

ANNUAL REPORT + FINANCIAL STATEMENTS 2016

National Heart Foundation of Australia
(New South Wales Division) ABN 95 000 253 289
For the year ended 31 December 2016

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Directors and Office Bearers

Patron

His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales

Board of Directors

President Ms R Davies, BEc, LLB (hons), FAICD

Vice President Ms G Schroder, GAICD

Chair Audit Committee Ms K Hughes, BAcc, CA, GAICD

Directors A/Professor R M Allan, MBBS, FRACP, FCSANZ, FACC
Mr A Bielinko, BCom, B.Laws (from 8 February 2016)
Professor D Brieger, MBBS, Mmed, PhD, FRACP
Dr C Forster, BSc(Med), MBBS (Hons), FRACP, FCSANZ (from 23 May 2016)
Mr G Selig, BEc
Mr D Shortland, LLB, Grad.Dip. Legal Practice, MAICD
Ms L Wilson, BCom (to 23 May 2016)

Nominee of the Cardiac Society of Australia and New Zealand A/Professor S P Thomas, BMed, PhD, FRACP

Chief Executive Kerry Doyle PSM, MAICD, BA (Hons) Class 1

Company Secretary Kerry Doyle PSM, MAICD, BA (Hons) Class 1

Auditors KPMG

Registered Office Level 3, 80 William Street, East Sydney NSW 2011

Preferred Postal Address PO Box 2222, Strawberry Hills BC NSW 2012

Directors' Report

for the year ended 31 December 2016

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (NSW Division) ("the Foundation") for the year ended 31 December 2016 and auditors' report thereon.

Directors

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

Name and qualifications	Experience and special responsibilities	Board Meetings Attended & held #	Appointment and resignation
A/Prof R M Allan MBBS, FRACP, FCSANZ, FACC	Interventional Cardiologist. Clinical Executive Director, Northern Sector, South Eastern Sydney Local Health District. Director, Eastern Heart Clinic Pty Ltd. Director, Eastcath Pty Ltd. Director, Prince of Wales Research Institute. Director, Mecafern Pty Ltd. Member, Heart Foundation Audit Committee (NSW Division).	3 / 8	Appointed 30 April 2008
Mr A Bielinko BCom, B.Laws	Venture Capitalist, Investor at Telstra Ventures. Member Heart Foundation Remuneration & Nominations Committee (NSW Division).	8 / 8	Appointed 8 February 2016
Prof D Brieger MBBS, Mmed, PhD, FRACP	Head, coronary care and coronary interventions at Concord Hospital. Chair Heart Foundation Clinical Issues Committee. Member, Heart Foundation Remuneration & Nominations Committee (NSW Division).	6 / 8	Appointed 30 April 2009
Ms R Davies BEc, LLB (hons), FAICD President	Board Member, Heart Foundation (National Division). Chair, Heart Foundation Remuneration & Nominations Committee (NSW Division). Member, Heart Foundation Audit Committee (NSW Division). Board Member, LCM Healthcare and subsidiaries. Deputy Chair, Chris O'Brien Lifehouse Ltd. Chair, Palestrina Foundation Limited. Board member Juvenile Diabetes Research Foundation Australia/Chancellor, Juvenile Diabetes Research Foundation International. Member, NHMRC Committee on Health Innovation. Member, NHMRC Australian Health Ethics Committee. Member NHMRC Community and Consumer Committee. Director, Transparency International Australia. Writer & Facilitator, Australian Institute of Company Directors. Member, National Education Advisory Committee Australian Institute of Company Directors.	7 / 8	Appointed 30 April 2014
Dr C Forster BSc(Med), MBBS (Hons), FRACP, FCSANZ	Consultant Cardiologist, St Vincent's Clinic.	3 / 4	Appointed 23 May 2016
Ms K Hughes BAcc, CA, GAICD Chair NSW Audit Committee	GM Customer Experience, Business Direct Small Business, National Australia Bank. Member, Heart Foundation National Finance Advisory Committee	8 / 8	Appointed 15 May 2013
Ms G Schroder GAICD Vice President	Head of Board Advisory, Australian Institute of Company Directors. Member, Heart Foundation Remuneration & Nominations Committee (NSW Division).	8 / 8	Appointed 28 April 2010
Mr G Selig BEc	Executive Chairman, IVE Group. Director, The Pinnacle Foundation. Director, The Lysicrates Foundation. Chair, NSW Cardiovascular Research Network Management Committee. Member Heart Foundation Audit Committee (NSW Division). Member Heart Foundation National Revenue & Brand Advisory Committee (to 5 June 2016).	4 / 8	Appointed 28 October 2009
Mr D Shortland LLB, Grad.Dip. Legal Practice, MAICD	Governance specialist and communication counsel to boards and senior executives. Facilitator for the Australian Institute of Company Directors ('AICD') in Strategy & Risk and Governance and contributor to AICD's <i>Good Governance Principles and Guidance for Not-For-Profit Organisations</i> . Director & Vice-Chair of ChildFund Australia and Chair of the Governance & Nomination Committee. Member, Heart Foundation National Audit & Governance Committee. Member Heart Foundation Audit Committee (NSW Division)	7 / 8	Appointed 30 April 2014
A/Prof S P Thomas BMed, PhD, FRACP Nominee Cardiac Society of Australia & New Zealand	Cardiologist and Director, Cardiac Laboratories at Westmead Hospital. Clinical Academic, University of Sydney. Clinical Associate Professor, Macquarie University.	7 / 8	Appointed 15 May 2013
Ms L Wilson BCom	Senior Change Manager, National Australia Bank. Member Heart Foundation Remuneration & Nominations Committee (NSW Division)	2 / 3	Appointed 2 May 2012. Retired 23 May 2016

meetings attended and meetings held while the director held office.

Meetings of Board Committees

Committee:	Number of Meetings:
Audit Committee	2
Remuneration & Nominations Committee	2

Directors' Report (continued)
for the year ended 31 December 2016

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

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

Specific responsibilities of the Board

The Board fulfils its primary role by:

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

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

Responsibilities of management

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

Board members

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

Board members are appointed to ensure breadth of skill and knowledge across all areas of the Foundation's work. The current Board's qualifications, skills, experience and responsibilities appear on pages 3, 4 and 27.

The Board of Directors consist of: a President, a Vice President, a Director nominated by the Cardiac Society of Australia and New Zealand and up to 9 additional Directors. Directors are elected by the Members at annual general meetings of the Foundation. Directors may serve a maximum period of nine consecutive years and will not be eligible to stand for re-election on retirement after this period of time. Each year, as a minimum number, one third of the Directors of the Board shall retire from office but may stand for re-election by ordinary resolution of the Members immediately upon retirement.

