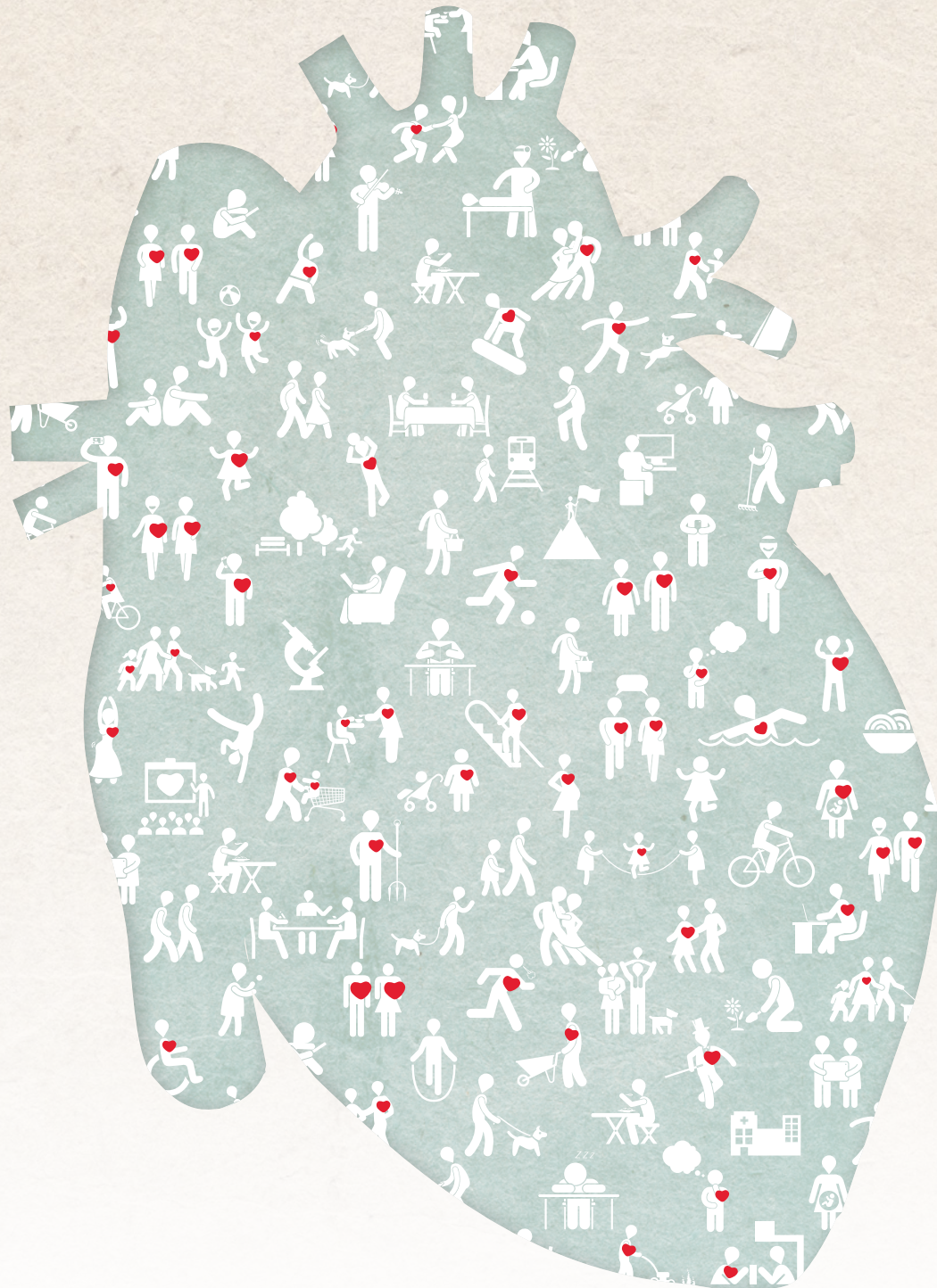


ANNUAL REPORT 2014



+ FINANCIAL STATEMENTS

National Heart Foundation of Australia
(Queensland Division) ABN 32 009 691 570
For the year ended 31 December 2014



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Directors and Office Bearers

Patron

Her Excellency, the Governor of Queensland
Ms Penelope Wensley, AC – Retired 29/7/14

