquhoun MBBS, FRACP, FCSANZ Clinical Professor J A Deague MBBS, FRACP, PHD, FCSANZ, GAICD Mr J Etherington AM, BEc, FCA, FAICD Ms D J Heggie, MAICD, MCSP, Grad Dip Human Services Research (to 15 October 2019) Professor L Kritharides MBBS, PhD, FRACP, FAHA, FCSANZ, FESC, FACC Ms C R Payne RN, DipApSc, BachApSc, MBA Mr T M Roberts BArtsAcc, FCA, FAICD, FGLF Ms A Tay LLB, FGIA, GAICD Ms J L Tucker LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD
Group Chief Executive Officer	Adjunct Professor J G Kelly AM, BA (Hons), LLB, Grad Dip Leg Prac, FACN (DLF), AFAIM, MAICD, MAPS
Chief Medical Advisor	Professor G L Jennings AO, MBBS, MD, MRCP(UK),FRACP, FRCP (London), FAHA, FCSANZ, FMBRCA
Company Secretary	Ms D A Cope (to 30 May 2019) Mr C Miers (from 30 May 2019)
Auditors	KPMG
Registered Office	Level 2, 850 Collins Street, Docklands, Victoria 3008
Preferred Postal Address	Level 2, 850 Collins Street, Docklands, Victoria 3008

Directors' Report (continued)
for the year ended 31 December 2019

The Directors present their report together with the financial report for the National Heart Foundation of Australia ("the Foundation"), for the year ended 31 December 2019 and auditors' report thereon. National Heart Foundation of Australia, National Heart Foundation (South Australia), National Heart Foundation (Australian Capital Territory), National Heart Foundation (Tasmania), National Heart Foundation (Queensland), National Heart Foundation (Northern Territory), National Heart Foundation (Western Australia), National Heart Foundation (Victoria) and National Heart Foundation (New South Wales) are collectively referred to in this financial report as "the Group".

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

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Mr J Etherington AM BEc, FCA, FAICD	Mr John Etherington AM, Chair Finance Committee Chartered Accountant; 28 years in public practice, including 16 years as a partner of Deloitte. Currently a non-executive director on a range of public, private and not-for-profit organisations.	5/6	Appointed 15-May-14
Assoc. Professor D M Colquhoun MBBS, FRACP, FCSANZ, PLD, GAICD	Associate Professor David Colquhoun, Cardiologist in private practice and actively involved in research and preventative cardiology. Member of the Scientific Committee of the National Institute of Complementary Medicine (NICM); and Co-President of the Clinical and Preventive Cardiology Council of the Cardiac Society of Australian and New Zealand (CSANZ); member of the QLD Advisory board NHFA.	4/6	Appointed 23-Oct-17
Clinical Professor J A Deague MBBS, FRACP, PHD, FCSANZ, GAICD	Clinical Professor Jenny Deague, Chair Heart Health Committee, Director of Cardiology at Joondalup Health Campus since 2012. Member of the Senior Leadership Team, and Medical Advisory Committee at Joondalup Health Campus. Year 3 Medical Student Coordinator at Joondalup Health Campus, Clinical Professor of Health Sciences at Curtin University, Western Australia.	5/6	Appointed 28-Apr-17
Ms D J Heggie MAICD, MCSP, Grad Dip Human Services Research	Over 26 years working in the Not for Profit sector with 10 years' experience in executive roles. Current directorships include Chair of Peninsula Health, Director of the Abbotsford Convent Foundation.	4/6	Appointed 18-May-17 Resigned 15-Oct-19
Professor L Kritharides MBBS, PhD, FRACP, FAHA, FCSANZ, FESC, FACC	Professor Len Kritharides, Chair Research Strategy Committee National Heart Foundation. He is Senior Staff Specialist and Head of the Department of Cardiology at Concord Repatriation General Hospital (CRGH) Sydney, Conjoint Professor in Medicine at the University of Sydney, Head of the Atherosclerosis Research Laboratory at the ANZAC Research Institute and Clinical Director of the Cardiovascular Stream of the Sydney Local Health District. Currently President of the Cardiac Society of Australia and New Zealand and Chairman of the Board of Governors of the Heart Research Institute Sydney.	6/6	Appointed 24-May-13
Mr C B Leptos AM, BCom (Melb), MBA (Melb), FAICD, FCA, FCPA *(President)*	President Mr Chris Leptos AM is chairman of SEA Electric, non-executive director of IDP Education (ASX:IEL), senior adviser to Flagstaff Partners and Adjunct Professor of Practice with Monash University. Former Senior Partner with KPMG, Managing Partner Government at Ernst & Young, and former General Manager of Corporate Development for Western Mining Corporation. Governor of The Smith Family, member of the Board for the Faculty of Business & Economics at the University of Melbourne.	6/6	Appointed 28-May-18
Ms C R Payne RN, DipApSc, BachApSc, MBA	Mrs Cynthia Payne is originally educated as a registered nurse and holds a Bachelor of Applied Science (Nursing) and an MBA (UNE) with majors in Human resource management and Association management. Her professional memberships include: MAICD, FIML, FGIA, MBEA, MAOQ and MCNA. She has been a Director of the Heart Foundation since 2017, she is Board advisor to privately held national Construction company Total Constructions (2018) and Managing Director of her own executive and management consulting firm- Anchor Excellence (2018). She is past Chair of Arts Health Institute (2011-2015) and The Australian Organisational Excellence Foundation (2015-2016). She is a recognised industry leader in aged care, business excellence and leadership. In 2018 she was awarded 'Woman of the West' for her achievement in Business by the University of Western Sydney.	5/6	Appointed 29-May-17

Directors' Report (continued)
for the year ended 31 December 2019

Name and qualifications	Experience and special responsibilities	Meetings Held & Attended	Appointment & resignation
Mr T M Roberts BArtsAcc, FCA, FAICD, FGLF	Chartered Accountant for over 19 years; General Manager Business and Corporate Banking Victoria, Commonwealth Bank of Australia. Formerly a Partner in a Chartered Accounting firm and Finance Director and CFO of a Private Equity backed investment; Fellow of the Institute of Chartered Accountants; AICD; and the Governor's Leadership Foundation. Board member and sub-committee Chairman of other not for profit organisations ITA; Fellow of the Governor's Leadership Foundation.	5/6	Appointed 25-May-12
Ms A Tay LLB, FGIA, GAICD	Ms Alice Tay, Chair Risk Audit and Governance Committee, member Investment Committee, Deputy Chair ACT Gambling and Racing Commission, Director The Fly Program, Lawyer, Graduate Australian Institute of Company Directors, Fellow Governance Institute of Australia.	6/6	Appointed 29-May-17
Ms J Tucker LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD	Over 16 years' experience in a range of senior marketing, sales and business leadership roles in the consumer products sector, and a proven track record in developing marketing and consumer experience platforms to accelerate innovation, consumer conversion and drive organisational change. Currently the Executive General Manager at Yates, a division of Dulux Group Ltd.	5/6	Appointed 29-May-17

A summary of meetings held and attendances of Board Members up to 31 December 2019 is set out below:

	Heart Health Committee	Finance Committee	Risk, Audit and Governance Committee	Development & Brand Committee	Research Strategy Committee	Investment Committee
	#	#	#	#	#	#
Mr J Etherington AM		6/6	5/5			4/6
Prof L Kritharides	2/4				4/4	
Ms A Tay			5/5			5/6
A/Prof D M Colquhoun	3/4		2/5			
M D J Heggie				2/3		
Dr J A Deague	4/4					
Mr C B Leptos AM	2/4	4/6	3/5	1/3	3/4	2/6
Ms C R Payne		6/6				
Mr T M Roberts						6/6
Ms J LTucker				3/3	3/4	

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

Role of the Board
The role of the Board is to provide strategic oversight and direction for the Foundation's activities and ensure that those organisational activities are directed towards achieving its vision of an Australia free of heart disease and its mission to prevent heart disease and improve the heart health and quality of life of all Australians through our work in prevention, support and care and research. The Board must ensure that the vision and mission are achieved in the most efficient and effective way.

