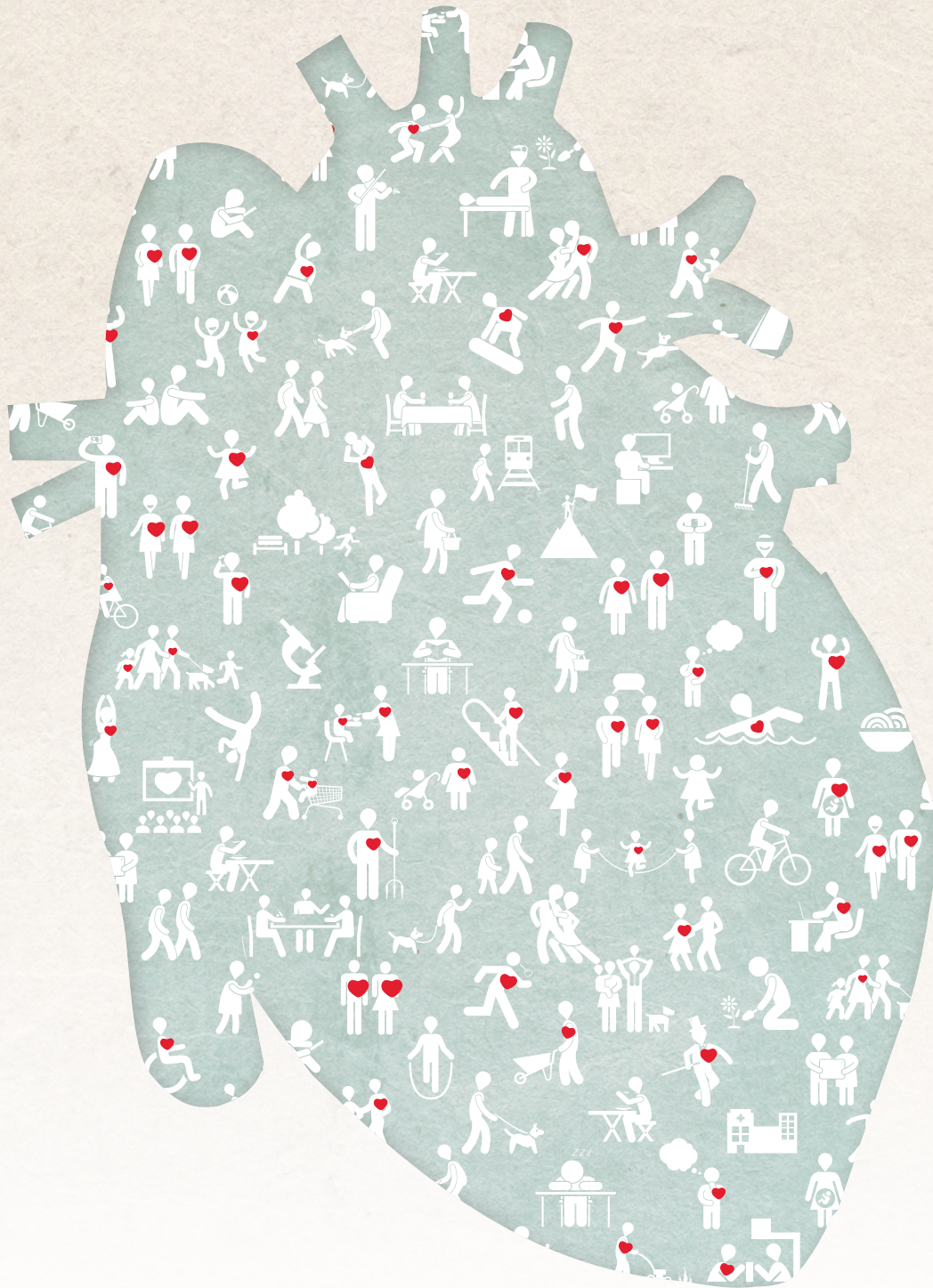


# ANNUAL REPORT 2014



+ FINANCIAL STATEMENTS

National Heart Foundation of Australia  
(Victorian Division) ABN 25 004 463 334  
For the year ended 31 December 2014



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## Directors and Office Bearers

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### Patron-in-Chief

His Excellency, Alex Chernov AC QC, Governor of Victoria

### Patron

The Honourable Denis Napthine MP, Premier of Victoria (until November 2014)

### Board of Directors

#### President

Dr Jennifer Johns, MBBS, FRACP, FCSANZ (until 26 May 2014)  
Mr John Etherington, BEc, FCA, FAICD (since 26 May 2014)

#### Medical Vice President

Professor Ian Meredith AM, MBBS (Hons), BSc (Hons), PhD, FRACP, FACC,  
FAHA, FCSANZ, FSCAI

#### Non-Medical Vice President

Mr Bernard O'Shea, LLB, BSc

#### Honorary Treasurer & Honorary Secretary

Mr John Etherington, BEc, FCA, FAICD (until 26 May 2014)

#### Directors

Mr Ronald Fairchild, BHK, CFRE

Mrs Leonie Fryar (since 4 March 2014)

A/Prof Andrew Taylor, MBBS, PhD, FRACP, FCSANZ

Professor Alistair Royse, MBBS, MD, FRACS, FCSANZ

Professor Brian Oldenburg, BSc, MPsychol, PhD (since 4 March 2014)

Ms Helen Kapalos, (retired 29 July 2014)

#### Chief Executive Officer

Ms Diana Heggie, MCSP, MAICD, grad. Dip. Human Services Research

#### Company Secretary

Ms Jade Lemmens, BHIthSc, CAPM

### Senior Staff

#### Cardiovascular Health Programs Director

Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHIthSci (Health  
Promotion)

#### Fundraising Director

Mr Rob Daly, MBA, BA, PGDip

#### Finance Manager

Ms Roanna Khor, BBus (Accounting), CPA

#### Solicitors

Norton Rose Fulbright

#### Auditors

KPMG

#### Registered Office

Level 12  
500 Collins Street  
Melbourne VIC 3000

## Financial Members

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Mr K D Barry  
Dr F N Bouvier  
Mr R McD Brown  
Mr D J Brydon  
Ms R Charlwood  
Mr I Collins AM  
Mrs A M L Court  
Mr B J Davies OAM  
Mr J Etherington  
Dr E T Fagan  
Mr R Fairchild  
Mrs L Fryar  
Mr A W Gorrie  
Mr P J Griffin  
Prof R Harper  
Mr W H Hodgson  
Dr M Jelinek  
Prof G Jennings  
Dr J Johns  
Ms H Kapalos