His Excellency, the Governor of Queensland
The Honourable Paul de Jersey AC – Commenced 1/9/14

Board of Directors

President

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

Deputy President

Professor Malcolm J West, AM, BSc, MBBS, PhD, FRACP
(Retired 29/5/14)
Mr Brett Delaney, BCom, FCA, MAICD (Appointed 29/5/14)

Honorary Treasurer & Secretary Mr Brett Delaney, BCom, FCA, MAICD

Directors

Mr Paul K Bird, GradDipBusAdmin, BA, FPRIA, FAICD
Ms Rebecca Treston, QC
Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ
Mr Tim Sayer, BA LLB (UQ), LL.M (USyd), Dip.Soc.Stud (Oxon)
Professor Michael Good, AO, FASM, FRACP, FQA, FTSE
Professor Robyn McDermott, MBBS, MPH, PhD, FAFPHM (Appointed 20/2/14)
Mrs Melanie Gin, BCom (Appointed 19/02/15)
Mr John Cowen, LL.M BCL Sol. BL (Vic) TEP (Resigned 23/7/14)

Chief Executive Officer

Mr Stephen Vines, MBA, BBus Mgmt, MAICD,

Health Director

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

Finance Director

Mrs Catherine Donald, BCom

Fundraising Director

Mr Bruce Macdonald, BAgSc, DipEd

Honorary Solicitors

McInnes Wilson Lawyers

Auditors

KPMG

Registered Office

557 Gregory Terrace, Fortitude Valley, Brisbane 4006

Bequests

The following individuals provided for the Heart Foundation in their wills and distributions were received in 2014

Betty Edna Allan	Nellie Hunter
Biruta (Betty) Aus	Wilfred Gary Huth
Hazel Joyce Bottomley	Florence Margaret Keegan
William Vernon Boyan	Paul William Kinsela
Norma Gene Broad	Ronald Basil Levy
Dorothea Mary Brooke	Karen Ellen Madsen
Annie Myrtle Bryant	Henry William Matthews
Colin Richard Buhle	Alexander McDonald
Vivian Miranda Butcher	John Melegonis
Christopher Paul Byrne	Barbara Alice Minissale
Raymond Douglas Chant	Margaret Mary Moffat
Margaret June Cliff	Alan Edward Nott
Daphne Aileen Crawford	Donald Reginald Papworth
Ralph Brenard Curnow	Eric Harry Pearson
Peter Ralph Douglass	Stewart Atcheson Phillips
Daphne Margaret Dowdle	Millicent Poulsen
Rex Clarence Drinkwater	Sheila Frances Powell
Gwendoline Mary Duval	Sheila Frances Robertson
Grace Margaret Eller	Brenda Jean Rolfe
Myra Dorothy Fairbanks	Bruce Robert Royan
Claude Farer-Hickey	Annie Josephine Seaton
Barbara Grace Franklin	Nancy Winifred Volker
Monica June Howard Gall	Jean Warren
Annie Aileen Gibbons	James Rowland Webb
Alistair William Goldin	Kathleen Rose Wilkinson
William Laurence Greer	Frances Caroline Wiseman
Leslie Thomas Hansson	Victor George Withams
Shirley Caroline Hennessy	Victor George Woodward
Annette Hoekveen	Alice Dorothy Norma Wright
Toni Patrice Howden	Sylvia Gerda Zupp
Gwenda Joan Humphrey's	

Major Supporters

The following individuals made significant contributions to the Heart Foundation in 2014