Oversight by the Board

The Board oversees and monitors the performance of management by:

> Meeting at least six times during the year

> Receiving detailed financial and other reports from management at those meetings

> Receiving additional information and input from management when necessary

> Assigning to the Risk, Audit and Governance, Heart Health, Research Strategy, Finance, Investment, Development and Brand and Executive committees the responsibility to oversee particular aspects and provide advice on the operations and administration of the Foundation.

Each Board Committee operates under its own terms of reference approved by the Board and is chaired by a Director of the Foundation and comprises at least two other Board members, and where appropriate, other relevant technical experts and consumer representatives.

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")

> Developing the strategic plan of the Group in conjunction with the CEO and management

> Approving operating and capital budgets developed by the CEO and management

> Monitoring the progress of management in achievements against 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 Group from government, industry and other groups in determining health and other policies and recommendations

> Ensuring the Group complies with relevant legislation and regulations

> Acting as an advocate for the Group 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 Group to the Group CEO and executive management.

Board members

All Directors are non-executive, serving in an honorary capacity without compensation. The Constitution of the Foundation specifies:

> The Directors of the Group shall be the President, and up to a maximum of ten additional Directors appointed in accordance with the Constitution.

> No person who is an employee of the Group is eligible for nomination or appointment as an office bearer or director.

> That at each annual general meeting any director elected as a casual director since the previous annual general meeting and a minimum of one third of the remaining Directors retire from office, but each is eligible for re-election.

> That no director may serve more than a maximum of nine consecutive years before they become ineligible for re-election.

The Board is the final authority on the operations of the Group and has complete responsibility for the control and the overall management of the affairs, funds and property of the Group. It oversees corporate strategy, policy and performance, thus helping protect the rights and interests of the Group, its employees, donors and stakeholders. The Board ensures it is well equipped with skills and expertise relevant to the Group's activities to make it a stable and effective governing body. The current Board's qualifications, skills, experience and responsibilities appear on pages 4-5. Management presentations to the Board enable Directors to maintain knowledge of the business and operations of the Group. New Board members receive written advice of the terms and conditions of their appointment and are provided with an induction when first appointed. A formalised *Board Performance Evaluation* process is undertaken.

Risk management

The Board oversees the establishment, implementation, monitoring and regular review of the risk management system of the Group, 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 Group 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. The Group has also appointed an external body to undertake the internal audit function.

Ethical standards and code of conduct
Board members, all staff and volunteers are expected to comply with relevant laws, regulations 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 vision and mission of the Group. Board members, all staff and volunteers are provided with a copy of the Group's Code of Conduct policy during their induction to the organisation.

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

Principal Activities and Achievement of Objectives
The primary activities of the Group 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
The Group has a three-year strategic plan, "One Heart" 2018-2020, aligned directly with the Foundation's 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 "One Heart", the Group is focused on five pillars;

- Prevention
- Support & Care
- Research
- Strengthening our Organisation
- Our People

The pillars will focus on reducing the prevalence and impact of risk factors for heart disease, improve the outcomes for Australians living with heart disease, fund the highest impact research into heart disease, ensure that we are financially viable, scaleable, sustainable and ethical and working as one team across all the Group's programs.

Review of Group Results and Operations for Current Year
The Group's financial result for the year is a deficit of $3.73m (2018: $6.0m surplus). The main reason for this change was increased expenditure in research of $3.1m (20.8%) and communication and health awareness campaigns of $6.7m (121.9%).

Total revenue from operating activities returned $58.0m (2018: $65.75m). The main reason for this change was the decrease in government grants for specific health programs of $9.8m which was offset by a similar reduction in expenditure in government health programs. Bequest income was $31.28 million (2018: $31.16m). Bequests were largely in line with 2018. The increase in bequest income was offset by a $1.37m decrease of non-bequest fundraising income. The Group is primarily supported by generous donations from the Australian public and is continuing to review and renew its fundraising efforts and programs to develop new initiatives and refresh existing activities to enable the growth of non-bequest income.

Total operating expenditure was $71.5m (2018: $66.39m). The main reason for this change was the increased expenditure in research and communication and health campaigns offset by $8.4m of decreased expenditure on grant funded health programs. Communications and health awareness campaigns expenditure of $12.2 million reflects our 2019 focus on prevention and awareness campaigns, including the highly successful "Serial Killer" campaign early in the year.

Research expenditure increased significantly to $18.04 million (2018: $14.93m). The Group funded a total of 238 Fellowships, Scholarships and Project Grant's with the commencement of 76 new research awards in 2019. Due to the generous bequests received in the past few years the Group has committed to increasing its research commitments over the 2018 to 2020 years to $50 million along with a special $5.0 million grant for research into the prevention of stroke. Financial support for previously awarded grants requiring payment in future periods totals $37.3 million over the next four years.

Directors' Report (continued)
for the year ended 31 December 2019

Net finance income increased by $3.03m due to a $4.9m unrealised fair value gain in managed funds.

Other comprehensive income from the sale and revaluation of investments were $6.3 million (2018: $6.9m loss) reflecting the favourable performance of equity and bond markets in 2019. As a result of these gains the total comprehensive surplus for the year was $2.52m (2018: $0.82m loss).

Overall, the Group performed to the Boards expectations in 2019 delivering significant programs while at the same time operating within the scope of its financial capacity and maintaining its overall equity at $106.3 million allowing future investment towards achieving its mission.

A comprehensive discussion about the activities of the Group can be found in the 2019 Annual Review.

This is the first set of the Group's annual financial statements in which AASB 15 Revenue, AASB 1058 Income for not-for-profit entities and AASB 16 Leases has been applied. Under the transition method chosen, comparative information has not been restated. The 2019 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standards are described in Note 2(f).

Significant changes in the state of affairs
Following the decision to unify the activities and governance of the Group in mid-2018, the National Heart Foundation operated under one centralised legal entity for the entirety of 2019. Internal restructures have taken place during the year to align all functions with the new centralised structure and ensure the resulting efficiencies are maximised.

Conditions under Section 60 of the ACNC Act-2018 onwards
The Financial statements are consolidated with prior year comparison to the previous financial statements which were of the same form. All of the State and Territory entities as noted in the “Significant changes in the state of affairs” disclosure as well as the National Heart Foundation have Deductible Gift Recipient status. The Financial statements only includes information relating to registered ACNC entities and their financial results are fully included in the financial statements for 2018 and 2019. The ACNC has also granted group financial reporting which allows the Annual Financial Statement and Annual Financial Report to be lodged on a joint basis removing the requirement for each entity to lodge these documents separately.

Likely Developments
In the opinion of the Directors there are no likely developments that will change the nature of the operations of the National Heart Foundation.

Environmental Regulation
The Group’s operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However, the Directors believe that the Group 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 Group.

Rounding Off
The Foundation and the Group is of a kind referred to in ASIC Class Order 2016/191 dated 1 April 2016, and in accordance with that Class Order, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Events Subsequent to Reporting Date
The spread of the coronavirus COVID-19 in early 2020 has had an impact on the market value of the Group’s Investments, with an unrealised decline in value of 12.8% noted as at 30 April 2020.

COVID-19 is considered to be a non-adjusting post balance sheet event. Since balance date COVID-19 has caused increasing disruption to populations and to business and economic activity. As this situation is rapidly developing, it is not yet practicable to estimate all potential impacts COVID-19 may have on the Group and its financial performance and position.

Other than the above development , no other item, transaction or event of a material and unusual nature has occurred since 31 December 2019 which is likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the group, in future financial years.

Directors' Declaration
for the year ended 31 December 2019

Insurance Premiums
Since the end of the previous financial year the Group has paid insurance premiums of $28,839.30 (2018: $21,972.80) in respect of Directors' and officers' liability and legal expenses insurance contracts, for current and former officers, including executive officers, of the Foundation and Directors and executive officers of the State and Territory Divisions. The insurance premiums relate to:

> costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

> other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

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

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

Lead auditor's independence declaration
The lead auditor's independence declaration is set out on page 40 and forms part of the Directors' report for financial year 2019.
Signed in accordance with a resolution of the Directors.