Mrs D Krongold  
Mrs N Leslie  
Dr S Lubicz  
Professor I Meredith AM  
Mr H M Morgan  
Prof B Oldenburg  
Mr B O'Shea  
A/Prof D Prior  
Mr B P Ranford  
Dr R Redpath  
Mr T W Roper  
A/Prof A Royse  
Mr G R Sellars-Jones  
Prof Julian A Smith  
A/Prof L St Leger  
Mrs R Syme  
Prof J Tatoulis  
A/Prof A Taylor  
Mr J W Tomkins  
Mr A C Weber

### **Honorary Life Members**

Dr J T Dowling  
Mr J S Grigg  
Dr J G Sloman AM ED

## Bequest and Major Supporters

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### New Bequestors in 2014

A special thank you belongs to the men and women who have chosen to include a gift in their Will to the Heart Foundation. We respect their request for privacy, but welcome them to the Heart Foundation. Their foresight and support will help save many lives in the future.

Thank you again.

#### Estates that distributed in 2014

Mary L A'vard	Violet V Marshman
Arthur B R Barlow	Kathleen McCallum
Gwen Barnes	Albert J D McGill
Ray Barnsley	Florence E M Mee
Yvonne C Bauer	Barbara Meerkin
Viktoria Bench	Evelyn Millowick
Shirley D Bennett	Rosie Monger
David Brandon	Beatrice S Morrison
Bernard Breakspear	Catherine M Neville
Doris E Burkhart	June M B-L Oliver
Dorene Byass	Eileen M Olsen
Dennis Cain	Lorna M O'Neill
Patricia R Castles	Valerie H Oswin
Murray G Champion	Jean L Paynter
Marjorie J Chasemore	Margaret (Peg) Pearce
Kathleen M Clarke	Ronald Peck
Arthur Cowley	Archibald H Petschack
Arthur Dunn	John Barry Phillips
John R Edwards	Donald G Potts
Loiue M Edwards	Jack Reid
Raymond W Egan	Elizabeth J Ronalds
Alexander Farkas	Lesley Rothschild
Elizabeth Farrell	Dorothy Rutter
Lorraine J Fenech	Darryl Ryan
Imelda F Foster	Judith S Ryan
Jean E H Fraser	Doris R Shugg
Helen E Gadsden	Norma P Smith
Edna M Glassborow	Hazel J Stagg
Robert Graham	Leo P Stakelum
Neville Green	Mildred M Steward
Pamela M Harper	Sheila H Stott
Gregory W Heard	June Sulis
Elizabeth Horne	Barbara F Sutton
Marjorie M Jackson	Catherina Van Den
Noreen Jenson	Munckhof
William H Kemm	Helen D Van Leuven
Mary E Kentish	Catherine Wardhaugh
Robert G Knight	Olga G Webb
Dorothy C Leek	James E Widdicombe
Lesley J Lewis	Margaret Wilby
Louis A Lothian	Gladys M F Williams
Vera E Male	Lily Winfield
Margaret L Manners	Ruby G Wood

#### Perpetual trusts that distributed in 2014

Lindsay James Baldy Trust  
 Arthur Edwin & Anne Edith Barry Trust  
 Edith Jean Elizabeth Beggs Trust  
 The William and Georgena Bradshaw Charitable Trust  
 Margaret Jean Bumpstead Trust  
 Betty May Caccamo Trust  
 Mabel Edna Cardwell Charitable Trust  
 The Jean May Carey Donation  
 Florence Grace Clark Trust  
 Paula & Betty Clements Memorial Trust  
 B & S Colee Trust  
 Mabel Kathleen Corless Trust  
 Mary Theresa Cromie Trust  
 Madeline Crump & Madeline Williams Trust  
 Gregory Joseph & Zig Dickson Trust  
 The Drury Trust  
 G & H Foulkes Charitable Trust  
 DJ & LM Fox Foundation  
 The Hardie-Anselmi Trust  
 Joyce Adelaide Healey Trust  
 The Isabel E & Francis J Hickmott Trust  
 Norman J Horton & Grace Horton Charitable Funds  
 Lorna Muriel Jenkins Trust  
 Kenneth Martin Trust  
 Joseph Norman Mason Trust  
 Annie Gladys Matthews Trust  
 Ellen Jean Matthews Trust  
 Hilda Emily McNee Trust  
 Margaret Lillian Merrifield Memorial Trust  
 Florence Mitten Trust  
 Fay Lorraine Nelson Trust c  
 Mona Isobel Paul Trust  
 MA & VL Perry Foundation  
 Victor Russ Pittman Charitable Trust  
 Marion Popplewell Charitable Trust  
 Bruce Leslie Powell Trust  
 Danuta Rogowski Trust  
 Russell Charitable Trust  
 The Katrina May Russell Foundation  
 William Arthur Shipperlee Trust  
 Yvonne Patricia Stevens Family Trust  
 Elise Louise Thomas Memorial Fund  
 Phyllis Nerelle Turner Trusts (1) & (2)  
 William C K Warden Trust  
 Price Coulsell Wilson Fund  
 Brian Linton Wright Perpetual Trust

## Bequest and Major Supporters (continued)

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### Honorary Fundraisers

Ms Leonie Fryar  
Mr John Grigg  
Mr David Whiting  
Mr Neale Wright

### Corporate Supporters (Over \$1000)

A G Coombs  
B M Investments Pty Ltd  
Bluestar Print  
Bupa Australia Pty Ltd  
CBA - Corporate Financial Services  
Crowe Horwath (Aust) Pty Ltd  
DBM Consultants Pty Ltd  
Finchett's Plumbing  
Kador Group Holdings Pty Ltd  
Ritchies Stores Pty Ltd  
South Yarra BMW  
TDJ Australia  
Vic Health

### National Workplace Giving partners

Australia Post  
ANZ – Global Internal Audit  
Caltex Australia Limited  
CSL Head Office  
CSR Limited  
National Australia Bank  
Telstra

### JRFH Collaboration Partners

Aurizon  
Australian Unity  
Melbourne City FC  
Melbourne United  
Village Roadshows