Mr Thompson Addison	Ms Sue Gordon	Dr Lars Petrasovits
Mrs Margaret Bailey	Mr John Gorrell	Ms Liselotte Peyer
Ms Margaret Bilton	Mrs Nanette Gottlieb	Mrs Jocelyn and Mr Robert Philip
Mr Gavin and Mrs Karen Bird	Mrs Anna Gramenz	Mr Lou Piccone
Dr Robert Bond	Mrs Elaine Greenwood	Mr Andrey Polunin
Mr David Brandt	Ms Denise Hagan	Mr Martin Powell
Mr Kelsey Bray	Mr Darren Hallmann	Mr Geoff Redington
Mr Hugh Bristow	Mr Alec Harries	Miss K Rice
Mr David Buzacott	Mr Owen and Mrs Margaret Henney	Mr Brian Richardson
Cannon Hill Anglican College	Mr Ray Higgins	Mrs R Richardson
Mrs Roslyn Carter	Mrs Ellen Hirst	Mrs Norma Robertson
Mrs Patricia Clouston	Mr J L Hoge	Mr Michael Robinson
Mrs Eileen Colless	Mr Ben Hogg	Mr P Robinson
Mr Stan Conlon	Mrs Daphne Huth	Mr Max Rose
Mrs Hazel Cox	Miss Leesa Jeffcoat	Mr Edward J Rowe
Mrs Heather Craig	Mr Royce Lane	Mr Kenneth and Mrs Lyn Rudge
Mr De Jong De Silva	Mr Bill Laver	Mr Jean-Leon Shanks
Mr Ronald and Mrs Irma Dedekind	Mrs Edna Leacy	Father Garth Shaw
Mrs Myrtle Dickfos	Mr Brian and Mrs Carol Lestone	Mr C J Sheldon
Mr Andrew Douglas	Mr Ray Liekefett	Mr Gordon B Simpson
Mr John Eastment	Mr Alwyn Litzow	Mrs Joan Simpson
Mrs Ruth Eastment	Mr Douglas H Logan	Reverend John Simpson
Evans Family Trust	Mr Bruce Macdonald	Mr Donald Solin
Mr Thomas Falconer	Mrs Frances Macskimin	Somerville House
Mr John and Mrs Merle Faulkner	Mr Dennis and Mrs Elizabeth Mann	Ms Coral Springfield
Robyn and Ralph Ferguson	Mr Colin Ross Mason	Mr Barry and Mrs Maureen Stevenson
Miss Christine Finch	Mr Jock and Mrs Beverly McIlwain	Mr Arthur Straker
Mr Peter Fripp	Mr Ivan and Mrs Sandra Mitchell	Mr Kevin and Mrs Alison Thomson
Mrs Jenny Frith	Mrs Betty Mole	Mr David Thuell
Mr Colin Galley	Ms Nicole Morgan	Mr Robert Turk
Mr Alan J Galwey	Mr Paul Mowbray	Mr Leslie Tuttle
Mr Ross Garroway	Mr P and Justice D Mullins	Ms Sandra Vigar
Mr Rodney Gibson	Mr Philip Naughton	Mr Arthur Waring
Dr Robert Gillespie	Mr Daniel Nichols	Mrs Barbara Werner
Miss Ailsa J Gillies	Mr Nathan O'Brien	Mr Kevin Whelan
Mr Frank and Mrs Marge Gist	Mrs Jacqueline Pascual	Dr Nikki Whelan
Mr Glenn Gordon	Ms Dee Pearson	Mrs Nel Williams
		Dr Ray and Mrs Lyn Yerbury

Corporate and Club Supporters

Many companies, clubs, schools, community groups and other organisations support the Heart Foundation in a variety of ways by making donations, sponsoring programs, providing in-kind support and participating in events. We would like to thank the following for their support in 2014:

Corporate Supporters

Active8Change	Macquarie Group Foundation Limited
Apple Marketing Group	Madill Motor Group
Aurizon	Mater Hospital Mackay
Bechtel	Medibank Rockhampton
Bendigo Bank	Personal Risk Professionals
Bicycle Queensland	Pilling Contractors Pty Ltd
BHP Billiton Cannington Community Fund	Plate Marketing Pty Ltd
Blue Illusion	PRDnationwide Toowoomba
Brisbane City Council	Queensland Academy for Health Sciences (Interact Club)
Bupa Rockhampton	Queensland Community Foundation
99 Bikes	Ray White Rockhampton City
Cairns Community Enterprise	Stockland Rockhampton
CGI Consulting	Suncorp Bank
Department of Communities, Child Safety and Disability Services	Suncorp Group
Department of the Premier & Cabinet	Tafe Queensland Brisbane
Employment Office	The Capricornian Ltd
Fulton Hogan	The Public Trustee of Qld
GBST Holdings Ltd	Tour de Office Foundation
Hastings Deering Social Club	University of Sunshine Coast
Jetts Morningside	Voight Contracting Pty Ltd
J J Richards & Sons Pty Ltd	