Office bearers are elected by the Directors from their number at a meeting of the Directors immediately held on conclusion of each annual general meeting.

Risk management

The Board oversees the establishment, implementation and regular review of the risk management system of the Foundation, which is designed to protect its reputation and manage those risks that might preclude it from achieving its mission. Management is responsible for establishing and implementing the risk management system which assesses, monitors and manages operational, financial reporting and compliance risks. The financial statements of the Foundation are subject to independent, external audit. Guidelines for internal controls have been adopted and compliance is reviewed bi-annually by independent staff from another Division.

Ethical standards and code of conduct

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

Involving stakeholders

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

PRINCIPAL ACTIVITIES AND ACHIEVEMENT OF OBJECTIVES

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

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan "For All Hearts"

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

- > Healthy hearts
- > Heart care
- > Health equity
- > Research

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

Performance Measures and Key Achievements in 2016

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

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

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

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

Review of Results and Operations for Current Year

Below are some of the NSW Division's highlights of 2016:

Healthy Hearts and Health Equity

The **Jump Rope for Heart Outreach** program delivered our skipping program and healthy eating messaging to 75 schools in the most disadvantaged areas in NSW. The program is part of our attempts to improve heart health equity.

Our **Making the Invisible Visible Campaign**, targeted at raising awareness that heart disease is the single biggest killer of Australian women launched in 2016, and reached around 7million people via social and other media.

We worked with **culturally and linguistically diverse communities** so that heart health messages, and education about risks, warning signs and actions are delivered in community languages, such as for example Arabic, Cantonese and Mandarin.

We delivered education and information to people living in **rural and regional** NSW, where we know the burden of disease is higher – in NSW we have had significant initiatives in Tamworth, Casino, Wagga Wagga and Moruya.

We took our **Healthier Oils Program** beyond the local Government framework and worked with Penrith Panthers to take one tonne of unhealthy saturated and trans fats out of the meals served at that facility every year, replacing them with healthier oils.

Our **Koori Cooking Program** was delivered in the Illawarra, Shoalhaven and Tamworth areas, working in partnership with our Aboriginal friends and colleagues to develop and showcase simple, healthy and nutritious meals.

The Heart Foundation was successfully involved in advocating for Pitt Street Mall in Sydney to join Martin Place as a **smoke free zone** in 2016.

We worked closely with the Greater Sydney Commission on the development of **6 District Plans**, advocating for physical activity, green spaces, healthy food options, social connections and smoke free environments, to make the healthy choice the easier and normal choice.

Over 1000 riders participated in the **Heart Foundation Gear up Girl** event on 13 March 2016. Organised by Bicycle NSW it is the biggest women's-only cycling initiative in NSW and is designed to encourage women and girls of all ages and abilities to ride. It is an important initiative of the Women & Heart Disease program to raise awareness of the importance of physical activity for heart health in women.

Directors' Report (continued)
for the year ended 31 December 2016

Heart Care

Demystifying cardiac rehabilitation

We know that fewer than 30% of people who have a heart attack participate in cardiac rehabilitation programs and that participation in these programs can reduce hospital readmissions and death within the first year after a coronary event by as much as 56% and 30%, respectively. That is why in Heart Week, we released seven short videos focusing on key aspects of the cardiac rehabilitation journey: such as what food to eat, how to exercise safely, dealing with depression and when to recommence sex. As well as presenting these stories on our webpage, we are encouraging hospitals across NSW to link to these stories directly on their webpage, so that cardiac patients can access them directly.

Quality and consistency in cardiac rehabilitation

We know if it is not measured, it isn't funded and is rarely given priority. That is why we have worked with NSW Local Health Districts to pilot a minimum data set for cardiac rehabilitation, with the goal of embedding this in electronic medical systems bringing enhanced quality and consistency to this important area.

Diversity for improved patient care

Our Heart and Heels Cardiology Roundtable, which is a quarterly forum for female cardiologists in NSW, goes from strength to strength. As well as bringing much needed "real life" information to our discussions on heart care, roundtable participants are also working with us to identify and address barriers to diversity in the cardiology workforce, which may translate to barriers to individuals from diverse populations participating fully in managing their heart health. The roundtable has recently been joined by senior male cardiologists from around NSW.

Research

The 2016 NSW **Cardiovascular Research Network Showcase** was held in October. The capacity audience of 200 guests comprised members of the research community, clinicians, industry professionals, and Heart Foundation supporters. The theme *Beating Heart Failure*, was explored through an engaging presentation and panel discussion. The Hon Pru Goward MP, Minister for Medical Research, hosted the awards component of the evening, and presented the Inaugural Women and Heart Disease Grant Professor Elizabeth Sullivan from UTS to study heart disease among pregnant women.

Professor Elizabeth Sullivan was awarded a research grant to the value of \$150,000 to carry out her research project. Two Collaborative Project Grants were also awarded at the Showcase, for research projects led by Early and Mid-Career Researchers. Dr. Melody Ding, from The University of Sydney, and Associate Professor Mitch Duncan from The University of Newcastle, were each awarded grants to the value of \$200,000 for their projects, amounting to a total of \$550,000 of research funding awarded through the NSW CVRN in 2016.

Additionally, in 2016, \$5,968,043 in research funding was awarded to researchers based in NSW, through the Heart Foundation's broader National Research Program. A total of 27 NSW-based grants were awarded, through the following award schemes:

- 7 Future Leader Fellowships
- 6 Postdoctoral Fellowships
- 9 Vanguard Grants
- 4 Health Professional Scholarships
- 1 Australian Indigenous Scholarship

Fundraising

The generosity of the people of NSW continues to amaze and humble us. Our work would not be possible without your support. Your gifts allow us to deliver significant health outcomes, raising awareness, building knowledge and continuing our advocacy efforts. We thank each and every one of our donors, volunteers and supporters who contribute, time, energy and finances, helping to make our vision of protecting the heart health of all Australians a reality.

Major Gifts

In 2016 we raised \$547,653 in major gifts. This comprised \$82k untied funds from 9 donors, \$45k from 2 donors tied to our Jump Rope for Heart Outreach program and \$420k from around 30 donors tied to our Women and Heart Disease program.

Bequests

Bequests from the people of NSW saw \$12.265m in gifts in wills being left to the Heart Foundation in 2016.

Community fundraising and local initiatives

Seventy-four people joined our team and participated in the City to Surf to run for research, raising \$57k.

We worked with our community fundraisers achieving \$225k, and welcomed community fundraising champion Simone Collins, whose Women with Heart and Style Luncheon generated net income of \$14.9k.

The Bulls and Bears Golf Day run by the NSW Stockbrokers Association netted over \$55k.