### Private Supporters (Over \$1000)

Anonymous  
Mr & Mrs Ralph Ward Ambler  
Mrs Rita Andre  
Mrs Nan Armstrong  
Mrs C Barber  
Mr Ken Bethell  
Mr William Bowness  
Mrs Dorothy Carr  
Mr & Mrs Des & Wilma Chick  
Mr Ken Christian  
Miss Lois Coles  
Dr RL Dickins  
Dr Kenneth Dickinson  
Mr Stephen Earp  
Mrs Neilma Gantner  
Mr & Mrs J Gaylard  
Mr & Mrs Giorgio Gjerja  
Mr Brian Goddard  
Mr Roger Heslop  
Mr James Holt  
Mr Bill Howard  
Mr & Mrs Peter Hui  
Mrs Carolyn Kirby  
Dr James Lewis  
Mr David Little  
Marles and Manning Charitable Fund  
Mr David McEvoy  
Mr E J Miller  
Mrs Sherril Muir  
Mrs Val Newman  
Mr John Nolan  
Miss Mary O'Sullivan  
Mr Stephen Shnider  
Mrs June Smith  
Miss Betty Smith  
Mr Michael Steven  
Ms Jennifer Tatchell  
The Elizabeth & Barry Davies Charitable Foundation  
The Muffin Foundation  
The Peter Isaacson Foundation  
The Stuart Leslie Foundation  
The Sun Foundation Pty Ltd  
Mr Michael Tong  
Mr Hector Walker  
Mr Neville Walliss  
Mrs Gloria Way  
Mrs Carlyn Yeung

## Bequest and Major Supporters (continued)

### Charitable Trusts and Foundations (Over \$1000)

The Angior Family Foundation  
 Gandel Philanthropy  
 Joe White Bequest  
 Hugh and Iorine Demmer Charitable Trusts, managed by Equity Trustees  
 The Eirene Lucas Foundation  
 The Ian Potter Foundation  
 The Isabel & John Gilbertson Charitable Trust  
 D S Kerr Charitable Trust  
 The Estate of the late Glen WA Griffiths  
 The William Angliss (Victoria) Charitable Trust  
 The Syd & Ann Wellard Perpetual Trust, managed by Equity Trustees  
 Henzell Family Bequest, managed by Equity Trustees  
 Bell Charitable Fund  
 Cassidy Bequest Endowment, managed by Perpetual  
 Percy Baxter Charitable Trust, managed by Perpetual  
 The Loftus-Hill Fund, a charitable fund account of the Lord's Mayor's Charitable Foundation

### Clubs/Community

Nicole Engelmann - Hunt for Heart  
 Gus Tucci – 60<sup>th</sup> Birthday Celebration  
 Anna Longmore – Tough Mudder  
 Angela Bernaldo – 'Doing it for the Heart' Haircut Fundraiser  
 Carli Wandmaker – Run Melbourne 2014  
 Nick Galatas – Run Melbourne 2014  
 Fleur Raggatt  
 Sharon Briscoe – 2014 New York Marathon  
 Gregory Christou – Great Big Bike Ride  
 Jade Kelson – Run for Heart  
 You Yangs Mountain Bike Club Inc  
 Arpan Roy – Run Melbourne  
 Luke Galloway – City to Sea  
 Chantel Scicluna – Run Melbourne 2014  
 Josh Wingrove – Melbourne Marathon 2014  
 Jonathan Upton – Celebrate for Heart  
 Frank Cafasso  
 Fiona Dalgleish – Run Melbourne 2014  
 Lori Webb  
 Anthony Galloway – City To Sea 2014  
 Erica James  
 Bethany Howard – Run Melbourne 2014  
 Jacob Pearce – Run Melbourne 2014  
 Natalie Fini – Run Melbourne 2014  
 Josh Harvey – Run Melbourne 2014  
 Renea Micallef – Run Melbourne 2014  
 Adam Abel – Run Melbourne 2014  
 Marlee Hickman – Run Melbourne 2014  
 Heather Cahill  
 Tony Scherma – Run Melbourne 2014  
 Leslie and Ina Clive – 60<sup>th</sup> Wedding Anniversary  
 Virginia Sadler  
 Jye Sandiford – Hearty Breakfast & Run  
 Daniel Neave – Run Melbourne 2014  
 Charlotte Hannah – Run Melbourne 2014  
 Jacqui Saunders  
 Ann Delphin – Charity Lawn Bowls  
 All Souls Opportunity Shop  
 Filippini Family Christmas Lights  
 Wayne Chapman – Jack Jennings Memorial Golf Classic  
 The Village Glen – Trudy Crause

### Schools

The Heart Foundation Jump Rope for Heart campaign motivated more than 55,720 children to be physically active and to raise funds to fight heart disease. 255 schools were involved throughout Victoria in 2014 raising \$566,602.

### Highest Fundraising Schools for their region

Bacchus Marsh Grammar School  
 \$19,556

Malvern Central School  
 \$15,855

Axedale Primary School  
 \$14,124

St Thomas Primary School  
 Gippsland Campus  
 \$12,578

Williamstown Primary School  
 \$11,322

St Thomas Primary School  
 Barwon Campus  
 \$10,716

Banyule Primary School  
 \$9,695

Wesley College  
 \$9,261

Cobram Anglican Grammar School  
 \$6,056

Glenvale School - Nathalia Centre  
 \$4,831

## National Heart Foundation of Australia (Victorian Division)

### Directors' Report

for the year ended 31 December 2014

The directors present their report together with the general purpose financial reports of National Heart Foundation of Australia (Victorian Division) ("the Foundation") for the year ended 31 December 2014 and the auditors' report thereon.