Club Supporters

Biggenden Community Heritage Society Inc	Lions Club of Emu Park Inc
Brisbane Grammarians Rowing Club	Mackay Bowls Club
Brothers Maryborough RLFC	National Seniors Australia Victoria Point Branch
Burrum Heads Bowls Club Inc	Pine Rivers Golf Club Ladies Social Group
Colleges Rugby Union Club	Pine Rivers Ladies Bowling Club Inc
Darling Downs Darts Association	Rotary Club of Maryborough Inc
Gold Coast PALS Social Club Inc	Rotary Club of Pioneer Valley Inc
Gracemere Lake Golf Club Inc	Southport RSL
Gympie & District Freemasons	Townsville Road Runners
Inner Wheel Club Of Rockhampton Sunset Inc	Weight Reduction Club of Boonah Inc
Lioness Club of Palm Beach Currumbin	Yuleba & District Bowls Club Inc
Lions Club of Ashgrove-The Gap Inc	

Trust and Foundations

AMP Foundation Charitable Trust
BHP Billiton Cannington Community Fund
Colin Clay Trust
Department of Communities, Child Safety and Disability Services
Ethel Wallace Foundation
Frederick Wallace Gilbert & Delia Gilbert Fund
Gladys Winifred Wieland Trust
John Louis Lazarus Levine and Sarah Levine Fund
Macrossan & Amiet Charitable Foundation
Perpetual Foundation - The Ivan Maurice Jones Endowment
Sylvia Kathleen Richardson Trust
The Allan & Patricia Ellen Coulson Memorial Trust
The Arthur & Doris Wilkinson Memorial Trust
The Beryl Beatrice Scott and Gordon Ferguson Scott Memorial Trust
The Beryl Pearl Pilkington Perpetual Charitable Trust
The C H Boden Memorial Trust
The Cory Charitable Foundation
The Derek Martin Muller Bequest
The Edward Bullock Gift Fund
The Henry Cyril Robjohns and Stella May Robjohns Memorial Trust
The Ira Josey, Peace Mary & Ashley Josey Keidge Perpetual Charitable Trust
The Peter David Ferguson Bequest
The Jack Jacobs Charitable Trust
The Florence Agnes Todd Charitable Trust
The Hart Family Perpetual Trust
The Jack & Bon Mason Memorial Trust
The JC & PM Martin Trust
The Jean Tunnah Trust
The John Villiers Trust
The Robert & Alison Hayles Charitable Fund
The Stanley & Eunice Nicholson Trust
The Thomas & Coral Williams Trust
The Thomas Henley and Winnifred Jean Kelly Memorial Fund
The Thomas and Vera Condie Trust
Vincent & John Patrick Cahill Medical Research Trust Fund

Schools

Over 33,100 children in 160 schools raised funds for the Heart Foundation in the Jump Rope for Heart program.

The award-winning schools in 2014 were:

Highest fundraising school:

Whitsunday Anglican School

Highest raised per student enrolment:

Good News Lutheran Primary School

Directors' Report

for the year ended 31 December 2014

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

Directors

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

Name and qualifications	Experience and special responsibilities	Board Meetings Attended & held #	Exec Board Meetings Attended & held #	Appointment and resignation
Dr Roger K Wilkinson MBBS, BA, M.Litt., FRACP, FCSANZ	President of National Heart Foundation (Qld Division), Senior Visiting Consultant in Cardiology, Royal Brisbane Hospital; Consultant Cardiologist to St Andrew's War Memorial Hospital; Senior Lecturer in Medicine (Clinical) University of Queensland.	9/9	2/2	Appointed 31 October 1996
Mr Brett Delaney BCom, FCA, MAICD	Honorary Secretary and Honorary Treasurer of National Heart Foundation (Qld Division); Member of National Finance and Audit Committee; Retired Partner, PricewaterhouseCoopers; Fellow of the Institute of Chartered Accountants; Member of Australian Institute of Company Directors.	7/9	2/2	Appointed 24 August 2005
Mr Paul K Bird GradDipBusAdmin, BA, FPRIA, FAICD	President, MontroseAccess; Publisher and Director, IN Noosa Magazine; Corporate Advisor to Board of Directors RCP (Resource Co-ordination Partnership); Director, Linkspus Pty Ltd. Fellow of the Australian Institute of Company Directors, Fellow of the Public Relations Institute of Australia.	7/9	2/2	Appointed 8 December 2008
Ms Rebecca Treston QC	Queen's Counsel. Retired member of the Queensland Law Reform Commission. Special interest in Estates and Trusts.	8/9		Appointed 12 June 2013
Assoc Prof David Colquhoun MBBS, FRACP, FCSANZ	Cardiologist at the Wesley Medical Centre and Greenslopes Private Hospital. Medical Director of Core Research Group.	7/9		Appointed 5 June 2013
Mr Tim Sayer BA LLB (UQ), LLM (USyd), Dip.Soc.Stud (Oxon)	Partner at Talbot Sayer Lawyers. Member of the Riviera Australia Advisory Board.	7/9		Appointed 5 June 2013
Professor Michael Good AO, FASM, FRACP, FQA FTSE	Medical Researcher, Australia Fellow, Head, Laboratory of Vaccines for the Developing World, Institute for Glycomics, Griffith University.	7/9		Appointed 12 December 2013
Professor Robyn McDermott MBBS, MPH, PhD, FAFPHM	Professor of Public Health Medicine and Director, Centre for Chronic Disease Prevention at James Cook University.	3/8		Appointed 20 February 2014
Prof Malcolm J West AM, BSc, MBBS, PhD, FRACP	Professor of Cardiovascular Research, Mayne Professor of Medicine, University of Queensland; Cardiologist, Prince Charles Hospital, Brisbane.	3/4	1/1	Appointed 23 March 1993 Retired 29 May 2014

Directors' Report

for the year ended 31 December 2014

Mr John R Cowen LLM BCL Sol. BL(Vic) TEP	Member Corporations Law Committee; Qld. Law Society Inc & Business Law Committee; Law Council of Australia; Fellow CEO Institute; A Lawyer & Finance, Banking/Investment Professional with in excess of 20 years experience.	4/5	Appointed 29 August 2003 Resigned 23 July 2014
Mrs Melanie Gin BCom	Senior Commercial Analyst / Financial Accountant, Energex Pty Ltd. Member of the Institute of Chartered Accountants		Appointed 19 February 2015

meetings attended and meeting held while the director held office

Corporate Governance Statement

The Foundation is a company limited by guarantee, incorporated under the *Corporations Act 2001*. Ultimate responsibility for the governance of the company rests with the Board of Directors. This corporate governance statement outlines how the Board meets that responsibility. The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

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 Divisions in each of the other States and Territories of Australia. The relationships between all entities are set out in a Federation agreement with the Divisions making grants to the National Heart Foundation of Australia to fund research and other health programs conducted on a National basis.

Federation Agreement

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

Oversight by the Board

The Board oversees and monitors the performance of management by:

- > Meeting nine times during the 2014 year
- > Receiving detailed financial and other reports from management at those meetings
- > Receiving additional information and input from management when necessary

Specific responsibilities of the Board

The Board fulfils its primary role by:

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

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

Directors' Report

for the year ended 31 December 2014

Responsibilities of management

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

Board members

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

- > There must be no less than 4 and no more than 12 directors, of whom up to two must be legally qualified Medical Practitioners.
- > No employees of the Foundation, including the CEO, can be a director of the Foundation. Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on page 8. 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.

Risk management

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

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

Ethical standards and code of conduct

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

Involving stakeholders

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

Principal Activities and Achievement of Objectives

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

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan "For All Hearts"

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

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

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

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

Directors' Report

for the year ended 31 December 2014

Performance Measures and Key Achievements in 2014

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

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

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

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

Review of Results and Operations for Current Year

The Foundation achieved an 8% increase in surplus available for health programs and research. This was driven by donations received mainly from our donors and supporters via bequest income of \$4.62 million and non-bequest income of \$4.68 million together with targeted savings.

Total income totalled \$9.96 million from all sources, this is \$114k higher than 2013 of \$9.85 million. This result was predominantly driven by the Bequest program. Bequest income is difficult to predict and can vary dramatically from year to year. At year end there were 43 estates yet to be finalised.