Trusts and Foundations

Our partnership with the Maple-Brown Family Trust was strengthened, with a pledge of \$180k over 3 years. \$150k will be directed to research that will add to our knowledge regarding the impacts of heart disease in women. The additional \$30k will be allocated to a community grant to raise awareness of this important issue.

Corporate relations

We achieved a major corporate partnership with Abbott Vascular, supporting the Women and Heart Disease Project, and welcomed Astra Zeneca as a sponsor of the NSW Cardiovascular Research Showcase.

Directors' Report (continued)
for the year ended 31 December 2016

Review of Results and Operations for Past Five Years

Set out below is a comparative table of income & expenditure and assets & liabilities for the past five years, including relevant ratios. Income from fundraising is obtained in an increasingly competitive charity climate. Fundraising cost over the last 5 years averaged 26% of fundraising income. The Foundation received record high Bequests in 2016, which had a favourable impact on the fundraising cost ratio.

	2016	2015	2014	2013	2012
	\$'ooo	\$'ooo	\$'ooo	\$'ooo	\$'ooo
Income & Expenditure					
Charitable support – bequests	12,266	8,948	6,155	7,716	7,405
Charitable support - non-bequests	5,321	5,639	6,697	7,210	7,389
Fundraising income	17,587	14,587	12,852	14,926	14,794
Investment income	55	63	90	104	198
Government non-reciprocal grants	-	-	-	1,752	1,260
Grants for specific health programs	1,608	1,643	1,931	374	657
Grants for specific fundraising & communications programs	583	586	119	-	-
Other income	64	41	139	222	291
Total income	19,897	16,920	15,131	17,378	17,200
Less: Fundraising expenditure	(3,622)	(3,719)	(3,939)	(3,793)	(4,248)
Communications & administration	(732)	(533)	(417)	(535)	(392)
Surplus available for health programs & research	15,543	12,668	10,775	13,050	12,560
Health programs conducted locally	(4,701)	(4,516)	(4,684)	(5,315)	(5,190)
Net grants to National Heart Foundation of Australia	(10,526)	(8,539)	(5,941)	(8,870)	(7,430)
Balance added to/(deducted from) equity	316	(387)	150	(1,135)	(60)
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	21	25	31	25	29
Surplus from fundraising to fundraising income	79	75	69	75	71
Surplus available for health programs & research to total income	78	75	71	75	73
Expenditure on health programs and research to total income	77	77	70	82	73
Expenditure on health programs and research to total expenditure	78	75	71	77	73
Annual increase in expenditure on health programs & research	17	23	(25)	12	14
Assets & Liabilities	\$'ooo	\$'ooo	\$'ooo	\$'ooo	\$'ooo
Cash & Investments	5,537	2,678	4,752	4,391	5,977
Freehold Land & Properties	-	267	-	-	-
Computers, motor vehicles & equipment	44	54	105	191	265
Other assets	417	604	390	423	1,435
Total assets	5,998	3,603	5,247	5,005	7,677
Total liabilities	(5,582)	(3,503)	(4,760)	(4,668)	(6,204)
Total equity	416	100	487	337	1,473

Events Subsequent to Reporting Date

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

Likely Developments

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

Given the decision of the National Board in late 2016 to review its current governance arrangements the NSW Board agreed to extend the current Federation Agreement for a further six months beyond its current date of expiration (31 December 2017), being 30 June 2018.

Environmental Regulation

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

Directors' Report (continued)
for the year ended 31 December 2016

Insurance Premiums

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

The insurance premiums relate to:

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

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 34 and forms part of the directors' report for financial year 2016.

Signed in accordance with a resolution of the Directors.



Ms R Davies
President

Dated at Sydney this 26th day of April 2017

Directors' Declaration

for the year ended 31 December 2016

In the opinion of the directors of National Heart Foundation of Australia (**New South Wales Division**) ("the Foundation"):

- (a) the financial statements and notes, set out on pages 11 to 33, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Foundations financial position as at 31 December 2016 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Regulations 2013; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Ms R Davies
President

Dated at Sydney this 26th day of April 2017

National Heart Foundation of Australia (New South Wales Division)

Statement of Surplus or Deficit and Other Comprehensive Income
for the year ended 31 December 2016

	Notes	2016 \$	2015 \$
Revenue			
Revenue from operating activities	4	19,841,164	16,857,976
Total revenue		19,841,164	16,857,976
Net gain/(loss) on sale of property, plant and equipment		-	3,076
Research		(1,292,368)	(1,242,737)
Health programs (including those funded by grants)		(3,408,211)	(3,273,281)
Fundraising		(3,622,353)	(3,719,042)
Cost of goods sold		(63)	(264)
Communications and publicity		(501,250)	(275,484)
Administration		(230,790)	(260,527)
Results from Operating activities		10,786,129	8,089,717
Finance income		64,099	63,385
Finance costs		(8,762)	(665)
Net Finance income/(cost)	6	55,337	62,720
Net Surplus/(deficit)		10,841,466	8,152,437
Net Grants to National Heart Foundation of Australia		(10,525,951)	(8,539,425)
Surplus/(deficit) for the year before tax		315,515	(386,988)
Income tax expense	3c	-	-
Surplus/(deficit) for the year after tax		315,515	(386,988)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		315,515	(386,988)

Statement of Financial Position
as at 31 December 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	7a	5,536,643	2,678,434
Trade and other receivables	8	416,701	604,080
Total current assets		5,953,344	3,282,514
Non-current assets			
Property, Plant, equipment and vehicles	9	44,354	321,111
Total non-current assets		44,354	321,111
Total assets		5,997,698	3,603,625
Current liabilities			
Trade and other payables	10	4,124,647	770,734
Grants income deferred	11	793,214	1,963,052
Employee benefits	12	342,650	401,300
Provisions	16	13,557	61,770
Total current liabilities		5,274,068	3,196,856
Non-current liabilities			
Employee benefits	12	30,608	38,013
Provisions	16	277,173	268,422
Total non-current liabilities		307,781	306,435
Total liabilities		5,581,849	3,503,291
Net assets		415,849	100,334
Equity			
Reserves		568,747	533,817
Retained earnings		(152,898)	(433,483)
Total equity	13	415,849	100,334