#### Directors

The following directors of the Foundation, all of whom are independent, non-executive and act in an honorary capacity, 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 & resignation
Mr J Etherington, BEC, FCA, FAICD (President since May 2014)	Chartered Accountant; 28 years in public practice, including 16 years as a partner of Deloitte. Currently a non executive director on a range of public, private and not for profit organisations. He is a director of the National Heart Foundation of Australia and a member of the National Finance Advisory Committee and the Audit and Governance Committee.	6/6	Director since 2008
Mr R Fairchild, BHK, CFRE	Vice President, Advancement, Deakin University.	4/6	Director since 2006
Mrs LFryar	Sales & Marketing; 34 years working across Government's and Corporate Australia. Worked with the Heart Foundation for 14 years and currently National Corporate Social Responsibility Manager for Konica Minolta Business Solutions Australia Pty Ltd.	3/5	Director since 2014
Dr J Johns, MBBS, FRACP, FCSANZ (President until May 2014)	Cardiologist; Medical Director, Specialty Services CSU, Austin Hospital; Co-founder and member of Women in Cardiology Working Group; Vice-President, Australia Sri Lanka Medical Aid Team (AuSLMAT); Member National Heart Foundation of Australia Cardiovascular Health Advisory Committee; National President National Heart Foundation of Australia.	3/3	Retired May 2014
Ms H Kapalos	Journalist and Television Presenter.	0/1	Retired July 2014
Prof I Meredith AM, MBBS (Hons), BSc (Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI (Medical Vice President)	Professor & Director of Monash Heart at Monash Health, Professor of Medicine & Cardiology Monash University, Executive Director of Monash Cardiovascular Research Centre, Monash University; CSANZ Representative National Heart Foundation; Member of CSANZ Federal Board; Board Member Asia Pacific Society of Interventional Cardiology.	4/6	Director since 2006
Prof B Oldenburg, BSc, MPsychol, PhD	Professor of Noncommunicable Disease Control and Director of the Centre for Health Equity in the School of Population and Global Health, University of Melbourne, Australia.	4/5	Director since 2014
Mr B O'Shea, LLB, BSc (Non-Medical Vice President)	Solicitor practicing principally in the area of technology development and commercialisation. Member, Monash Medical Centre Ethics Committee.	6/6	Director since 2002
Prof A Royse, MBBS, MD, FRACS, FCANZ	Cardiothoracic Surgeon, Royal Melbourne Hospital. Deputy Head, Department of Surgery and Co-director, Ultrasound Education Unit, The University of Melbourne.	4/6	Director since 2008
A/Prof Andrew Taylor, MBBS, PhD, FRACP, FCSANZ	Director of Cardiac MRI and Head of Non-Invasive Imaging, Heart Centre, Alfred Hospital. Head of Clinical Imaging, BakerIDI Heart and Diabetes Institute, Adjunct Associate Professor, Department of Medicine, Central Clinical School, Monash University.	6/6	Director since 2012

#meetings attended and meetings held while the director held office



## Directors' Report (continued)

for the year ended 31 December 2014

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### Corporate Governance Statement

The Foundation is a company limited by guarantee, incorporated under the *Australian Charities and Not-For-Profits Commission Act 2012*. 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 the National Heart Foundation of Australia and Divisions in each of the other States and Territories of Australia. The relationships between all entities are set out in a agreement (the 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 regularly 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:

- There must be no less than six and no more than twelve directors
- No employees of the Foundation, including the CEO, can be a director of the Foundation
- Each year a minimum of one third of the directors shall retire from office but are eligible to stand for election immediately upon retirement
- A Director may only serve a maximum period of nine consecutive years and will not be eligible to stand for re-election after this time

## Directors' Report (continued)

for the year ended 31 December 2014

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### Board members (continued)

Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on page 7.

Board members receive written advice of the terms and conditions of their appointment and complete a structured induction program when first appointed. Management presentations to the Board enable directors to maintain knowledge of the business and operations of the Foundation.

A formalised *Board Performance Evaluation* process is undertaken on an annual basis.

### 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 regularly 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).

## Directors' Report (continued)

for the year ended 31 December 2014

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### Performance Measures and Key Achievements in 2014

The Foundation has a process for measuring its performance and regular reports are provided to the Board. Some of the key result areas include:

- Cardiovascular health
- Community engagement and awareness raising
- Fundraising and donor engagement
- Finance and operations

Key achievements include:

- Close to 80% of Victorians now see the main role of the Heart Foundation in Victoria as being raising awareness, education and funding research
- Unprompted awareness of the Heart Foundation in Victoria remains high at 29% although the latest period shows a slightly lower result compared to the same time last year
- There was a 50% increase in our community and donor engagement events over the same period last year
- In media we achieved a monthly audience reach of 5.4 million people in 9 out of 12 months

### Highlights in Cardiovascular Health in 2014

#### 1. Supporting Victorian's to maintain a healthy weight

The Heart Foundation in partnership with the Cancer Council Victoria secured funding from the State Government to roll out the *Live Lighter* campaign in Victoria. This campaign, originally developed and trialled in Western Australia provides education on the health dangers of being overweight as well as practical tools by way of Meal and Activity Planners, recipes and hints and tips to support Victorians in pursuing long lasting healthier lifestyles. Our role has been to provide nutrition expertise for the campaign as well as assisting with media and PR activities. Since the launch on 17 August 2014, there have been 6,000 Victorians sign up for the Meal and Activity Planner.

#### 2. Educating construction workers on the Warning Signs of Heart Attack and the need to act quickly

Together with the Victorian Construction Industry, through Incolink we have teamed up to raise awareness of the warning signs of a heart attack and to call 000 without delay. This program, which has been funded by the Department of Health, targets an industry sector whose members are at high risk of heart attack and delivers education through a range of mediums including training sessions, posters, fact sheets and industry newsletter articles. The campaign will run until mid 2015.

#### 3. Increasing physical activity through art and the physical environment.

In August we conducted a trial to see if we could increase the number of people taking the stairs if they were made more inviting. Working with local pavement artists and in partnership with the City of Melbourne, VicHealth and the Department of Health, we undertook to paint a springtime mural on the Bourke Street Steps of Southern Cross Station. The artwork, incorporating a vibrant spring scene dotted with red heart shaped balloons, measured some 5.5m high and 19m wide. Stair usage throughout the campaign increased from 17% to 37% of all pedestrians entering Southern Cross Station from this entrance.

#### 4. Nurse Ambassadors - assisting people to recover after a heart attack.

Providing patients with the information they need to support their recovery after a heart attack before they leave hospital, is a key goal of the Nurse Ambassador Program. This program is now running in 12 hospitals across Victoria and will be extended to a further five hospitals in 2015. The Nurse Ambassadors work in their individual hospitals to improve education provided to patients using the Heart Foundation *My heart, my life* resource. Additional resources such as the 'six steps check list' have been developed by the nurses to assist with building the confidence and knowledge of their colleagues and improve documentation of education provided to patients and referrals to cardiac rehabilitation. The program is instrumental in bringing nurses together to share experiences, ideas and to support each other in improving practice so that cardiac patients are on the right road to recovery.

#### 5. Taking a local approach to risk assessment and management to prevent heart attack

The Heart Foundation in partnership with the Stroke Foundation and the Department of Health have been engaging key stakeholders in the South East of Melbourne to introduce heart health checks in 9 general practices and the Monash Community Health Service. Agencies across the Local Governments of Dandenong, Casey and Cardinia have been working together to develop service pathways identifying all of the relevant programs that are available to assist people to manage their risk of heart attack and stroke. Over 200 people have had a heart and stroke check since the program commenced and have been linked in to programs such as Life! and health coaching. The findings of this work will be shared with Medicare Locals and Primary Care Partnerships as an example of what can be achieved to reduce the risk of heart attack and stroke in local communities.