Total local expenditure was \$10.0 million, a 1.6% decrease from \$10.2 million in 2013. The foundation continued to contribute strongly to the National company in support of cardiovascular research and local health programs to the sum of \$6.4 million in 2014. Local fundraising, communications and administration expenditure decreased by 10.6% from 2013. This decrease was from savings across all programs. Overall, the financial performance of the Foundation highlights the innovative and efficient actions of management and staff.

Review of Results and Operations for Past Five Years

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

Charitable support from the general public continued to be strong in 2014. Revenue from this type of fundraising is obtained in an increasingly competitive charity climate. We continued our work on the Championing Hearts Strategic Plan and expenditure on health and research programs as a ratio to total revenue increased to 65% from 63% in 2013. Fundraising expenditure was 34% of fundraising income down from 39% in 2013.

As a result of strong financial performance over the past 5 years, the Foundation has been able to contribute over \$34 million to health programs and research.

Directors' Report

for the year ended 31 December 2014

Income & Expenditure

Charitable support - bequests

Charitable support - non-bequests

Fundraising income

Government non-reciprocal grants

Grants for specific health programs

Other income

Total income

Less: Fundraising expenditure

Communications & administration

Surplus available for health programs & research

Health programs conducted locally

Contributions to National health programs & research

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

Fundraising expenditure to fundraising income

Surplus from fundraising to fundraising income

Surplus available for health programs & research to total income

Expenditure on health programs and research to total income

Expenditure on health programs and research to total expenditure

Annual increase in expenditure on health programs & research

	2014	2013	2012	2011	2010
Charitable support - bequests	4,624,342	3,584,052	5,232,362	6,701,043	4,013,420
Charitable support - non-bequests	4,634,925	5,421,962	5,737,909	4,558,044	4,166,307
Fundraising income	9,259,267	9,006,014	10,970,271	11,259,087	8,179,727
Government non-reciprocal grants	50,000	50,000	50,000	50,000	100,000
Grants for specific health programs	624,268	754,074	751,660	835,372	1,393,075
Other income	31,774	41,630	122,376	137,025	81,436
Total income	9,965,309	9,851,718	11,894,307	12,281,484	9,754,238
Less: Fundraising expenditure	(3,149,555)	(3,504,868)	(4,321,000)	(3,301,376)	(3,016,162)
Communications & administration	(420,914)	(444,082)	(505,848)	(513,850)	(412,055)
Surplus available for health programs & research	6,394,840	5,902,768	7,067,459	8,466,258	6,326,021
Health programs conducted locally	(2,063,208)	(2,241,125)	(2,573,433)	(2,552,611)	(3,081,007)
Contributions to National health programs & research	(4,379,710)	(3,983,015)	(4,417,983)	(5,844,077)	(3,313,794)
Balance added to/(deducted from) equity	(48,078)	(321,372)	76,043	69,570	(68,780)
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	34%	39%	39%	29%	37%
Surplus from fundraising to fundraising income	66%	61%	61%	71%	63%
Surplus available for health programs & research to total income	64%	60%	59%	69%	65%
Expenditure on health programs and research to total income	65%	63%	59%	68%	66%
Expenditure on health programs and research to total expenditure	64%	61%	59%	69%	65%
Annual increase in expenditure on health programs & research	4%	(11%)	(17%)	31%	32%

Assets & Liabilities

Cash

Property, equipment & vehicles

Other assets

Total assets

Total liabilities

Total equity

	2014	2013	2012	2011	2010
Cash	1,307,546	1,032,141	1,915,746	1,875,925	1,348,500
Property, equipment & vehicles	193,737	130,319	162,206	183,631	210,654
Other assets	92,049	327,536	285,210	341,088	325,820
Total assets	1,593,332	1,489,996	2,363,162	2,400,644	1,884,974
Total liabilities	(1,290,097)	(1,138,683)	(1,690,477)	(1,804,002)	(1,357,902)
Total equity	303,235	351,313	672,685	596,642	527,072

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 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.

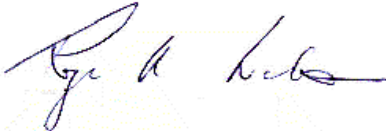
Directors' Report

for the year ended 31 December 2014

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

The lead auditor's independence declaration is set out on page 32 and forms part of the directors' report for financial year 2014.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Roger K Wilkinson', is written over a faint, dotted grid background.