Statement of Changes in Equity
for the year ended 31 December 2016

	Reserves	Accumulated Surplus	Total
Balance of accumulated surplus as at 1 January 2015	324,857	162,465	487,322
Comprehensive income for the period			
Surplus/(Deficit)		(386,988)	(386,988)
Transfers to reserves	208,960	(208,960)	
Other comprehensive income			
Total comprehensive income for the periods	<u>533,817</u>	<u>(433,483)</u>	<u>100,334</u>
Balance of accumulated surplus as at 31 December 2015	<u>533,817</u>	<u>(433,483)</u>	<u>100,334</u>
Balance of accumulated surplus as at 1 January 2016	533,817	(433,483)	100,334
Comprehensive income for the period			
Surplus/(Deficit)		315,515	315,515
Transfers to reserves	34,930	(34,930)	-
Other comprehensive income			
Total comprehensive income for the periods	<u>34,930</u>	<u>280,585</u>	<u>315,515</u>
Balance of accumulated surplus as at 31 December 2016	<u>568,747</u>	<u>(152,898)</u>	<u>415,849</u>

Statement of Cash Flows
for the year ended 31 December 2016

	Notes	2016	2015
Cash flows from operating activities			
Cash receipts in the course of operations		17,644,943	15,002,568
Cash payments in the course of operations		(6,522,686)	(6,232,656)
Net grants made to National Heart Foundation of Australia		(8,320,504)	(10,955,484)
Net financial income		76,716	111,186
Net cash from operating activities	7b	2,878,469	(2,074,386)
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		-	15,600
Acquisition of property, equipment, vehicles and computer software		(20,260)	(15,158)
Net cash from investing activities		(20,260)	442
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		2,858,209	(2,073,944)
Cash and cash equivalents at 1 January		2,678,434	4,752,378
Cash and cash equivalents at 31 December	7a	5,536,643	2,678,434

Notes to the Financial Statements
for the year ended 31 December 2016

1 Reporting entity

The National Heart Foundation of Australia (New South Wales Division) (the "Foundation") (ABN: 95 000 253 289) is a company domiciled in Australia. The address of the Foundation's registered office is Level 3, 80 William Street, East Sydney NSW 2011. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission, devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

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 26 April 2017.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for any equity instruments the Foundation may hold which will be measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements requires management to make 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 judgments

The company has entered into leases of premises and office equipment as disclosed in Note 15. Management has determined that all of the risks and rewards of ownership of these premises and equipment remain with the lessor and has therefore classified the leases as operating leases.

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) 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 16.

(ii) 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(i). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to note 12.

(e) Changes in accounting policies

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

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies

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

(a) 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, and each Division is a member of the National Heart Foundation of Australia. The consolidated financial statements comprise the financial statements of the Foundation and the Divisions. Intra-entity balances and transactions are eliminated in preparing the consolidated financial statements. The accounting policies of Divisions and Territories have been changed when necessary to align them with the policies adopted by the National Heart Foundation of Australia.

(b) Revenue recognition

(i) Charitable support

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

(ii) Interest and dividend revenue

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.

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

Grants received for specific health programs or research 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 grants income deferred as recognised in note 11. 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) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Revenue from the sale of goods is recognised when control of the goods passes to the customer.

(v) Services of volunteers

A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. School children across New South Wales also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 101,396 children and 477 schools and groups throughout New South Wales. The Foundation's door knock program successfully recruited over 15,939 volunteers to collect funds in 2016. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(c) Goods and services tax

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

The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Income Tax

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

(e) Property, plant, equipment and vehicles

(i) Recognition and measurement

Items of property, plant, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to note 3(h)(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(e) Property, plant, equipment and vehicles (continued)

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

(ii) Depreciation

Depreciation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of property, plant, equipment and vehicles from the date they are acquired and are ready for use. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

> buildings	40 years
> leasehold improvements	Term of Lease
> office furniture and equipment	3 - 10 years
> motor vehicles	5 - 6 years

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

(f) Leased assets including property and equipment

Leases in terms of which the Foundation assumes substantially all the risks and benefits of ownership are classified as finance leases. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by payments made. The interest components of the lease payments are expensed. There have been no finance leases during the periods covered by these financial statements.

Other leases are classified as operating leases and payments are expensed on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. The Foundation recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's Statement of Financial Position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's Statement of Financial Position for the costs of restoring leased premises to conditions as set out in the lease agreement. This future obligation will be adjusted annually to reflect increases in CPI (refer to note 15).

Determining whether an arrangement contains a lease

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

(g) Non-derivative financial assets

The Foundation early adopted AASB9 *Financial Instruments* with a date of initial application of 1 January 2011. The Foundation initially recognises financial assets on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through Surplus or Deficit then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Foundation subsequently measures financial assets at either amortised cost or fair value.

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

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

On initial recognition, the Foundation classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB9 (2011) which the Foundation early adopted on 1 January 2011, the classification of financial assets that the Foundation held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

3 Significant accounting policies (continued)**(g) Non-derivative financial assets (continued)****(i) Fair Value through Other Comprehensive Income**

Investments in equity instruments that are held directly are classified and stated as fair value. The fair value of equity instruments is their quoted bid 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 entity on the date it commits to purchase/sell the investments

(ii) Amortised Cost

Investments in term deposits maturing beyond 90 days that are held directly are classified and measured at amortised cost. Any differential between face or maturity value and cost is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income over the remaining term to maturity of each instrument. If an amortised costs investment is considered to be impaired such impairment is recognised directly in the Statement of Surplus or Deficit and Other Comprehensive Income. Investments classified at amortised cost are recognised/derecognised by the entity on the date it commits to purchase/sell the investments.

(iii) Other financial instruments

A financial instrument is recognised on the date the Foundation becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cashflows from the financial assets expire. Purchases and sales of financial assets are accounted for at trade date. Accounting for finance income and finance cost is discussed in note 3(l). Other non-derivative financial instruments are measured at amortised costs using the effective interest method, less any impairment losses.

Share capital

The Foundation has no issued capital and is limited by guarantee. If the Foundation is wound up each member would have a liability of an amount not exceeding \$20. Refer note 17.

Cash and cash equivalents

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

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(h)(i).

(h) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Foundation classifies all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables that are stated at cost, this being equivalent to fair value.

(i) Impairment**(i) Non-derivative financial assets including receivables**

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

(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

3 Significant accounting policies (continued)**(i) Impairment (continued)**

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

(j) Employee Benefits**(i) Short term benefits**

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

(ii) Long term benefits

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

- > assumed rate of future increases in wage and salary rates: 2016: 3.0% (2015:3.0%)
- > discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2016: 2.76% (2015:2.88%)
- > expected settlement dates for annual leave 2016: 2 years
- > expected settlement dates for long service leave based on turnover history: 2016: 7 years (2015: 7 years)

(iii) Defined contribution plans

A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Superannuation contributions are made by the Foundation in respect of all employees to provide accumulation style benefits only. Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in the Statement of Surplus or Deficit and Other Comprehensive Income in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessment of the true value of money and risks specific to the liability. Provisions consist of operating leases expenses straight line, office lease incentives deferred and make good of leased premises. The unwinding of the discount is recognised as a finance cost (refer to note 16).