**Directors' Report** (continued)

for the year ended 31 December 2014

**Review of Results and Operations for Current Year**

The 2014 annual financial statements reports an achievement of \$7.013 million operating surplus compared to a \$3.998 million operating surplus in 2013. The Foundation received a total of \$12.306 million (2013: \$9.752 million) from donations and bequests, and successfully secured \$2.014 million from the State government, trusts and foundations, and the major gifts program (2013: \$446,506). These funds have supported us to achieve our strategic objectives and we are grateful for the commitment and generosity of our donors, corporate partners and the State government.

We sincerely thank our many donors, individuals and organisations that have supported us with financial and in-kind support. Further thanks to all our volunteers for their time, dedication and talent that they have contributed to ensure the success of our events and services.

The Foundation's total expenditure was \$6.290 million and continues to manage its expenditure and reported savings from efficiencies achieved throughout the financial year. The Foundation contributed strongly to the National company in support of cardiovascular research and local health programs to the sum of \$7.154 million in 2014 (2013: \$4.195 million).

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

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

	2014	2013	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income &amp; Expenditure</b>					
Charitable support - bequests	7,884	4,759	5,358	8,079	4,002
Charitable support - non-bequests	4,422	4,993	4,898	4,464	4,480
<b>Fundraising income</b>	<b>12,306</b>	<b>9,752</b>	<b>10,256</b>	<b>12,543</b>	<b>8,482</b>
Grants for specific health programs	758	276	189	179	69
Grants for specific fundraising & communications programs	81	6	0	0	0
Other income	158	147	115	155	118
<b>Total income</b>	<b>13,303</b>	<b>10,181</b>	<b>10,560</b>	<b>12,877</b>	<b>8,669</b>
Less: Fundraising expenditure	(3,114)	(3,132)	(3,802)	(3,459)	(3,477)
Communications & administration	(558)	(685)	(630)	(458)	(438)
Health programs conducted locally	(2,618)	(2,366)	(2,699)	(2,701)	(2,287)
<b>Net surplus/(deficit)</b>	<b>7,013</b>	<b>3,998</b>	<b>3,429</b>	<b>6,259</b>	<b>2,467</b>
Contributions to National health programs & research	(7,154)	(4,195)	(3,678)	(6,401)	(2,749)
<b>Balance added to/(deducted from) equity</b>	<b>(141)</b>	<b>(197)</b>	<b>(249)</b>	<b>(142)</b>	<b>(282)</b>
<b>Ratios:</b>					
	%	%	%	%	%
Fundraising expenditure to fundraising income	25%	32%	37%	28%	41%
Surplus from fundraising to fundraising income	75%	68%	63%	72%	59%
Surplus available for health programs & research to total income	72%	63%	58%	70%	55%
Expenditure on health programs and research to total income	73%	64%	60%	71%	58%
Expenditure on health programs and research to total expenditure	73%	63%	59%	70%	56%
Annual increase in expenditure on health programs & research	49%	3%	(30%)	81%	(33%)
	2014	2013	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets &amp; Liabilities</b>					
Cash & investments	2,574	1,944	1,395	1,531	1,771
Computers, cars & equipment	733	988	1,238	1,484	1,633
<b>Total assets</b>	<b>3,307</b>	<b>2,932</b>	<b>2,633</b>	<b>3,015</b>	<b>3,404</b>
Total liabilities	(2,781)	(2,266)	(1,769)	(1,902)	(2,149)
<b>Total equity</b>	<b>526</b>	<b>666</b>	<b>864</b>	<b>1,113</b>	<b>1,255</b>

## Directors' Report (continued)

for the year ended 31 December 2014

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### State of Affairs

There were no significant changes in the state of affairs of the Foundation during the year.

### 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 Foundation.

### Environmental Regulation

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

### Insurance Premiums

Since the end of the previous financial year the National Heart Foundation of Australia 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.

### Indemnification

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

### Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 36 and forms part of the directors' report for financial year 2014.

Dated at Melbourne this 3<sup>rd</sup> day of March 2015  
Signed in accordance with a resolution of the Directors.



J Etherington  
Director

## Directors' Declaration

for the year ended 31 December 2014

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In the opinion of the directors of National Heart Foundation of Australia (Victorian Division) ("the Foundation"):

- (a) the financial statements and notes that are set out on pages 14 to 34 are in accordance with the Australian Charities and Not-For-Profits Commission ACT 2012, including:
  - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2014 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Commission Regulations 2013; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 3<sup>rd</sup> day of March 2015  
Signed in accordance with a resolution of the Directors.



J Etherington  
Director

**Statement of Surplus or Deficit and Other Comprehensive Income**

for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
<b>Revenue</b>			
Revenue from operating activities	4	13,197,083	10,085,412
<b>Total revenue</b>		<b>13,197,083</b>	<b>10,085,412</b>
Net gain/(loss) on sale of property, plant and equipment		(8,057)	-
Health programs (including those funded by grants)		(2,617,859)	(2,366,279)
Fundraising		(3,106,726)	(3,127,188)
Cost of goods sold		(7,510)	(4,820)
Communications and publicity		(232,421)	(237,376)
Administration		(317,182)	(447,411)
<b>Results from Operating activities</b>		<b>6,907,328</b>	<b>3,902,338</b>
Finance income		105,932	95,284
Finance costs		-	-
<b>Net Finance income/(cost)</b>	6	<b>105,932</b>	<b>95,284</b>
<b>Net Surplus/(deficit)</b>		<b>7,013,260</b>	<b>3,997,622</b>
<b>Net Grants to National Heart Foundation of Australia</b>	18	<b>(7,153,895)</b>	<b>(4,194,839)</b>
<b>Surplus/(deficit) for the year before tax</b>		<b>(140,635)</b>	<b>(197,217)</b>
Income tax expense	3c	-	-
<b>Surplus/(deficit) for the year after tax</b>		<b>(140,635)</b>	<b>(197,217)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit</b>			
Gains/(Losses) on sale and revaluation of equities/managed funds		-	-
<b>Items that may be reclassified subsequently to surplus or deficit</b>		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(deficit) for the year</b>		<b>(140,635)</b>	<b>(197,217)</b>