Chris Leptos

Mr Chris Leptos AM
President
Dated at Melbourne this 26th day of May 2020

Directors' Declaration

for the year ended 31 December 2019

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

(a) the financial statements and notes, set out on pages 11 to 36, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Regulations 2013; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Mr John Etherington AM
Chair of the Finance Committee
Dated at Melbourne this 26th day of May 2020

National Heart Foundation of Australia

Statement of Surplus or Deficit and Other Comprehensive Income
for the year ended 31 December 2019

	Notes	2019 $ '000s	2018 $ '000s
Revenue			
Revenue from operating activities	4	57,996	65,745
Total Revenue		**57,996**	**65,745**
Net gain/(loss) on sale of property, plant and vehicles		29	2,231
Research expenditure		(18,038)	(14,931)
Grant funded health programs		(5,905)	(14,349)
Health programs		(14,559)	(14,673)
Fundraising expenditure		(12,980)	(11,908)
Communications and health awareness campaigns		(12,214)	(5,503)
Administration		(7,787)	(7,264)
Total Expenditure		**(71,454)**	**(66,397)**
Results from operating activities		**(13,458)**	**(652)**
Finance Income	6	9,893	7,005
Finance Costs	6	(164)	(309)
Net Finance Income	6	**9,729**	**6,696**
(Deficit)/Surplus for the year before tax		**(3,729)**	**6,044**
Income tax expense	3c	-	-
(Deficit)/Surplus for the year after tax		**(3,729)**	**6,044**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
Gains/(Losses) on sale and revaluation of equities/managed funds	6, 18	6,251	(6,866)
Items that may be reclassified subsequently to surplus or deficit		-	-
Total other comprehensive income/(deficit)		**6,251**	**(6,866)**
Total comprehensive income/(deficit) for the year		**2,522**	**(822)**

The Group has initially applied AASB 15 Revenue, AASB 1058 Income for not-for-profit entities and AASB 16 Leases at 1 January 2019. Under the transition method chosen, comparative information has not been restated.

The notes on pages 15 to 36 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Financial Position
as at 31 December 2019

	Notes	2019 $ '000s	2018 $ '000s
Current Assets			
Cash and cash equivalents	7a	16,368	26,319
Investments	9	2,455	2,765
Trade and other receivables	8	3,265	3,073
Inventories		63	89
Total Current Assets		**22,150**	**32,246**
Non-Current Assets			
Investments	9	94,513	81,023
Property, equipment and vehicles	10	11,421	3,345
Intangibles	11	1,054	64
Total Non-Current Assets		**106,988**	**84,432**
Total Assets		**129,138**	**116,678**
Current Liabilities			
Trade and other payables	12	4,740	2,238
Contract Liability	13	6,396	6,879
Employee benefits	14	1,796	2,802
Provisions	17	-	14
Loans and Borrowings	15	1,454	-
Total Current Liabilities		**14,386**	**11,933**
Non-Current Liabilities			
Employee benefits	14	137	218
Provisions	17	386	767
Loans and Borrowings	15	7,947	-
Total Non-Current Liabilities		**8,470**	**985**
Total Liabilities		**22,856**	**12,918**
Net Assets		**106,282**	**103,760**
Equity			
Reserves	18	35,354	30,779
Retained Earnings		70,928	72,981
Total Equity		**106,282**	**103,760**

The Group has initially applied AASB 15 Revenue, AASB 1058 Income for not-for-profit entities and AASB 16 Leases at 1 January 2019. Under the transition method chosen, comparative information has not been restated.

The notes on pages 15 to 36 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Changes in Equity
as at 31 December 2019

	Notes	Fair Value Reserve	Specific / Restricted Reserve	Retained Earnings	Total Equity
		$ '000s	$ '000s	$ '000s	$ '000s
Balance as at 1 January 2018		11,086	29,249	64,247	**104,582**
Comprehensive income for the period					
Surplus/(Deficit) for the period		-	-	6,044	**6,044**
Other comprehensive income					
Gains/(Losses) on sale of equities/managed funds	6	-	-	788	**788**
Net change in fair value of financial assets	6	(7,654)	-	-	**(7,654)**
Transfer (from)/to retained earnings	18	-	(1,902)	1,902	**-**
Total other comprehensive income		**(7,654)**	**(1,902)**	**2,690**	**(6,866)**
Total comprehensive income for the period		**(7,654)**	**(1,902)**	**8,734**	**(822)**
Balance as at 31 December 2018		**3,432**	**27,347**	**72,981**	**103,760**
Balance as at 1 January 2019		3,432	27,347	72,981	**103,760**
Comprehensive income for the period					
Surplus/(Deficit) for the period		-	-	(3,729)	**(3,729)**
Other comprehensive income					
Gains/(Losses) on sale of equities/managed funds	6	-	-	(60)	**(60)**
Net change in fair value of financial assets	6	6,311	-	-	**6,311**
Transfer (from)/to retained earnings	18	-	(1,736)	1,736	**-**
Total other comprehensive income		**6,311**	**(1,736)**	**1,676**	**6,251**
Total comprehensive income for the period		**6,311**	**(1,736)**	**(2,053)**	**2,522**
Balance as at 31 December 2019		**9,743**	**25,611**	**70,928**	**106,282**

The notes on pages 15 to 36 are an integral part of these financial statements

National Heart Foundation of Australia

Statement of Cash Flows
for the year ended 31 December 2019

	Notes	2019 $ '000s	2018 $ '000s
Cash flows from operating activities			
Cash receipts in the course of operations		59,046	64,495
Cash payments in the course of operations		(72,679)	(73,725)
Net financial income		5,394	6,366
Net cash (used in) operating activities	7b	**(8,239)**	**(2,864)**
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		40	3,741
Acquisition of property, equipment, vehicles and computer software		(1,468)	(284)
Proceeds from sale of investments		29,075	36,106
Acquisition of investments		(27,518)	(36,621)
Net cash from investing activities		**129**	**2,942**
Cash flows from financing activities			
Payment of principal on lease liabilities		(1,286)	-
Payment of interest on lease liabilities		(555)	-
Net cash (used in)/from financing activities		**(1,841)**	**-**
Net (decrease)/increase in cash and cash equivalents		**(9,951)**	**78**
Cash and cash equivalents at 1 January		26,319	26,241
Cash and cash equivalents at 31 December	7a	**16,368**	**26,319**

The Group has initially applied AASB 15 Revenue, AASB 1058 Income for not-for-profit entities and AASB 16 Leases at 1 January 2019. Under the transition method chosen, comparative information has not been restated.

The notes on pages 15 to 36 are an integral part of these financial statements

Notes to the financial statements
for the year ended 31 December 2019

1 Reporting entity

The National Heart Foundation of Australia (the "Foundation") (ABN: 98 008 419 761) is a company domiciled in Australia. The address of the Foundation's registered office is Level 2, 850 Collins Street, Docklands, Victoria 3008. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission (ACNC), devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia. The financial statements of the Foundation are as at and for the year ended 31 December 2019.

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 27th April 2020.

This is the first set of the Group's annual financial statements in which AASB 15 Revenue, AASB 1058 Income for not-for-profit entities and AASB 16 Leases has been applied. Under the transition method chosen, comparative information has not been restated. The 2019 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standards are described in Note 2(f).

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for equity and bond 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. The Foundation is of a kind referred to in ASIC Class Order 2016/191 dated 1 April 2016, and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

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

Significant accounting estimates and assumptions

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

(i) Leased assets and liabilities

The Group has entered into leases of premises as disclosed in note 16. Management has applied the incremental borrowing rates to this calculation based with reference to the Groups credit rating and reasonably certain lease terms.