(l) Segment reporting

The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment (New South Wales)

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(m) Finance income and finance costs

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

(n) Financial risk management

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

Financial instruments

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

Further details in respect of each of these risks are set out in note 20 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundations activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

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

Economic dependency

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

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Except for **AASB 9 Financial Instruments (2010)** which the Foundation early adopted with a date of initial application of 1 January 2011, the Foundation has not elected to early adopt any other new Australian Accounting Standards. Those which may be relevant to the Foundation are:

AASB 15 Revenue from contracts with customers, becomes mandatory for the 2018 financial statements and could change the classification and recognition method of revenue. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

AASB 16 Leases requires companies to bring most operating leases on-balance sheet from 2019.

Companies with operating leases will appear to be more asset-rich, but also more heavily indebted. AASB 16 is effective for the Foundation's 2019 financial statements.

AASB 1058 Income for Not-for-profit Entities is a standard addressing the recognition and measurement of income for not-for-profit entities. The concept of reciprocal and non-reciprocal transactions has been removed, and instead an assessment of enforceability and performance obligations is required. Application is effective for the Foundation's 2019 financial statements.

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

(p) Determination of fair values

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

(i) 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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

3 Significant accounting policies (continued)

(p) Determination of fair values (continued)

(iii) Property, plant and equipment

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

	2016 \$	2015 \$
4 Revenue from operating activities		
Charitable support - bequests	12,265,695	8,947,816
Charitable support - non-bequests	5,903,193	6,224,792
Sale of goods	223	353
<i>Total revenue from fundraising activities</i>	<u>18,169,111</u>	<u>15,172,961</u>
Grants for specific health programs - Government	1,028,048	1,188,770
Grants for specific health programs and research - other	580,289	454,444
Other	63,716	41,801
<i>Total revenue from other operating activities</i>	<u>1,672,053</u>	<u>1,685,015</u>
Total revenue from operating activities	<u>19,841,164</u>	<u>16,857,976</u>
5 Auditors' remuneration		
KPMG Australia: Audit services	29,964	29,580
KPMG Australia: Other services	2,500	2,550
	<u>32,464</u>	<u>32,130</u>
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	57,828	61,305
Dividend income	6,271	2,080
Finance income	<u>64,099</u>	<u>63,385</u>
Impairment/ realised loss on trade receivables	8,762	665
Finance costs	<u>8,762</u>	<u>665</u>
Net finance income and costs recognised in Surplus/(Deficit)	<u>55,337</u>	<u>62,720</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 \$	2015 \$
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.0% to 2.9% (2015: 0.0% to 3.5%)	5,536,643	2,678,434
	<u>5,536,643</u>	<u>2,678,434</u>
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 20. The carrying value of cash and cash equivalents is equal to fair value.		
7b Reconciliation of cash flows from operating activities		
Net surplus / (deficit) from ordinary activities	315,515	(386,988)
Adjustments for:-		
Depreciation/Amortisation	30,018	53,406
Make good / restoration	8,751	7,818
Operating lease expense obligations incurred	-	-
Investments acquired for nil consideration via bequests	-	(267,000)
Net loss/(gain) on disposal of property, equipment and vehicles	-	(3,076)
Office lease incentives deferred	(48,213)	(123,541)
Net cash from operating activities before changes in working capital and provisions	306,071	(719,381)
(Increase)/decrease in receivables	451,147	(215,663)
(Increase)/decrease in grants income accrued	3,232	1,889
(Increase)/decrease in inventories	-	-
Increase/(decrease) in payables	3,353,911	(719,553)
Increase/(decrease) in grants income deferred	(1,169,838)	(436,202)
Increase/(decrease) in employee benefits	(66,055)	14,524
Net cash from operating activities	<u>2,878,469</u>	<u>(2,074,386)</u>
8 Trade and other receivables		
Trade receivables owing by National Heart Foundation of Australia (National)	263,011	135,695
Grants income accrued	976	4,208
Other receivables and prepayments	152,714	464,177
	<u>416,701</u>	<u>604,080</u>

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk relates to trade and other receivables is disclosed in note 20.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

9. Property, plant, equipment and vehicles

	Computers	Leasehold Improvements	Motor Vehicles	Office Equipment	Furniture & Fittings	Buildings	Software	Totals	
Cost									
Balance b/f	307,039	1,802,600	84,746	209,051	48,954	267,000	22,182	2,741,571	
Additions	20,260								20,260
Disposal	(267,000)								(267,000)
Balance c/f	307,039	1,822,860	84,746	209,051	48,954	-	22,182	2,494,831	

	Computers	Leasehold Improvements	Motor Vehicles	Office Equipment	Furniture & Fittings	Buildings	Software	Totals	
Accumulated depreciation									
Balance b/f	306,638	1,791,643	55,818	202,541	41,637	-	22,182	2,420,460	
Depreciation charge for year	401	10,994	9,618	1,999	7,006			30,018	
Disposal									-
Balance c/f	307,039	1,802,637	65,437	204,540	48,643	-	22,182	2,450,477	

NBV 2016	-	20,223	19,309	4,511	311	-	-	44,354
NBV 2015	401	10,957	28,927	6,510	7,317	267,000	-	321,112

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

	2016 \$	2015 \$
10 Trade and other payables		
Trade payables to National Heart Foundation of Australia	3,843,062	626,040
Other payables and accrued expenses	281,585	144,694
	<u>4,124,647</u>	<u>770,734</u>

The carrying value of trade and other payables is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relates to trade and other payables is disclosed in note 20.

11 Grants income deferred		
Balance at 1 January	1,963,052	2,399,254
Amounts received	438,499	1,207,012
Income taken to revenue	(1,608,337)	(1,643,214)
Balance at 31 December	<u>793,214</u>	<u>1,963,052</u>

The carrying value of grants income deferred is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relating to grants income deferred is disclosed in note 20.