**Statement of Financial Position**

as at 31 December 2014

	Notes	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	7a	2,366,888	1,791,434
Trade and other receivables	8	205,989	150,878
Inventories		1,511	2,510
<b>Total current assets</b>		<b>2,574,388</b>	<b>1,944,822</b>
<b>Non-current assets</b>			
Property, Plant, equipment and vehicles	9	732,597	988,012
<b>Total non-current assets</b>		<b>732,597</b>	<b>988,012</b>
<b>Total assets</b>		<b>3,306,985</b>	<b>2,932,834</b>
<b>Current liabilities</b>			
Trade and other payables	10	542,272	853,969
Grants income deferred	11	1,132,866	194,964
Employee benefits	12	266,311	201,934
Provisions	15	93,942	93,942
<b>Total current liabilities</b>		<b>2,035,391</b>	<b>1,344,809</b>
<b>Non-current liabilities</b>			
Employee benefits	12	30,035	41,072
Provisions	15	715,757	880,516
<b>Total non-current liabilities</b>		<b>745,792</b>	<b>921,588</b>
<b>Total liabilities</b>		<b>2,781,183</b>	<b>2,266,397</b>
<b>Net assets</b>		<b>525,802</b>	<b>666,437</b>
<b>Equity</b>			
Retained earnings		525,802	666,437
<b>Total equity</b>	13	<b>525,802</b>	<b>666,437</b>



**Statement of Changes in Equity**

for the year ended 31 December 2014

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Balance of Equity as at 1 January</b>	666,437	863,654
<b>Comprehensive income for the period</b>		
Surplus/(Deficit)	(140,635)	(197,217)
Other comprehensive income	-	-
<b>Total comprehensive income/(deficit) for the period</b>	<b>(140,635)</b>	<b>(197,217)</b>
<b>Balance of Equity as at 31 December</b>	<b>525,802</b>	<b>666,437</b>

**Statement of Cash Flows**

for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		12,505,374	10,357,341
Cash payments in the course of operations		(4,507,346)	(4,586,615)
Net grants made to National Heart Foundation of Australia		(7,497,225)	(5,081,197)
Net financial income		57,351	96,926
<b>Net cash from operating activities</b>	7b	<b>558,154</b>	<b>786,455</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, equipment and vehicles		17,300	-
Acquisition of property, equipment, vehicles and computer software		-	(610)
<b>Net cash from investing activities</b>		<b>17,300</b>	<b>(610)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		575,454	785,845
Cash and cash equivalents at 1 January		1,791,434	1,005,589
<b>Cash and cash equivalents at 31 December</b>	7a	<b>2,366,888</b>	<b>1,791,434</b>

## Notes to the Financial Statements

for the year ended 31 December 2014

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### 1 Reporting entity

The National Heart Foundation of Australia (Victorian Division) ("the Foundation") (ABN: 25 004 463 334) is a company domiciled in Australia. The address of the Foundation's registered office is Level 12, 500 Collins Street, Melbourne, Victoria 3000. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits commission, devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

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### 2 Basis of preparation

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (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 3 March 2015.

#### (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 14. 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 15.

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

#### (e) Changes in accounting policies

Except for the changes below, the Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Foundation has adopted the following new standard and amendments to standards:

##### **AASB 9 Financial Instruments (2011)**

The Foundation early adopted AASB 9 Financial Instruments with a date of initial application of 1 January 2011. AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 2 Basis of preparation (continued)

#### (e) Changes in accounting policies (continued)

AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets. AASB 9 (2013) introduces new requirements for hedge accounting.

The impact of the adoption of this standard is not considered to be material to the financial statements.

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### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this financial report. Certain comparative amounts have been classified to conform with the current year's presentation.

#### (a) Revenue recognition

##### (i) Charitable support

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

##### (ii) Interest 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. Where the terms of the grant do not stipulate that unexpended funds are to be returned to the funding body they are recognised as revenue once all agreed project outcomes and specified work has been completed.

##### (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 Victoria also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 55,720 children and 255 schools and groups throughout Victoria. The Foundation's door knock program successfully recruited over 20,000 volunteers to collect funds in 2014. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

#### (b) Goods and services tax

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

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 3 Significant accounting policies (continued)

#### (c) Income Tax

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

#### (d) Inventories

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

#### (e) Property, equipment and vehicles

##### (i) Recognition and measurement

Items of property, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to note 3(i)(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 each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive income.

##### (ii) Depreciation

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

- leasehold improvements 5 - 10 years
- office furniture and equipment 3 - 10 years
- motor vehicles 6 - 7 years

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

#### (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.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 3 Significant accounting policies (continued)

#### (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.

#### (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(n). 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 \$4. 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 (i).

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 3 Significant accounting policies (continued)

#### (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 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) Trade and other payables

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

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 3 Significant accounting policies (continued)

#### (k) Employee Benefits

##### (i) Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Foundation 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: 2014: 2.0% (2013: 2.25%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2014: 3.32% (2013: 4.23%)
- expected settlement dates for annual leave 2014: 2 years (2013: 2 years)
- expected settlement dates for long service leave based on turnover history: 2014: 15 years (2013: 15 years)

#### (l) Provisions

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

#### (m) Segment reporting

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

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

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

#### (o) Financial risk management

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

##### *Financial instruments*

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

Further details in respect of each of these risks are set out in note 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.



## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 3 Significant accounting policies (continued)

#### Financial risk management (continued)

##### *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.

#### (p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

Except for as disclosed in note 2(e) the Foundation has not elected to early adopt any other new Australian Accounting Standards.

#### (q) Determination of fair values

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

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

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

##### (ii) 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.

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

for the year ended 31 December 2014

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>4 Revenue from operating activities</b>		
Charitable support - bequests	7,883,772	4,758,518
Charitable support - non-bequests	4,406,823	4,981,449
Sale of goods	15,237	12,197
<i>Total revenue from fundraising activities</i>	<u>12,305,832</u>	<u>9,752,164</u>
Grants for specific health programs - Government	758,530	234,967
Grants for specific health programs and research - other	80,590	47,606
Other	52,131	50,675
<i>Total revenue from other operating activities</i>	<u>891,251</u>	<u>333,248</u>
<b>Total revenue from operating activities</b>	<u>13,197,083</u>	<u>10,085,412</u>
<b>5 Auditors' remuneration</b>		
KPMG Australia: Audit services	21,000	26,712
	<u>21,000</u>	<u>26,712</u>
<b>6 Finance income and costs</b>		
<b>Recognised in Surplus/(Deficit)</b>		
Interest income	64,687	38,837
Dividend income	41,245	56,447
<b>Finance income</b>	<u>105,932</u>	<u>95,284</u>