Dr Roger K Wilkinson
President

Dated at Brisbane this 18th day of March 2015

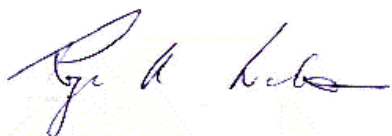
Directors' Declaration

for the year ended 31 December 2014

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

- (a) the financial statements and notes, set out on pages 15 to 29, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Foundations 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.

Signed in accordance with a resolution of the Directors.



Dr Roger K Wilkinson
President

Dated at Brisbane this 18th day of March 2015

Statement of Comprehensive Income

for the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Revenue			
Revenue from operating activities	4	9,937,355	9,810,088
Total revenue		9,937,355	9,810,088
Expenditure			
Health programs (including those funded by grants)		(2,063,208)	(2,241,125)
Fundraising		(3,149,555)	(3,504,868)
Communications and publicity		(278,246)	(331,394)
Administration		(142,577)	(115,044)
Total expenditure		(5,633,586)	(6,192,431)
Finance income		27,954	43,986
Finance costs		(91)	0
Net Finance income/(cost)	6	27,863	43,986
Operating surplus/(deficit)		4,331,632	3,661,643
Net Grants to National Heart Foundation of Australia	16	(4,379,710)	(3,983,015)
Surplus/(deficit) for the year		(48,078)	(321,372)
Total other comprehensive income		0	0
Total comprehensive income for the year		(48,078)	(321,372)

Statement of Financial Position

as at 31 December 2014

	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	7a	1,307,546	1,032,141
Trade and other receivables	8	92,049	287,386
Investments	9	0	40,150
Total current assets		1,399,595	1,359,677
Non-current assets			
Property, equipment and vehicles	10	193,737	130,319
Total non-current assets		193,737	130,319
Total assets		1,593,332	1,489,996
Current liabilities			
Trade and other payables	11	883,845	552,716
Grants income deferred	12	181,758	370,747
Employee benefits	13	205,153	198,871
Total current liabilities		1,270,756	1,122,334
Non-current liabilities			
Employee benefits	13	19,341	16,349
Total non-current liabilities		19,341	16,349
Total liabilities		1,290,097	1,138,683
Net assets		303,235	351,313
Equity			
Retained earnings		303,235	351,313
Total equity	14	303,235	351,313

Statement of Changes in Equity

for the year ended 31 December 2014

	2014	2013
	\$	\$
Balance of Equity as at 1 January	351,313	672,685
Comprehensive income for the year		
Surplus/(Deficit)	(48,078)	(321,372)
Other comprehensive income	0	0
Total comprehensive income for the year	(48,078)	(321,372)
Balance of Equity as at 31 December	303,235	351,313

Statement of Cash Flows

for the year ended 31 December 2014

	2014	2013
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	9,063,566	9,833,892
Cash payments in the course of operations	(3,563,857)	(4,548,332)
Net grants made to National Heart Foundation of Australia	(5,252,259)	(6,190,600)
Net financial income	27,954	41,630
Net cash from operating activities	275,405	(863,410)
Cash flows from investing activities		
Proceeds from sale of property, equipment and vehicles	0	74,609
Acquisition of property, equipment, vehicles and computer software	0	(97,160)
Proceeds from sale of investments	0	2,356
Net cash from investing activities	0	(20,195)
Net increase in cash and cash equivalents	275,405	(883,605)
Cash and cash equivalents at 1 January	1,032,141	1,915,746
Cash and cash equivalents at 31 December	1,307,546	1,032,141

Notes

7b

7a

Notes to the Financial Statements

for the year ended 31 December 2014

1 Reporting entity

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

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the directors on 18 March 2014.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Significant accounting estimates and assumptions.

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:

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.

Valuation of investments

Investments in listed securities are held for trading and are classified as fair value through profit and loss. The fair value of listed securities has been determined by reference to published price quotations in an active market.

3 Significant accounting policies

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

(a) Revenue recognition

(i) Charitable support

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

(ii) Interest 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 (deferred income)

Grants received for specific health programs are recognised as income only to the extent of work completed on those projects when the terms of the grant stipulate that any unexpended funds are to be returned to the sponsor if the program is not completed. In those circumstances the funds attributable to work still be completed are carried forward as grants income deferred.