(ii) Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the Foundation's past experience with similar premises and estimates of likely restoration costs determined by the property manager of the leased premises. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated. Refer to note 17.

(iii) Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in note 3(k). Refer to note 14.

(iv) Valuation of investments

Investments in listed equity securities are classified as fair value through other comprehensive income and movements in fair value are recognised directly in equity. The fair value of listed securities has been determined by reference to published price quotations in an active market. Investments in debt instruments (bonds) and managed unit trusts are classified at fair value through profit and loss and movements in fair value are recognised directly in the Surplus or Deficit. The fair value of debt instruments has been determined by reference to published price quotations in an active market.

2 Basis of preparation (continued)

(e) Basis of consolidation

The State and Territory Divisions in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory ("the Divisions") are separately incorporated. The consolidated financial statements comprise the financial statements of the Foundation and the Divisions.

From 1st January 2019, the State and Territory Divisions in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory ("the Divisions") did not operate. All operations were performed under the National entity.

For the purposes of 2018 comparitives, the accounting policies of Divisions and Territories are consistent with the policies adopted by the Foundation. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(f) Changes in accounting policies

(i) AASB 16 Leases

The Group initially applied AASB 16 Leases from 1 January 2019.

The Group applied AASB 16 using the modified retrospective approach, meaning that 2018 comparitives have not been restated ie. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies is discussed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

As a lessee

As a lessee, the Group leases many assets including property and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for all property leases - ie. these leases are on Balance Sheet. At commencement or on modification of a contract that contains a lease component, the Group has elected to account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under AASB 117

Previously, the Group classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and any sub-lease receivable.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Group:

> did not recognise right-of-use assets and liabilities for leases of low value assets (eg. IT equipment);

> excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application

Leases classified as finance leases under AASB 117

The Group did not have any leases previously classified as finance leases under AASB 117.

As a lessor

The Group sub-leases some of its leased properties. Under AASB 117, the head lease and sub-lease contracts were classified as operating leases. On transition to AASB 16, the right-of-use assets recognised from head leases are presented in Property, Equipment and Vehicles, and measured at fair value at that date.

The Group has an existing sub lease which has been classified as a finance lease.

Impact on transition

On transition to AASB 16, the Group recognised right-of-use assets, all of which were lease liabilities, recognising the difference in retained earnings. The impact on transition is below.

	1-Jan-19
	$ '000s
Right-of-use assets - buildings	9,479
Sublease receivable	769
Release of lease liablities held under AASB 117	440
Lease liabilities	(10,688)

Impact on financial statements

When measuring the lease liabilities for leases that were previously classified as operating leases, the Foundation discounted lease payments using its incremental borrowing rate at 1 January 2019. Incremental borrowing rates used were between 3% - 7.2% based on the lease term.

The Foundation has 5 property leases around Australia to which the new standard has been applied. Short-term leases (less than 12 months) and leases of low-value assets (such as IT equipment) are exempt from the lease accounting requirements.

Notes to the financial statements (continued)
for the year ended 31 December 2019

2 Basis of preparation (continued)

(f) Changes in accounting policies (continued)

(i) AASB 16 Leases

	1-Jan-19
	$ '000s
Operating lease commitments at 31 December 2018 as disclosed under AASB 117 in the Group's consolidated financial statements	(14,320)
Discounted using the incremental borrowing rate at 1 January 2019	(10,688)
Lease liabilities recognised at 1 January 2019	**(10,688)**

(ii) AASB 15 Revenue from Contracts with Customers

The Group initially applied AASB 15 Revenue from Contracts with Customers from 1 January 2019.
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. All of the Foundation's grants are assessed against AASB 15 to determine whether revenue recognition should be deferred and recognised as it is earned. Where AASB 15 does not apply, revenue is recognised under AASB 1058 (refer to section iii below).

The nature of the Foundation's grant contracts mean that revenue recognised under AASB 15 is recognised at a point in time, that is, when the expenditure is incurred.

(iii) AASB 1058 Income of Not-for-Profit Entities

The Group initially applied AASB 1058 Income for Not-for-Profit Entities from 1 January 2019.
AASB 1058 replaced 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.
AASB 1058 established 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.
Any revenue not captured by AASB 15 was accounted for under AASB 1058.

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 (2019)

Revenue is received from appeals, donations, fundraising events and is brought to account on a cash received basis, in accordance with AASB 1058 *Income for Not-For-Profit Entities* . When assets, such as cash, investments or properties, are received from a bequest, an asset and corresponding revenue is recognised, at fair value, when the Group or a Division gains control of such assets and the value of the asset can be reliably measured.

(ii) Interest and dividend revenue and distributions from managed funds (2019)

Interest revenue is recognised as it accrues on a daily basis. Dividend revenue is recognised when the right to receive payment is established. Where dividends are franked the dividend is recognised inclusive of imputation credits, which are refunded by the ATO. Distributions from managed investment funds are recognised as revenue in the period to which they relate.

(iii) Grants for health programs and research (contract liability) (2019)

Grants received for specific health programs or research are captured in accordance with AASB 15 *Revenue from Contracts with Customers* , meaning they are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as a contract liability as recognised in note 13. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body.

(iv) Services of volunteers (2019)

A number of volunteers, including Directors and members of committees, donate an amount of their time to the activities of the Group across Australia and also supported the Group by participating and raising funds through the Walking programs. However, as no objective basis exists for recording and assigning market values to these volunteer services, they are not reflected in the financial statements as either revenue or expenses.

3 Significant accounting policies (continued)

(a) Revenue recognition

Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15 and AASB 1058 (applicable from 1 January 2019)	Revenue recognition before 1 January 2019 by the Company
Charitable support: Funding from philanthropic sources (non-bequest)	Revenue is recognised upon receipt.	Revenue is recognised upon receipt.
Charitable support: Bequests	Revenue is recognised upon receipt.	Revenue is recognised upon receipt.
Sale of Goods: Jump Rope, Walking merchandise and Heart Foundation publications	Revenue is recognised when earned.	Revenue is recognised when earned.
Interest and dividend revenue and distributions from managed funds	Revenue is recognised when earned.	Revenue is recognised when earned.
Grant funding contracts with funds paid in advance: The Company's grant funding agreements are enforceable contracts with specific outcome and performance obligations. Invoicing is based on contractual milestones and usually payable within 30 days.	Revenue is recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount is recognised as a contract liability.	Revenue was recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount was classified as deferred revenue.

(b) Goods and services tax

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

(c) Income tax

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

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

(e) Property, equipment and vehicles

(i) Recognition and measurement

Items of property, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to note 3(j)(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Group on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive Income.

(ii) Depreciation

Depreciation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful

> buildings	40 years
> 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.

(iii) Reclassification to assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, equipment and vehicles are no longer depreciated.

3 Significant accounting policies (continued)

(f) Leased assets including property and equipment

The Group has applied AASB 16 Leases using the modified retrospective approach and therefore the comparative information has not been restated, and continues to be reported under AASB 117.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.
This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At the lease commencement, the Foundation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.
The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment at each reporting date in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used. Generally, the Foundation uses its incremental borrowing rate as the discount rate.
The Foundation determines its incremental borrowing rate by obtaining its credit rating from an external financial institution and applying this to a rate table provided by its auditors. Certain adjustments are made to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
> fixed payments;
> variable lease payments that depend on an index or a rate, initially measured using the index or rate at commencement date;
> amounts expected to be payable under a residual value guarantee; and
> the exercise price under a purchase option that the Foundation is reasonably certain to exercise, lease payments in an optional renewal period if the Foundation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Foundation is reasonably certain not to terminate early.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured if there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (eg. CPI).
Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or, if this is zero, is recorded in profit and loss.

The Foundation presents right-of-use assets that do not meet the definition of investment property in 'property, equipment and vehicles' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the company recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

An impact assessment of the transition has been included in item 2(f) above.