12 Employee benefits		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	342,650	401,300
Non-current - long service leave	30,608	38,013
Total employee benefits	<u>373,258</u>	<u>439,313</u>
<i>Personnel expenses:</i>		
Wages and salaries	2,907,733	2,889,527
Contributions to superannuation plans	280,056	260,465
Total personnel expenses	<u>3,187,789</u>	<u>3,149,992</u>
Number of employees at year end (full time equivalents)	<u>36</u>	<u>36</u>

	2016 \$	2015 \$
13 Reserves and Equity		
<i>Movements in reserves during the year:</i>		
Balance at beginning of year	533,817	324,857
Transfer from/(to) retained earnings, representing:	34,930	208,960
Balance at end of year	<u>568,747</u>	<u>533,817</u>
Total Reserves Balance at year end	<u>568,747</u>	<u>533,817</u>

Nature and purpose of reserves

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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

13 Reserves and Equity (continued)

	2016	2015
	\$	\$
Total Equity at beginning of year	100,334	487,322
Operating Surplus/(deficit)	10,841,466	8,152,437
Net Grants to National Heart Foundation of Australia	(10,525,951)	(8,539,425)
Total Equity at end of year	415,849	100,334

Retained earnings

Each year when budgets for the following year are being formulated, an estimate is made of an optimum level of retained earnings. That optimum level takes into account a solvency buffer and the necessary funding of the basic infrastructure of the foundation. Basic infrastructure includes receivables, inventories, property, equipment and vehicles. The excess of actual retained earnings over the optimum level so calculated is remitted to the National Heart Foundation of Australia ("National") as a contribution towards national health programs and research.

14 Assets held in trust

	2016	2015
	\$	\$
Balance brought forward	1,049,949	1,047,250
Interest and funds received	28,426	38,022
Less Payments in accordance with Trust	(26,216)	(35,323)
Balance carried forward	1,052,159	1,049,949

15 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year	607,709	378,945
Between one and five years	2,308,894	-
Later than five years	-	-
	2,916,603	378,945

Expenditure in the period was as follows:

Office space	628,321	626,070
	628,321	626,070

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

16 Provisions

Obligations arising as a result of the Foundation's adherence with the prescribed treatment of leases outlined in the accounting standards are shown as follows:

	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$
Balance at 1 January 2015	185,311	260,604	445,915
Future obligations incurred	-	-	-
Lease incentives received	-	-	-
Incentives offset against lease rental expense	(123,541)	-	(123,541)
Expenditure recognised in the statement of comprehensive income	-	7,818	7,818
Balance at 31 December 2015	61,770	268,422	330,192
Current	61,770	-	61,770
Non-Current	-	268,422	268,422
	61,770	268,422	330,192

	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$
Balance at 1 January 2016	61,770	268,422	330,192
Future obligations incurred	-	(39,790)	(39,790)
Lease incentives received	27,115	-	27,115
Incentives offset against lease rental expense	(75,328)	-	(75,328)
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	48,541	48,541
Balance at 31 December 2016	13,557	277,173	290,730
Current	13,557	-	13,557
Non-Current	-	277,173	277,173
	13,557	277,173	290,730

The carrying value of make good of leased premises is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk related to the make good provision is disclosed in note 20.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

17 Company limited by guarantee

The National Heart Foundation (NSW Division) is a company incorporated in Australia under the Corporations Act 2001 as a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that they are a member, or within one year afterwards for payment of the debts and liabilities of the company contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of \$20. As at 31st December 2016 there were 75 members (2015: 76 members).

18 Related parties

Key management personnel and director related parties

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

Non executive directors

Ms R Davies BEc, LLB (hons), FAICD - President
A/Professor R M Allan, MBBS, FRACP, FCSANZ, FACC
Mr A Bielinko, BCom, B.Laws (from 8 February 2016)
Professor D Brieger, MBBS, Mmed, PhD, FRACP
Dr C Forster, BSc(Med), MBBS (Hons), FRACP, FCSANZ (from 23 May 2016)
Ms K Hughes, BAcc, CA, GAICD
Ms G Schroder, GAICD
Mr G Selig, BEc
Mr D Shortland, LLB, Grad.Dip. Legal Practice, MAICD
A/Professor S P Thomas, BMed, PhD, FRACP
Ms L Wilson, BCom (to 23 May 2016)

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

Executive Staff

Ms Kerry Doyle PSM, MAICD, BA (Hons) Class 1	Chief Executive
Ms Julie Anne Mitchell, MPH, GradDip Health Promotion, BA, RN	Director Cardiovascular Health Programs
Ms Deborah Mills, BA (Hons) DipACB	Executive Manager, Philanthropy & Fundraising
Ms Katrina Dowling, B.Com (Economics), B.Bus (Marketing)	Executive Manager, Revenue & Communications
Ms Kristina Cabala, BSc, Grad Dip Marketing	Director NSW Cardiovascular Research Network (to 30 June 2016)
Ms Nellie Wang, Adv. Dip Accounting, Bachelor of Law (China)	Management/Senior Accountant

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

18 Related Parties (continued)

The compensation of key management personnel was as follows:

Short term employee benefits
Other long term benefits
Total

2016 \$	2015 \$
894,394	960,991
12,101	24,258
906,495	985,249

Other related parties

Classes of other related parties are the National Heart Foundation of Australia ("National") and all other state and territory divisions ("Divisions") and directors of related parties and their director-related entities. The Foundation makes grants to National Heart Foundation of Australia ("National") primarily to fund research and other health programs conducted on an Australia-wide basis. Such grants are payable under the terms of the Federation agreement between the Foundation and the National Heart Foundation of Australia ("National"). The grant payable by the Foundation is equal to its net operating surplus (payable monthly in arrears) representing the excess of income received less capital expenditure and operating expenditure (excluding depreciation). If there is a deficit from application of the above arrangement, a grant is paid by the National Heart Foundation of Australia ("National") to the Foundation. Net Grants made by the Foundation to National were as follows:

2016 \$	2015 \$
Net Surplus/(Deficit) 315,515	(386,988)
The aggregate amounts included in the profit from ordinary activities that resulted from transactions with non-director related parties are :	
Contributions received from sale of services	617,842
Contributions paid for purchase of services	596,724
Grants for research and other national initiatives	(3,424,547)
	(8,539,425)

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

19 Subsequent events

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

20 Financial instruments

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

Credit risk

Credit risk is the risk of financial loss to the Foundation and/or Divisions if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's and/or Division's receivables and investment securities. Exposure to credit risk is monitored by management on an ongoing basis.

The Foundation does not require collateral in respect of financial assets. The credit risk relating to the Foundation's financial assets which are recognised in the statement of financial position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments. Investments are allowed only in liquid securities and equity securities in Australian shares that are in compliance with the Foundation's investment policy. Management does not expect any counterparty to fail to meet its obligations as the Foundation's financial assets have high credit quality. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was only Australia.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

20 Financial instruments (continued)

At the reporting date there were no significant concentrations of credit risk.

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

	Notes	2016 \$	2015 \$
Financial assets			
Cash *		90,434	154,076
Cash call accounts *		2,840,910	524,358
Term deposits under 90 days *		2,605,299	2,000,000
Total cash and cash equivalents	7a	5,536,643	2,678,434
Trade and other receivables *	8	415,725	599,872
Grants income accrued *	8	976	4,208
		<u>5,953,344</u>	<u>3,282,514</u>

* Financial assets held at cost/amortised cost

Liquidity risk

Liquidity risk is the risk that the Foundation and/or Divisions will not be able to meet its financial obligations as they fall due. The entity'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 entity's reputation.