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

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>7a Cash and cash equivalents</b>		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 2.5% to 3.4% (2013: 2.5% to 3.4%)	2,366,888	1,791,434
	<b>2,366,888</b>	<b>1,791,434</b>
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.		
<b>7b Reconciliation of cash flows from operating activities</b>		
<b>Net surplus / (deficit) from ordinary activities</b>	(140,635)	(197,217)
Adjustments for:-		
Depreciation/Amortisation	230,057	248,506
Make good / restoration	2,468	2,310
Operating lease expense obligations incurred	(73,285)	(46,753)
Net loss/(gain) on disposal of property, equipment and vehicles	8,057	2,033
Office lease incentives deferred	(93,942)	(93,942)
<b>Net cash from operating activities before changes in working capital and provisions</b>	(67,280)	(85,063)
(Increase)/decrease in receivables	(44,476)	235,044
(Increase)/decrease in grants income accrued	(10,636)	-
(Increase)/decrease in inventories	999	1,091
Increase/(decrease) in payables	(311,697)	662,355
Increase/(decrease) in grants income deferred	937,902	34,645
Increase/(decrease) in employee benefits	53,340	(61,617)
<b>Net cash from operating activities</b>	<b>558,154</b>	<b>786,455</b>
<b>8 Trade and other receivables</b>		
Trade receivables owing by other National Heart Foundation divisions	-	95
Trade receivables owing by National Heart Foundation of Australia (National)	91,622	79,016
Other receivables and prepayments	114,367	71,767
	<b>205,989</b>	<b>150,878</b>

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 are disclosed in note 20.

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

for the year ended 31 December 2014

**9 Property, equipment and vehicles**

	Leasehold improvements	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Balance at 1 January 2013	1,444,825	865,718	100,810	2,411,353
Acquisitions	-	610	-	610
Disposals	-	(32,202)	-	(32,202)
Balance at 31 December 2013	<u>1,444,825</u>	<u>834,126</u>	<u>100,810</u>	<u>2,379,761</u>
Balance at 1 January 2014	1,444,825	834,126	100,810	2,379,761
Acquisitions	-	-	-	-
Disposals	-	(1,000)	(62,940)	(63,940)
Balance at 31 December 2014	<u>1,444,825</u>	<u>833,126</u>	<u>37,870</u>	<u>2,315,821</u>
<b>Depreciation &amp; Impairment losses</b>				
Balance at 1 January 2013	666,946	464,617	41,849	1,173,412
Depreciation charge for the year	144,483	88,902	15,122	248,506
Disposals	-	(30,169)	-	(30,169)
Balance at 31 December 2013	<u>811,429</u>	<u>523,350</u>	<u>56,971</u>	<u>1,391,749</u>
Balance at 1 January 2014	811,429	523,350	56,971	1,391,750
Depreciation charge for the year	144,483	77,903	7,672	230,057
Disposals	-	(1,000)	(37,583)	(38,583)
Balance at 31 December 2014	<u>955,912</u>	<u>600,253</u>	<u>27,060</u>	<u>1,583,224</u>
<b>Carrying amounts</b>				
At 1 January 2013	777,879	401,101	58,961	1,237,941
At 31 December 2013	<u>633,396</u>	<u>310,776</u>	<u>43,839</u>	<u>988,012</u>
At 1 January 2014	633,396	310,776	43,839	988,012
At 31 December 2014	<u>488,913</u>	<u>232,873</u>	<u>10,810</u>	<u>732,597</u>

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

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>10 Trade and other payables</b>		
Trade payables to National Heart Foundation of Australia	418,832	729,096
Trade payables to other National Heart Foundation divisions	20,000	-
Other payables and accrued expenses	103,440	124,873
	<u>542,272</u>	<u>853,969</u>
<p>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.</p>		
<b>11 Grants income deferred</b>		
Balance at 1 January	194,964	160,319
Amounts received	1,777,022	322,217
Income taken to revenue	(839,120)	(287,572)
Balance at 31 December	<u>1,132,866</u>	<u>194,964</u>
<p>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.</p>		
<b>12 Employee benefits</b>		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	266,311	201,934
Non-current - long service leave	30,035	41,072
Total employee benefits	<u>296,346</u>	<u>243,006</u>
<i>Personnel expenses:</i>		
Wages and salaries	2,382,560	2,511,523
Contributions to superannuation plans	231,237	216,756
Total personnel expenses	<u>2,613,797</u>	<u>2,728,279</u>
Number of employees at year end (full time equivalents)	31	29
<b>13 Reserves and Equity</b>		
<b>Total Equity at beginning of year</b>	<b>666,437</b>	<b>863,654</b>
Operating Surplus/(deficit)	7,013,260	3,997,622
Net Grants to National Heart Foundation of Australia	(7,153,895)	(4,194,839)
Other Comprehensive Income	-	-
<b>Total Equity at end of year</b>	<b><u>525,802</u></b>	<b><u>666,437</u></b>

**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.

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

for the year ended 31 December 2014

**14 Operating leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

Less than one year	972,739	944,409
Between one and five years	1,967,451	2,902,297
Later than five years	-	-

	2014	2013
	\$	\$
	972,739	944,409
	1,967,451	2,902,297
	-	-
	<u>2,940,190</u>	<u>3,846,706</u>

Expenditure in the period was as follows:

Office equipment	28,032	28,032
Office space	753,864	757,029
	<u>781,896</u>	<u>785,061</u>

**15 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:

	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$	\$
Balance at 1 January 2013	545,963	461,882	104,998	1,112,843
Future obligations incurred	-	-	-	-
Lease incentives received	-	-	-	-
Incentives offset against lease rental expense	-	(93,942)	-	(93,942)
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	(46,753)	-	2,310	(44,443)
Balance at 31 December 2013	<u>499,210</u>	<u>367,940</u>	<u>107,308</u>	<u>974,458</u>
Current	-	93,942	-	93,942
Non-Current	499,210	273,998	107,308	880,516
	<u>499,210</u>	<u>367,940</u>	<u>107,308</u>	<u>974,458</u>

	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$	\$
Balance at 1 January 2014	499,210	367,940	107,308	974,458
Future obligations incurred	-	-	2,468	2,468
Lease incentives received	-	-	-	-
Incentives offset against lease rental expense	-	(93,942)	-	(93,942)
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	(73,285)	-	-	(73,285)
Balance at 31 December 2014	<u>425,925</u>	<u>273,998</u>	<u>109,776</u>	<u>809,699</u>
Current	-	93,942	-	93,942
Non-Current	425,925	180,056	109,776	715,757
	<u>425,925</u>	<u>273,998</u>	<u>109,776</u>	<u>809,699</u>

The carrying value of make good of leased premises is equal to fair value.