(ii) As a lessor

At the inception or on modification of a contract that contains a lease component, the Foundation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Foundation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the Foundation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Foundation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Foundation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Foundation applies AASB 15 to allocate the consideration in the contract.
The Foundation recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.
The accounting policies applicable to the Foundation as a lessor in the comparative period were different from AASB 16 as it was required to classify the sub-lease as a finance lease.

3 Significant accounting policies (continued)

(g) Intangible assets

(i) Computer software

Significant items of computer software are stated at cost less accumulated amortisation and impairment losses. Minor expenditure on computer software is expensed as incurred.

(ii) Amortisation

Amortisation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of computer software from the date it is acquired and is ready for use. Estimated useful lives are deemed to be 2-3 years. Remaining useful lives are reassessed annually. No residual value is assumed.

(h) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

> the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
> the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group's policy on impairment of financial assets measured at amortised cost is the same as that applied in its financial statements as at and for the year ended 31 December 2018 for loans, receivables and investments.

(ii) Financial assets measured at fair value

For investments in equity instruments that are not held for trading, the Group elected at initial recognition to present gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to surplus or deficit and no impairments are recognised in surplus or deficit. Dividends earned from such investments are recognised in profit or loss unless the dividends clearly represent a repayment of part of the cost of the investment. The fair value of equity instruments is their post distribution price as at the statement of financial position date. Any resultant gain or loss from cost whether related to market movement or from derecognition of the instrument is recognised directly in other comprehensive income. Investments classified as fair value are recognised/derecognised by the Group on the date it commits to purchase/sell the investments. All financial assets not classified as measured at amortised cost or Fair Value Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit Loss (FVTPL). This includes all non-equity financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are non-equity instruments are measured at FVTPL.

(iii) Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

> the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

> how the performance of the portfolio is evaluated and reported to the Group's management; —the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

> how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

> the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the asset.

3 Significant accounting policies (continued)

(h) Non-derivative financial assets (continued)

(iv) Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

> contingent events that would change the amount or timing of cash flows;
> terms that may adjust the contractual coupon rate, including variable-rate features;
> prepayment and extension features; and
> terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features). A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(v) Financial assets – Subsequent measurement and gains and losses

> Financial assets at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit & loss. The Group holds managed funds measured using this method. Financial assets at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

> Debt investments at FVOCI. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gians and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

> Equity investments at FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Group holds equity share investments using this method.

(vi) Share capital

The Foundation has no issued capital and is a company limited by guarantee. If the Foundation is wound up each member would have a liability of an amount not exceeding $20. Refer note 21.

(vii) Cash and cash equivalents

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

(viii) Trade and other receivables

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

(i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables that are stated at cost, this being equivalent to fair value. Research grants and fellowships are payable generally by quarterly instalments over a period of up to three years. Liabilities are recognised for these payments as they become due and payable, with the balance of the approved grants and fellowships recorded as unenforceable commitments.

(j) Impairment

(i) Non-derivative financial assets including receivables

Each financial asset not classified at fair value through surplus or deficit is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset and can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. An impairment loss in respect of amortised cost investments is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at an appropriate effective interest rate and is recognised directly in the Surplus or Deficit. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.

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

(iii) Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less 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.

(k) Employee benefits

(i) Short term benefits

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

(ii) Other long term benefits

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

> assumed rate of future increases in wage and salary rates: 2019: 3.0% (2018: 2.0%)
> discount rate based on corporate securities which most closely match the terms to maturity of the related liabilities: 2019: 3.81% (2018: 3.98%)
> expected settlement dates: 2019: 2 years (2018: 2 years)

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: 2019: 3.0% (2018: 2.0%)
> discount rate based on corporate securities which most closely match the terms to maturity of the related liabilities: 2019: 3.81% (2018: 3.98%)
> expected settlement dates based on turnover history: 2019: 10 years (2018: 15 years)

(l) Provisions

A provision is recognised if, as a result of a past event, the Group 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 cash flows 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 make good of leased premises.

(m) Segment reporting

The Group operates in only one business segment as a charity. The Group operates in one geographical segment (Australia).

(n) Finance income and finance costs

Finance income comprises interest income, dividend income, fair value movement of managed funds and gains on disposal of financial assets. Finance costs comprise management fees, losses on disposal, fair value movement of bonds and impairment of financial assets.

Notes to the financial statements (continued)
for the year ended 31 December 2019

3 Significant accounting policies (continued)

(o) Financial risk management

The Group 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 24 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 Group, 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 Group activities. The Group, 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. 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 Groups approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

(p) Determination of fair values

A number of the Group’s 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) 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.

(ii) 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.

(q) New standards and interpretations

A number of new standards are effective for the annual period beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:
> Amendments to References to Conceptual Framework in AASB Standards
> Definition of a Business (Amendment to AASB 3)
> Definition of Material (Amendment to AAS 1 and AAS 8)
> AASB 17 Insurance Contracts

Notes to the financial statements (continued)
for the year ended 31 December 2019

	2019	2018
4 Revenue from operating activities		
Revenue from contracts and customers - AASB 15 Revenue	**$ '000s**	**$ '000s**
Charitable support - bequests	31,281	31,166
Charitable support - non-bequests	17,669	19,003
Sale of goods	215	77
Total revenue from fundraising activities	**49,165**	**50,246**
Revenue under AASB 1058 - Income for NFP entities		
Government non-reciprocal grants	-	64
Grants for specific health programs - Government	2,784	12,624
Grants for specific health programs and research - other	3,120	1,661
Food Information Program	-	68
Other	2,926	1,082
Total revenue from operating activities	**8,831**	**15,499**
Total revenue from operating activities	**57,996**	**65,745**

All revenue is raised for the information, education, research and advocacy programs of Heart Health.
All revenue is raised within Australia wide.

5 Auditors' remuneration

KPMG Australia: Audit services	97,340	104,248
KPMG Australia: Other services	11,000	30,597
Total Auditors' remuneration	**108,340**	**134,845**

6 Finance income and costs

Recognised in surplus/(deficit)		
Interest income	938	1,015
Dividend income and distributions from managed funds	4,044	5,857
Fair Value Market movement/amortisation of managed funds	4,879	-
Realised gain on disposal of bonds	32	133
Finance income	**9,893**	**7,005**
Impairment/realised loss on trade receivables	-	(5)
Fair Value Market movement/amortisation of bonds	21	27
Fees of external investment managers	(149)	(138)
Realised loss on disposal of bonds	(36)	(193)
Finance costs	**(164)**	**(309)**
Net finance income and costs recognised in surplus/(deficit)	**9,729**	**6,696**
Recognised in other comprehensive income		
Impairment recovery on shares/managed fund units	-	-
Realised gain on disposal of shares	1,055	1,250
Realised (loss) on disposal of shares	(1,115)	(462)
Net surplus/(deficit) taken directly to retained earnings	(60)	788
Net fair value increments/(decrements) of financial assets	6,311	(7,654)
Net finance income and costs recognised in Other Comprehensive Income	**6,251**	**(6,866)**

7a Cash and cash equivalents

	2019 $ '000s	2018 $ '000s
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0% to 0.75% (2018: 0% to 2.4%)	16,368	26,319
	16,368	**26,319**

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 24. The carrying value of cash and cash equivalents is equal to fair value.

7b Reconciliation of cash flows from operating activities

	2019	2018
Net surplus/(deficit) from ordinary activities	(3,729)	6,044
Adjustments for:		
Depreciation / Amortisation	1,873	485
Make good / Restoration	45	41
Investments acquired for nil consideration via bequests	(3,607)	(3,271)
Unrealised net loss/(gain) on bonds & other investment assets	(4,897)	38
Net loss/(gain) on disposal of property, equipment and vehicles	(28)	(2,231)
ROU Interest	554	-
Sub lease receivable recognised on transition	769	-
Lease provisions reversed as part of AASB 16	381	-
Office lease incentives deferred	-	27
Net cash from operating activities before changes in working capital and provisions	**(8,639)**	**1,133**
(Increase)/decrease in receivables	(306)	1,307
(Increase)/decrease in grants income accrued	114	489
(Increase)/decrease in inventories	24	3
Increase/(decrease) in payables	2,533	(3,385)
Increase/(decrease) in grants income deferred	(483)	(2,627)
Increase/(decrease) in employee benefits	(1,087)	(51)
Increase/(decrease) in provisions	(395)	267
Net cash from operating activities	**(8,239)**	**(2,864)**

8 Trade and other receivables

	2019	2018
Contract asset	-	114
Other receivables and prepayments	3,265	2,959
	3,265	**3,073**

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk related to trade and other receivables is disclosed in note 24.