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

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

	Notes	2016 \$	2015 \$
Non derivative financial liabilities			
Trade and other payables	10	4,124,647	770,734
Grants income deferred	11	793,214	1,963,052
		<u>4,917,861</u>	<u>2,733,786</u>

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Foundation's and/or Divisions 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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

20 Financial instruments (continued)

Interest rate risk

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

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 31.

Fair value sensitivity analysis for fixed rate instruments

The surplus/(deficit) would be affected by changes in the fixed interest rate as shown in the Sensitivity Disclosure Analysis. The analysis assumes all other variables remain constant. The analysis is performed using a change of 1% on page 31. The analysis is performed on the same basis as that used in 2015

Cash flow sensitivity analysis for variable rate instruments

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

Other market price risk

Equity price risk arises from any fair value equity securities held by the Foundation as part of managing the investment of available funds. 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.

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 on page 31. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2015

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.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Foundations and/or Divisions 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 Foundations operations.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

20 Financial instruments (continued)

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

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

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

Sensitivity Analysis Disclosure

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

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

	2016					2015				
	Carrying Amount/ Face Value	-1%	Equity	+1%	Equity	Carrying Amount/ Market Price	-1%	Equity	+1%	Equity
	\$	Surplus/ (Deficit)	\$	Surplus/ (Deficit)	\$	\$	Surplus/ (Deficit)	\$	Surplus/ (Deficit)	\$
Interest rate risk										
Financial assets										
Fixed rate instruments										
Term deposits-maturing within 90 days	2,605,299	(26,053)	(26,053)	26,053	26,053	2,000,000	(20,000)	(20,000)	20,000	20,000
Variable rate instruments										
Cash at bank	90,434	(904)	(904)	904	904	154,076	(1,541)	(1,541)	1,541	1,541
Cash call accounts	2,840,910	(28,409)	(28,409)	28,409	28,409	524,358	(5,244)	(5,244)	5,244	5,244
Total increase/(decrease)		(55,366)	(55,366)	55,367	55,366		(26,784)	(26,784)	26,784	26,784

Fair value hierarchy

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

The different levels have been defined as:

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

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

21 Information and declarations to be furnished under the Charitable Fundraising Act 1991

Details of aggregate gross income and total expenses of fundraising appeals.

	2016	2015
	\$	\$
Fundraising Income		
Fundraising	17,586,322	14,587,315
Gross Proceeds from Fundraising Appeals	17,586,322	14,587,315
Fundraising Costs		
Fundraising Appeals	3,622,353	3,719,042
Total Costs of Fundraising Appeals	3,622,353	3,719,042
Net Surplus from Fundraising Appeals	13,963,968	10,868,273
Applied as follows:		
Direct Services		
Net grants to National Fundraising - refer to Note 18	10,525,951	8,539,425
Health programs*	2,653,557	2,638,044
Research network	1,292,369	1,242,737
	14,471,877	12,420,205
Indirect Expenditure		
Administration	230,790	260,527
Communications and Publicity	501,250	275,484
	732,040	536,011
Total Direct and Indirect Expenditure	15,203,917	12,956,217
Net Surplus/(Deficit) from Fundraising Appeals after Expenditure	(1,239,949)	(2,087,944)
Reconciliation to surplus/(deficit) from continuing operations		
Net surplus from sale of goods	160	89
Grants for specific health programs - Government and Other	898,758	986,124
Health programs funded by grants	(754,653)	(635,237)
CVH income	4,000	0
Interest and other revenue from operating activities	114,830	104,167
Net gain/(loss), including impairment loss, on disposal of plant & equipment	0	3,076
Grants for specific research programs	1,292,369	1,242,737
	1,555,464	1,700,956
Surplus/(deficit) from continuing operations	315,515	(386,988)

* Health program expenses and communication and publicity expenses in the Statement of Surplus or Deficit and Comprehensive Income include amounts spent where funding has been received from other parties for specific purposes. The expense amounts included in the above direct and indirect expenditure do not include specific purpose expenditure.

(i) A summary of significant accounting policies and methods is detailed in Note 3.

(ii) During the year the Foundation did not experience any material matter or occurrence, including any of an adverse nature.

(iii) During the year the Foundation entered into one Trader Agreement, and \$2,330 income received from the trader.

(iv) Fundraising appeals conducted during the year were:

Direct Mail Appeals, Major Gifts Women and Heart Disease, Recurring Giving, Memorial Giving, Corporate Relations, Community Events, Bequests, Jump Rope for Heart and Big Heart Appeal.

(v) Comparisons:

Notes to the Financial Statements (continued)
for the year ended 31 December 2016

21 Information and declarations to be furnished under the Charitable Fundraising Act 1991 (continued)

	2016	2015
	\$	\$
Total costs of fundraising/ Gross income from fundraising As a percentage	3,622,353 17,586,322 21%	3,719,042 14,587,315 25%
Net surplus from fundraising/ Gross income from fundraising As a percentage	13,963,968 17,586,322 79%	10,868,273 14,587,315 75%
Total costs of services provided/ Total expenditure As a percentage	14,471,877 15,203,917 95%	12,420,205 12,956,217 96%
Total costs of services provided/ Total income received As a percentage	14,471,877 17,705,375 82%	12,420,205 14,691,836 85%

In accordance with the requirements of the Regulations to the Charitable Fundraising Act 1991, the Foundation has maintained proper and effective internal control over the conduct of all appeals conducted by it. It is not practicable, however, for the Foundation to establish complete accounting control over all unsolicited income prior to its receipt by the Foundation. The directors believe that the controls in place are adequate and the risk of material amounts of unsolicited income not being recorded by the Foundation is low.



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 (NSW Division)

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

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

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Cameron Roan', written over a circular stamp or seal.

Cameron Roan

Partner

Sydney

26 April 2017

Declaration by Chief Executive in respect of fundraising appeals

to the members of National Heart Foundation of Australia (New South Wales Division)

I, Kerry Doyle, Chief Executive of the National Heart Foundation of Australia (New South Wales Division), declare in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of the National Heart Foundation of Australia (New South Wales Division) with respect to fundraising appeal activities for the financial year ended 31 December 2016;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2016;
- (c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 31 December 2016; and
- (d) the internal controls exercised by the National Heart Foundation (New South Wales Division) are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Kerry Doyle, PSM
Chief Executive

Dated at Sydney this 26th day of April 2017



Independent Auditor's Report

To the members of National Heart Foundation (NSW Division)

Report on the audit of the Financial Report

Qualified Opinion

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

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

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

The **Financial Report** comprises:

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

Basis for Qualified opinion

Charitable fundraising is a significant source of fundraising revenue for the National Heart Foundation (NSW Division). The Foundation has determined that it is impracticable to establish controls over the collection of charitable fundraising revenue, mainly comprising of cash donations, prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to charitable fundraising revenue, mainly comprising of cash donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable fundraising to the National Heart Foundation of Australia (NSW Division), reported in the accompanying financial report is complete. In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from



Independent Auditor's Report (continued)

fundraising appeal activities by the Foundation, are not appropriate given the size and nature of the Foundation.