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

for the year ended 31 December 2014

**16 Contingencies**

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

Contingent liabilities considered remote  
*Performance guarantees the Foundation*

2014	2013
\$	\$
365,112	365,112
365,112	365,112

The Foundation has guaranteed, as a party to its operating lease, the payment of rentals in accordance with the signed agreements for the specified lease terms. The terms of the lease agreements required the Foundation to secure bank guarantees of \$365,112 as minimum compensation payments to the lessor in the event of default. The Foundation lease term is due to expire by 30 November 2017. The directors considered no liability is required to be recognised in respect of these guarantees as the Foundation is in compliance with the lease agreements.

**17 Company limited by guarantee**

The Foundation is a company incorporated in Australia under the *Australian Charities and Not-For-Profits Commission Act 2012* 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 \$4.

**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**

Mr John Etherington, BEc, FCA, FAICD

Mr Ronald Fairchild, BHK, CFRE

Mrs Leonie Fryar

Dr Jennifer Johns, MBBS, FRACP, FCSANZ (until 26 May 2014)

Professor Ian Meredith AM, MBBS(Hons), BSc(Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI

Professor Brian Oldenburg, BSc, MPsycho, PhD

Mr Bernard O'Shea, LLB, BSc

Professor Alistair Royse, MBBS, MD, FRACS, FCSANZ

Dr Andrew Taylor, MBBS, PhD, FRACP, DDU, FCSANZ

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

Mr B O'Shea is a director of the Victorian Division and also a partner at Norton Rose Fulbright who are the lawyers of the National Heart Foundation of Australia. All transactions with Norton Rose Fulbright are on normal terms and conditions, and totalled NIL (2013: \$1,125).

**Executive Staff**

Mr Rob Daly, MBA, BA, PFDip

Ms Diana Heggie MCSP, MAICD, grad. Dip. Human Services Research

Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHIthSci (Health Promotion)

Ms Roanna Khor, BBus (Accounting), CPA

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

for the year ended 31 December 2014

**18 Related Parties (continued)**

The compensation of key management personnel was as follows:

Short term employee benefits  
Other long term benefits  
Total

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
	628,302	603,212
	12,259	7,475
	<b>640,561</b>	<b>610,687</b>

**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. Transactions between the Foundation, National and Divisions were as follows:

Contributions received from sale of services  
Contributions paid for purchase of services  
Grants for research and other national initiatives

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
	761,889	757,843
	(2,975,488)	(2,493,151)
	(7,153,895)	(4,194,839)

**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 if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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 2014

**20 Financial instruments (continued)****Credit risk (continued)**

At the reporting date there were no significant concentrations of credit risk apart from a bank guarantee referred to in note 16 relating to the Foundation's office lease agreement.

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	2014 \$	2013 \$
<b>Financial assets</b>			
Cash *		250,291	159,172
Cash call accounts *		2,116,597	1,632,262
Total cash and cash equivalents	7a	2,366,888	1,791,434
Trade and other receivables *	8	205,989	150,878

\* Financial assets held at cost/amortised cost

**Impairment losses from trade receivables**

Of the Foundation's trade receivables balance of \$205,989, \$2,655 is past due (2013: \$825). Based on receivables history, the Foundation believes that no further impairment allowance is necessary in respect of trade receivables, as trade and other receivables predominately relate to inter divisional accounts and grants income accrued.

**Liquidity risk**

Liquidity risk is the risk that the Foundation 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 is 3 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	2014 \$	2013 \$
<b>Non derivative financial liabilities</b>			
Trade and other payables	10	542,272	853,969
Grants income deferred	11	1,132,866	194,964
		1,675,138	1,048,933

## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

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### 23 Financial instruments (continued)

#### Market risk

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

#### Interest rate risk

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

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 34.

#### *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 34. The analysis is performed on the same basis as that used in 2013.

#### *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 2013.

#### Operational risk

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

The Foundation's 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
- a risk management reporting process
- 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.

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

for the year ended 31 December 2014

**23 Financial instruments (continued)****Operational risk (continued)***Sensitivity Analysis Disclosure*

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

- A parallel shift of +1%/-1% in market interest rates (AUD) from year end rates of 3%

	2014				2013					
		-1%		+1%		Carrying Amount/ Market Price	-1%		+1%	
Interest rate risk	Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>										
<i>Variable rate instruments</i>										
Cash at bank	250,291	(2,503)	(2,503)	2,503	2,503	159,172	(1,592)	(1,592)	1,592	1,592
Cash call accounts	2,116,597	(21,166)	(21,166)	21,166	21,166	1,632,262	(16,323)	(16,323)	16,323	16,323
<b>Total increase/(decrease)</b>		(23,669)	(23,669)	23,669	23,669		(17,914)	(17,914)	17,914	17,914



**Independent Auditor's Report** to the members of National Heart Foundation of Australia (Victorian Division)

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**Report on the financial report**

We have audited the accompanying financial report of National Heart Foundation of Australia (Victorian Division) (the Foundation), which comprises the statement of financial position as at 31 December 2014, and statements of surplus and deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Foundation.

This audit report has also been prepared for the members of the Foundation in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) (collectively the Act and Regulations).

**Directors' responsibility for the financial report**

The Directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the ACNC, the Act and Regulations. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the ACNC and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*.

**Basis for qualified auditor's opinion**

Charitable fundraising income of \$4,406,823 of the Foundation is a significant source of fundraising revenue for the National Heart Foundation of Australia (Victorian Division). The National Heart Foundation of Australia (Victoria Division) has determined that it is impracticable to establish controls over the collection of charitable fundraising income 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 income had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the charitable fundraising income of the National Heart Foundation of Australia (Victoria Division) reported in the accompanying financial report is complete.

In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Foundation, are not appropriate given the size and nature of the Foundation.

**Auditor's opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of the National Heart Foundation (Victorian Division) is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Foundation's financial position as at 31 December 2014, and of its performance for the year then ended on that date; and
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*

KPMG  
KPMG



Antoni Cinanni  
Partner

Melbourne  
3 March 2015



**Auditor's Independence Declaration** under subdivision 60-C Section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

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To: the directors of National Heart Foundation of Australia (Victorian Division)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 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



Antoni Cinanni  
Partner

Melbourne  
3 March 2015

For heart health information  
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## South Australia

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## Tasmania

### Hobart

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## Victoria

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## Western Australia

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