9 Investments

	2019 $ '000s	2018 $ '000s
Current investments		
Term deposits maturing over 89 days	21	624
Bonds paying interest rates of 3% to 5.25% (2018: 3.75% to 6%)	2,433	2,141
	2,455	**2,765**
Non-current investments		
Listed shares	29,608	24,978
Unlisted units in managed funds	47,062	37,949
Bonds paying interest rates of 1.5% to 6% (2018: 1.5% to 6%)	17,843	18,096
	94,513	**81,023**
	96,967	**83,788**

The carrying value of investments is equal to fair value. The Foundation's exposure to interest rate risk and equity/unit price risk is disclosed in note 24.

Notes to the financial statements (continued)
for the year ended 31 December 2019

10 Property, equipment and vehicles

	Freehold land	Buildings	Leasehold improvements	Office furniture & equipment	Motor Vehicles	Total
	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s
Cost						
Balance at 1 January 2018	1,660	1,873	2,121	4,618	359	**10,631**
Acquisitions	-	10	75	153	60	**298**
Disposals	-	(123)	(1,865)	(3,716)	(207)	**(5,911)**
Balance at 31 December 2018	**1,660**	**1,760**	**331**	**1,055**	**212**	**5,018**
Balance at 1 January 2019	1,660	1,760	331	1,055	212	**5,018**
Recognition of right-of-use asset on initial application of AASB 16	-	9,479	-	-	-	**9,479**
Adjusted Balance at 1 January 2019	**1,660**	**11,239**	**331**	**1,055**	**212**	**14,497**
Acquisitions	-	-	32	325	77	**434**
Disposals	-	-	-	-	(57)	**(57)**
Balance at 31 December 2019	**1,660**	**11,239**	**363**	**1,380**	**232**	**14,874**
Depreciation & impairment losses						
Balance at 1 January 2018	-	619	1,991	4,237	240	**7,087**
Depreciation charge for the year	-	46	32	241	41	**360**
Disposals	-	(100)	(1,863)	(3,683)	(128)	**(5,774)**
Balance at 31 December 2018	**-**	**565**	**160**	**795**	**153**	**1,673**
Balance at 1 January 2019	-	565	160	795	153	**1,673**
Depreciation charge for the year	-	1,576	61	159	31	**1,827**
Disposals	-	-	-	(1)	(46)	**(47)**
Balance at 31 December 2019	**-**	**2,141**	**221**	**953**	**138**	**3,453**
Carrying Amounts						
At 1 January 2018	1,660	1,254	130	381	119	**3,544**
At 31 December 2018	1,660	1,195	171	260	59	**3,345**
At 1 January 2019	1,660	1,195	171	260	59	**3,345**
At 31 December 2019	1,660	9,098	142	427	94	**11,421**

Notes to the financial statements (continued)
for the year ended 31 December 2019

11 Intangibles	2019 $ '000s	2018 $ '000s
Computer Software		
Cost		
Balance at 1 January	406	2,703
Acquisitions	1,034	-
Disposals	-	(2,297)
Balance at 31 December	**1,440**	**406**
Amortisation		
Balance at 1 January	342	2,496
Amortisation charge for the year	44	125
Disposals	-	(2,279)
Balance at 31 December	**386**	**342**
Carrying amounts		
1 January	64	207
31 December	1,054	64

12 Trade and other payables		
Payables and accrued expenses	4,740	2,238
	4,740	**2,238**

The carrying value of trade and other payables is equal to fair value. The Foundation's exposure to liquidity risk that relates to trade and other payables is disclosed in note 24.

13 Contract liability		
Balance at 1 January	6,879	9,506
Amounts received	7,191	11,100
Income recognised as revenue	(7,674)	(13,727)
Balance at 31 December	**6,396**	**6,879**

The carrying value of contract liabilities is equal to fair value. The Foundation's exposure to liquidity risk relating to contract liabilities is disclosed in note 24.

14 Employee benefits		
Aggregate liability for employee benefits including on-costs:		
Current - long service leave and annual leave	1,796	2,802
Non-current - long service leave	137	218
Total employee benefits	**1,933**	**3,020**
Personnel expenses:		
Wages and salaries	25,669	26,075
Contributions to superannuation plans	2,209	1,802
Total personnel expenses	**27,878**	**27,877**
Number of employees at year end (full time equivalents)	226	245

Notes to the financial statements (continued)
for the year ended 31 December 2019

15 Loans and Borrowings

	2019 $ '000s	2018 $ '000s
Current Liabilities		
Lease Liabilities	1,454	-
	1,454	**-**
Non-Current Liabilities		
Lease Liabilities	7,947	-
	7,947	**-**

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

			2019		2018	
	Nominal Interest Rate	**Year of maturity**	**Face Value**	**Carrying amount**	**Face Value**	**Carrying amount**
Lease liabilities (2018: finance lease liabilities)	3.0% - 7.2%	2021 - 2029	12,317	9,401	-	-
Total interest-bearing liabilities			**12,317**	**9,401**	**-**	**-**

Information on the Foundation's exposure to liquidity and interest rate risk relating to loans and borrowings is disclosed in note 24.

16 Leases

A. Leases as lessee

The Group leases offices around Australia. These leases run for between 4 and 17 years, including renewal options. Lease payments are generally subject to an annual percentage increase and periodic market rent reviews.

All of the Group's leases were previously classified as operating leases under AASB 117.

The Group leases IT equipment which have been classified as leases of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these.

	2019 $ '000s
(i) Right-of-use assets	
Balance at 1 January 2019	9,479
Depreciation charge for the year	(1,530)
Additions to right-of-use	-
Derecognition of right-of-use assets	-
Balance at 31 December 2019	**7,949**
(ii) Amounts recognised in profit and loss	
2019 - Leases under AASB 16	
Interest on lease liabilities	555
Income from sub-leasing right-of-use assets presented in 'other income'	141
Expenses relating to short-term leases	-
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	76
2018 - Operating leases under AASB 117	
Lease expense	2,245
Contingent rent expense	-
Sub-lease income presented in 'other income'	263
(iii) Amounts recognised in statement of cash flows	
2019 - total cash outflow for leases	1,841

16 Leases (continued)

(iv) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

B. Leases as lessor

(i) Finance lease

During 2019, the Group has sub-leased part of a building which has been presented as part of a right-of-use asset - property, equipment and vehicles.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Under AASB 117, the Group did not have any finance leases as lessor in 2018.

	2019 $ '000s
Less than one year	253
One to two years	263
Two to three years	44
Three to four years	-
Total undiscounted lease receivable	**560**
Unearned finance income	(33)
Net investment in the lease	**527**

17 Provisions

	Operating lease expense obligations $ '000s	Office lease incentives deferred $ '000s	Make good of lease premises $ '000s	Total $ '000s
Balance at 1 January 2018	159	14	300	**473**
Future obligations incurred	267	27	41	**335**
Incentives offset against lease rental expense	-	(27)	-	**(27)**
Expenditure recognised in the Statements of Surplus or Deficit and Oth	-	-	-	**-**
Balance at 31 December 2018	**426**	**14**	**341**	**781**
Current	-	14	-	**14**
Non-current	426	-	341	**767**
	426	**14**	**341**	**781**

	Operating lease expense obligations $ '000s	Office lease incentives deferred $ '000s	Make good of lease premises $ '000s	Total $ '000s
Balance at 1 January 2019	426	14	341	**781**
Future obligations incurred	-	-	45	**45**
Write back on adoption of AASB 16	(426)	(14)	-	**(440)**
Expenditure recognised in the Statements of Surplus or Deficit and Oth	-	-	-	**-**
Balance at 31 December 2019	**-**	**-**	**386**	**386**
Current	-	-	-	**-**
Non-current	-	-	386	**386**
	-	**-**	**386**	**386**

The carrying value of make good for leased premises is equal to fair value. The Foundation's exposure to liquidity risk related to the make good provision is disclosed in note 24.