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

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

We are independent of the Company 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 (NSW Division) annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report, Members, Friends of the Heart Foundation and Advisory Committees.

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

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

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Preparing the Financial Report in accordance with the Acts and Regulations.
- (iii) 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.
- (iv) Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report (continued)

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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

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

In addition we have:

- (i) Obtained an understanding of the internal control structure for fundraising appeal activities.



Independent Auditor's Report (continued)

- (ii) Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph:

- (i) the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 31 December 2016;
- (ii) the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2016 to 31 December 2016, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (iii) money received as a result of fundraising appeal activities conducted during the period from 1 January 2016 to 31 December 2016 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (iv) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due].

KPMG

KPMG

Cameron Roan

Partner

Sydney

26 April 2017

Members ¹⁾

A/Prof Roger M Allan **
Mr George M Armstead
Dr Alan W Barclay
Dr Bruce Bastian *
Prof Bill Bellew
Mr Albert Bielinko **
Mr Allan Brackin
Prof David Brieger **
Prof Terence J Campbell AM *
Dr Annette E Carruthers *
Dr Peter G Caspari
Prof David S Celermajer AO *
Prof John Chalmers AC *
Mr David V Cody OAM
Ms Pamela B Cohen
Mr John C Conde AO *
Prof Roger A L Dampney
Prof Patricia M Davidson *
Ms Rebecca Davies **
Mr Arthur E Delbridge AM *
Dr Peter H Edwards
Mr Barry J Elliott
Ms Maree A Faulkner
Prof Michael P Feneley AM *
Mr Dale C Fisher
Prof Peter Fletcher *
Dr Cathie Forster **
Prof Carolyn Geczy
Prof Robert M Graham AO *
Ms Ann E Griffiths
Dr John F Gunning AM *
Mr Paul Hannan *
Prof Mark Harris
Prof Phillip J Harris AM *
Mr Stephen B M Harrison AO
Mr Bruce G Hayman
A/Prof Christopher S Hayward *
Prof John B Hickie AO * (*deceased during 2016*)
Ms Kim Hughes **
A/Prof Wendy Jessup
Mr Richard D Johnson
Dr Craig Juergens
Mr Gunninder Singh Katari *
Prof David T Kelly AM
Mr Hugo J W Kocken
Prof Len Kritharides
Prof Christopher Levi
Mr Trevor J Maloney *
Ms Alexandra Manon
Mr Kevin A Meyer OAM
Mr Frederick W. Millar AO. CBE (*deceased during 2016*)
Prof Michael F O'Rourke AM *
Mr Laurence J Patton
A/Prof Paul Pilowsky
A/Prof C Dimity Pond
A/Prof Lynne A Pressley AM *
Mr Brendan Reilly
Dr John G Richards *
Ms Elizabeth Roberts

Mr Norman B Rydge AM, OBE
Dr Laurence A Scandrett
Ms Gabrielle Schroder **
Mr Geoff Selig **
Mr David Shortland **
Hon David Simmons OAM *
Prof Andrew Sindone
Mr David W Smithers AM *
Ms Robyn Speerin
Mrs Dal Stevenson
Mr E Keith Stewart *
Ms Elizabeth Strachan
Mr Tony J Thirlwell OAM
A/Prof Stuart P Thomas **
Prof Geoffrey H Tofler
Dr Harvey G Washington
Mr Peter E S White *
Ms Louise Wilson (*retired May 2016*)**
Mr John S Young OAM *

1) At the Foundation's Annual General Meeting held 30 April 2014 a new Constitution was adopted, which makes provision of one category of Members only.

* Members who under the previous Constitution were appointed Life Members of the NSW Division

** Members of the NSW Board of Directors

Friends of the Heart Foundation

The National Heart Foundation of Australia (N.S.W. Division) wishes to gratefully acknowledge \$371,189 from the NSW State Government towards our work during 2016.

We would like to thank our Corporate Partners Abbott Vascular and AstraZeneca for their generous support.

Platinum

Maple-Brown Family Charitable Trust
Bill and Alison Hayward

Gold

Stanley Roth AM and Charmaine Roth
Ian Sharp

Pearl

The Selig Family
The Australian Stockbrokers Foundation
Alexandra and Lloyd Martin Family Foundation
Rebecca Davies

Silver

Bill and Gina Malouf
Richard and Jacqui Scheinberg
Fiona and Derek Nix
Marshall Family Foundation
Beverley and Wayne Wilson
Peter Ivany AM and Sharon Ivany
Charles Curran AC and Eva Curran
Steve Gordon

Supporter

Julian Knights AO and Lizanne Knights
Kerry Doyle PSM
Dalara Foundation
Harold and Rebecca Finger
Mr Vivian Berner
Kin H Chan
Sandra and Victor Topper
Fell Foundation
The Profield Foundation
Mr and Mrs Paul Okkerse
Sheila Woodcock
Macquarie Group Foundation
Davies Family Foundation
Prof John Chalmers AC

Advisory Committees

Hunter New England Region Cardiovascular Health Committee ¹⁾

Dr Rosemary Hackworthy (Chairperson)
Dr Bruce Bastian
Mr Gerald Bradshaw
Ms Kath Duggan
Dr Mitch Duncan
Mr Peter Huber
Mr Peter Ivey
Ms Jane Kerr
Ms Margaret Lewis
Ms Dawn McIvor
Ms Penny Milson
Ms Julie Anne Mitchell
Ms Deborah Moore
Ms Lucy Reed
Ms Rachel Sutherland
Ms Anne Williams
Dr Angela Worthington

NSW Cardiovascular Research Network Management Committee

Mr Geoff Selig (Chairman)
Prof Andrew Boyle
Ms Kristina Cabala (to June 2016)
Ms Kerry Doyle PSM
Prof Robert Graham AO
Prof Len Kritharides
Prof Bruce Neal
Ms Holly Pobjie (from June 2016)
Prof Carol Pollock
Dr Roger Wilkinson

1) The Hunter New England Region Cardiovascular Health Committee has the express purpose to improve cardiovascular health in people of the Hunter New England region through advocacy and support for best practice primary and secondary prevention initiatives.

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