18 Reserves and Equity

	2019 $ '000s	2018 $ '000s
Movements in reserves during the year:		
Fair Value (related to investments)		
Balance at beginning of year	3,432	11,086
Net change in fair value of equities/managed investments	6,311	(7,654)
Balance at end of year	**9,743**	**3,432**
Specific or restricted purposes		
Balance at beginning of year	27,347	29,249
Transfer from/(to) retained earnings	(1,736)	(1,902)
Balance at end of year	**25,611**	**27,347**
Total Reserves balance at year end	**35,354**	**30,779**
Reserves at beginning of year	30,779	40,335
Retained earnings at beginning of year	72,981	64,247
Total equity at beginning of year	**103,760**	**104,582**
Operating surplus/(deficit) for the year	(3,729)	6,044
Other comprehensive income	6,251	(6,866)
Total comprehensive income	**2,522**	**(822)**
Total Equity at end of year	**106,282**	**103,760**

Nature and purpose of reserves

Fair value

The fair value reserve includes the cumulative net change in the fair value of investments until the investment is derecognised through sale.

Specific or restricted purposes

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

19 Capital and other commitments

Research grants and fellowships

Board approved future commitments for existing research grants and fellowships as per agreements are payable as follows:

	2019 $ '000s	2018 $ '000s
2019	-	14,010
2020	15,553	8,461
2021	12,349	5,235
2022	7,080	2,482
2023	2,362	-
	37,344	**30,188**

Notes to the financial statements (continued)
for the year ended 31 December 2019

20 Contingencies

The directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required.

Contingent liabilities considered remote		
Performance guarantees	872	693
	872	**693**

The Group has guaranteed as party to its operating leases in Melbourne, Canberra, Sydney and Brisbane, the payment of rentals in accordance with the signed agreements for the specified lease terms. The terms of the lease agreements required the Group to secure bank guarantees of $602,023, $21,964, $149,131 and $69,011 respectively as minimum compensation payments to the lessor in the event of default. The Groups Melbourne lease term is due to expire by 31 October 2024, in Canberra by 31 July 2023, in Sydney by 30 June 2021 and Brisbane by 31 December 2023. The Group has also guaranteed $30k as party to its participation in Raffles in WA, which is held by the WA Gaming Commission. The Directors considered no liability is required to be recognised in respect of these guarantees as the Group is in compliance with the lease agreements and raffle reporting requirements.

21 Company limited by guarantee

The National Heart Foundation of Australia (“the Foundation”) 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 $20. There are 8 members as at 31 December 2019.

22 Related parties

Key management personnel and director related parties.
The following were Key management personnel of the Group at any time during the reporting period, and, unless otherwise indicated were Directors or executive staff of the Group for the entire period:

Non-executive Directors
Associate Professor D M Colquhoun MBBS, FRACP, FCSANZ
Ms A Tay LLB, FGIA, GAICD
Clinical Professor J A Deague MBBS, FRACP, PHD, FCSANZ, GAICD
Mr J Etherington AM, BEc, FCA, FAICD
Mr T M Roberts BArtsAcc, FCA, FAICD, FGLF
Ms D J Heggie, MAICD, MCSP, Grad Dip Human Services Research (to 15 Oct 2019)
Professor L Kritharides MBBS, PhD, FRACP, FAHA, FCSANZ, FESC, FACC
Mr C B Leptos AM, Bcom, MBA, FAICD, FCA, FCPA
Ms C R Payne RN, DipApSc, BachApSc, MBA
Ms J L Tucker LLB, BCom, Advanced Diploma Management (Harvard), GDip Marketing, GAICD

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

22 Related parties (continued)

Key Management Personnel

Adjunct Professor J G Kelly AM, CEO National Heart Foundation of Australia
Mr D Gerrard - Chief Financial Officer - Group (to 31 October 2019)
Mr P Lynch - Chief Financial Officer - Group (from 3 January 2019)
Mr G Heathcote - Chief Operating Officer (from 14 October 2019)
Mr B Stavreski - General Manager Heart Health & Research
Mr R Greenland - General Manager Advocacy (to 1 February 2019)
Ms J Tauber - Chief Development Officer
Mr C Taylor - Chief Marketing Officer
Mr C Miers - General Counsel
Ms C Mulcahy - General Manager Business Transformation, Strategy & Insights (to 26 July 2019)
Ms K Jacques - General Manager People & Culture

	2019 $ '000s	2018 $ '000s
The compensation of key management personnel was as follows:		
Short term employee benefits	2,196	2,887
Other long term benefits	74	49
Total	**2,270**	**2,936**

DGR Entities and ACNC Registered Charities

All entities included in Note 2(e) are DGR and ACNC Registered Charities. The Financial statements are consolidated with prior year comparison to the previous financial statements which were of the same form. All of the State and Territory entities as noted in the “Significant changes in the state of affairs” disclosure as well as the National Heart Foundation have Deductible Gift Recipient status. The Financial statements only include information relating to registered ACNC entities and their financial results are fully included in the financial statements for 2018 and 2019. The ACNC has also granted group financial reporting which allows the Annual Financial Statement and Annual Financial Report to be lodged on a joint basis removing the requirement for each entity to lodge these documents separately.

23 Subsequent events

The spread of the coronavirus COVID-19 in early 2020 has had an impact on the market value of the Group’s Investments, with an unrealised decline in value of 12.8% noted as at 30 April 2020.

COVID-19 is considered to be a non-adjusting post balance sheet event. Since balance date COVID-19 has caused increasing disruption to populations and to business and economic activity. As this situation is rapidly developing, it is not yet practicable to estimate all potential impacts COVID-19 may have on the Group and its financial performance and position.

Other than the above development , no other item, transaction or event of a material and unusual nature has occurred since 31 December 2019 which is likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the group, in future financial years.

24 Financial instruments

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

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and investment securities. The Group does not require collateral in respect of financial assets. Exposure to credit risk is monitored by management on an ongoing basis. The credit risk relating to the Group's financial assets which are recognised in the Statement of Financial Position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments. Investments are allowed only in liquid securities and equity securities in Australian shares that are in compliance with the Group's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Group's financial assets have high credit quality. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia.

24 Financial instruments (continued)

Credit Risk (continued)

At the reporting date, there were no significant concentrations of credit risk apart from the performance guarantees referred to in note 20 relating to the Melbourne, Canberra, Brisbane and Sydney office lease agreements.

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	2019 $ '000s	2018 $ '000s
Financial Assets			
Cash*		2,150	10,921
Cash at call accounts *		13,020	3,428
Term deposits under 90 days *		1,198	11,970
Total cash and cash equivalents *	7a	**16,368**	**26,319**
Grants income accrued *	8	-	114
Trade and other receivables *	8	3,265	2,959
Investments - listed shares #	9	29,608	24,978
Investments - unlisted units in managed funds #	9	47,062	37,949
Investments - bonds ## (**)	9	20,276	20,237
Term deposits over 90 days *	9	21	624
		116,600	**113,180**
(**) maturity profile of bonds			
Less than one year		2,434	2,141
Between one and five years		17,842	18,096
Later than five years		-	-
		20,276	**20,237**

* Financial assets held at cost\amortised cost
# Financial assets held at fair value through other comprehensive income or surplus/(deficit)
Financial assets held at fair value through surplus/(deficit)

Impairment loss from trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:	2019 $ '000s	2018 $ '000s
Balance at 1 January of provision for doubtful debts	-	15
Realisation of impairment (loss)/recovery previously provided	-	(15)
Balance at 31 December of provision for doubtful debts	-	-
Impairment loss/(recovery) recognised in surplus or deficit	-	(15)

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

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

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

Notes to the financial statements (continued)
for the year ended 31 December 2019

24 Financial instruments (continued)
Liquidity Risk (continued)

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

Non derivative financial liabilities	Notes	2019 $ '000s	2018 $ '000s
Lease liabilities	15	9,401	-
Contract liability	13	6,396	6,879
Trade and other payables	12	4,740	2,238
		20,536	**9,117**

2019	Contractual Cash Flows						
$ '000s	Carrying amount	Total	2 months or less	2 - 12 months	1 - 2 years	2 - 5 years	5 + years
Lease liabilities	9,401	(12,317)	(331)	(1,654)	(1,711)	(4,829)	(3,792)
Contract liability	6,396	(6,396)	-	(1,977)	(4,292)	(127)	-
Trade payables	4,740	(4,740)	(4,740)	-	-	-	-
	20,536	**(23,453)**	**(5,071)**	**(3,631)**	**(6,003)**	**(4,956)**	**(3,792)**

Contracted cash flows for the contract liability were classified above based on the expiry date of the contract. Therefore the classification of the cash flows above does not align with the current non-current classification within the statement of financial position.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices or foreign exchange movements will affect the Group'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 Group 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 Group'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 in the Sensitivity Analysis Disclosure as noted below.

Fair value sensitivity analysis for fixed rate instruments

The Surplus or Deficit would be affected by changes in the fixed interest rate as shown in the Sensitivity Analysis Disclosure. The analysis assumes all other variables remain constant. The analysis is performed using a change 1% on page 36. The analysis is performed on the same basis as that used in 2018.

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 2018.

Equity/Unit Price Risk

Equity/unit price risk arises from fair value securities held by the Group as part of managing the investment of available funds. The Group's exposure to this risk is controlled by investing with several investment managers who must meet the stringent investment guidelines of the Group.

Equity securities are designated at fair value through other comprehensive income and their performance is actively monitored and managed on a fair value basis. There would be no impact on surplus/(deficit) due to valuation changes as the resultant gain or loss is recognised directly in other comprehensive income.

24 Financial instruments (continued)

Equity/Unit Price Risk (continued)

Managed funds are designated at fair value through the surplus/(deficit) and their performance actively monitored and managed on a fair value basis.

Fair value sensitivity analysis - listed shares
A change of 10% in market price at the reporting date would have increased/(decreased) equity by the amounts shown below in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2018.

Investments in fair value equities are designated at fair value through equity and their performance is actively monitored and managed on a fair value basis. There would be no impact on surplus/(deficit) due to valuation changes as the resultant gain or loss is recognised directly in other comprehensive income.

Fair value sensitivity analysis - unlisted units in managed funds
A change of 10% in market price at the reporting date would have increased/(decreased) equity by the amounts shown in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2018. Investments in unlisted units in managed funds are designated at fair value through equity and their performance is actively monitored and managed on a fair value basis. There would be no impact on surplus/(deficit) due to valuation changes as the resultant gain or loss is recognised directly in other comprehensive income.

Fair value sensitivity analysis - bonds
A change of -10% in market price at the reporting date would have decreased profit by the amounts shown in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. Investments in bonds are designated and carried at fair value through Surplus or Deficit and their performance/market price is actively monitored and managed to ensure they meet the Group’s investment policy. A significant change in market price may be an indication of impairment for these investments and would impact on surplus/(deficit) as the resultant loss would be recognised directly in surplus/(deficit).

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’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 Group’s operations. The Group’s objective is to manage operational risk so as to prevent financial losses and damage to the Group’s and/or Group’s reputation. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management of the Group. This responsibility is supported by the development of 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 the Group’s 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 Group’s management and submitted to the Audit and Governance Committee.

Sensitivity Analysis Disclosure
The Group'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 Group 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 0.75%
> Proportional other market price risk movement of equity securities listed on the ASX index of +10%/-10%

24 Financial instruments (continued)
Operational Risk (continued)

Interest rate risk	2019					2018				
		-1%		1%			-1%		1%	
	Carrying amount/ face value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying amount/ face value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s
Financial assets										
Fixed rate instruments										
Term deposits - maturing within 90 days	1,198	(12)	(12)	12	12	11,970	(120)	(120)	120	120
Term deposits - maturing beyond 90 days	21	-	-	-	-	624	(6)	(6)	6	6
Investments - bonds	20,276	(203)	(203)	203	203	20,237	(202)	(202)	202	202
Variable rate instruments										
Cash at bank	2,150	(22)	(22)	22	22	10,921	(109)	(109)	109	109
Cash call accounts	13,020	(130)	(130)	130	130	3,428	(34)	(34)	34	34
Total increase/(decrease)	**36,665**	**(366)**	**(366)**	**366**	**366**	**47,180**	**(471)**	**(471)**	**471**	**471**

Other market price risk	2019					2018				
		-10%		10%			-10%		10%	
	Carrying amount/ face value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying amount/ face value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s	$ '000s
Financial assets										
Investments - listed shares	29,608	-	(2,961)	-	2,961	24,978	-	(2,498)	-	2,498
Investments - unlisted units in managed funds	47,062	-	(4,706)	-	4,706	37,949	-	(3,795)	-	3,795
Investments - bonds	20,276	(2,028)	-	2,028	-	20,237	(2,024)	-	2,024	-
Total increase/(decrease)	**96,946**	**(2,028)**	**(7,667)**	**2,028**	**7,667**	**83,164**	**(2,024)**	**(6,293)**	**2,024**	**6,293**

Measurement of fair values

> When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
> 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 (i.e. as prices) or indirectly (i.e. derived from prices). These Level 2 financial instruments are valued using the market comparison technique, by basing fair values on quoted prices. In respect of level 2 financial instruments, there are no significant unobservable inputs.
> Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Notes	Level 1	Level 2	Level 3	Total
		$ '000s	$ '000s	$ '000s	$ '000s
31 December 2018					
Fair Value	9	24,978	58,186	-	**83,164**
31 December 2019					
Fair Value	9	29,608	67,360	-	**96,968**

25 Parent Entity

As at, and throughout, the financial year ended 31 December 2019 the parent entity of the Group was the National Heart Foundation of Australia. At the end of the period 31 December 2019 as well as 31 December 2018 period, the result of the parent entity, financial position of the parent entity and total equity of the parent entity is equal to the Group disclosed within the financial statements.

At the end of the period 31 December 2019 as well as 31 December 2018 period, the capital and other commitments of the parent entity equal those of the Group disclosed in note 19.

At the end of the period 31 December 2019 as well as 31 December 2018 period, contingent liabilities of the parent entity equal those of the Group disclosed in note 20.

KPMG

Independent Auditor's Report

To the members of National Heart Foundation of Australia

Qualified Opinion

We have audited the ***Financial Report***, of National Heart Foundation of Australia and its controlled entities (the Group).

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 Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2019, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

i. Statement of financial position as at 31 December 2019.

ii. Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration of Company.

The Group comprises of National Heart Foundation of Australia and each of the State and Territory Member Foundations at the year-end or from time to time during the financial year.

Basis for Qualified opinion

Charitable fundraising of $17,669,000 is a significant source of fundraising revenue for National Heart Foundation of Australia. The Group has determined that it is impracticable to establish controls over the collection of charitable fundraising revenue, mainly comprising of cash donations, prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to charitable fundraising revenue, mainly comprising of cash donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable fundraising to National Heart Foundation of Australia, 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 Group, are not appropriate given the size and nature of the Group.

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 Group 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's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors and Office Bearers and Directors' Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does 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 Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 Group 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 judgment and maintain professional skepticism throughout the audit.

We also:

i. 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.

ii. 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 Group's internal control.

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 Group'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 Company 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 Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

ABond

Amanda Bond
Partner

Melbourne

26 May 2020

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

ABond

Amanda Bond

Partner

Melbourne

26 May 2020

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