(iv) Sale of goods

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

Notes to the Financial Statements

for the year ended 31 December 2014

3 Significant accounting policies (continued)

(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 Queensland also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 33,100 children and 160 schools. The Foundation's door knock program successfully recruited over 28,000 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) 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.

(c) Goods and services tax

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

(d) Income Tax

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

(e) Trade and other receivables

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

(f) Equipment and vehicles

(i) Recognition and measurement

Items of equipment and vehicles are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of equipment and vehicles are determined by comparing the proceeds from the disposal with the carrying amount of equipment and vehicles and are recognised on a net basis in the statement of comprehensive income.

(ii) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of each item of equipment and vehicles from the date they are acquired and are ready for use. The estimated useful life in the current and comparative periods are as follows:

> computer equipment	3 years
> office furniture and equipment	5 - 10 years
> motor vehicles	6 – 7 years

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

(g) Leased assets including property and equipment

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

(h) Non-derivative financial assets

A financial asset is recognised on the date the Foundation becomes party to the contractual provisions of the asset. Financial assets are derecognised if the Foundation's contractual rights to the cash flows from the financial assets expire. Purchases and sales of financial assets are accounted for at trade date.

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

3 Significant accounting policies (continued)**(i) Impairment****(i) Non-derivative financial assets including receivables**

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

(ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any objective evidence that they are impaired. If any such indication exists, the asset's recoverable amount is estimated (refer to note 3(i)(iii)). An impairment loss for an individual asset measured under the cost model is recognised in the statement of comprehensive income, whenever the carrying amount of an asset exceeds its recoverable amount.

(iii) Calculation of recoverable amount

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

(j) Trade and other payables (non-derivative financial liability)

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

(k) Employee benefits**(i) Short term benefits**

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Foundation expect to pay at each reporting date.

(ii) Long term benefits

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

> assumed rate of future increases in wage and salary rates: 2014 2.0% (2013: 3.0%)

> discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2014 2.81% (2013: 4.23%)

> expected settlement dates based on turnover history: 2014: 15 years (2013: 15 years)

(iii) Defined contribution plans

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

(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 time value of money and risks specific to the liability. 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, Queensland.

(n) Finance income and finance costs

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

3 Significant accounting policies (continued)

(o) Financial risk management

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

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

Further details in respect of each of these risks are set out in note 18 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

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

Economic dependency

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

(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.

(q) Determination of fair values

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

(i) Equity and debt securities

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

	2014	2013
	\$	\$
4 Revenue from operating activities		
Charitable support - bequests	4,624,342	3,584,052
Charitable support - non-bequests	4,683,641	5,471,962
Sale of goods	1,284	0
<i>Total revenue from fundraising activities</i>	<i>9,309,267</i>	<i>9,056,014</i>
Grants for specific health programs - Government	400,345	471,651
Grants for specific health programs and research - other	223,923	282,423
Other	3,820	0
<i>Total revenue from other operating activities</i>	<i>628,088</i>	<i>754,074</i>
Total revenue from operating activities	9,937,355	9,810,088
5 Auditors' remuneration		
KPMG Australia: Audit services	29,000	33,000
KPMG Australia: Other services	0	3,577
	29,000	36,577
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	25,537	36,167
Dividend income	2,417	5,463
Realised gain on disposal of investments	0	2,356
Finance income	27,954	43,986
Impairment on trade receivables	91	0
Finance costs	91	0
Net finance income and costs recognised in Surplus/(Deficit)	27,863	43,986
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 3% (2013: 3%)	1,307,546	1,032,141
	1,307,546	1,032,141

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

	2014 \$	2013 \$
7b Reconciliation of cash flows from operating activities		
Net surplus / (deficit) from ordinary activities	(48,078)	(321,372)
Adjustments for:-		
Depreciation/Amortisation	36,582	51,236
Investments acquired for nil consideration via bequests	(59,850)	(14,321)
Net loss/(gain) on disposal of investments	0	(2,356)
Net loss/(gain) on disposal of property, equipment and vehicles	0	3,202
Net cash from operating activities before changes in working capital and provisions	(71,346)	(283,611)
(Increase)/decrease in receivables	195,337	(28,005)
Increase/(decrease) in payables	331,129	(306,230)
Increase/(decrease) in grants income deferred	(188,989)	(16,995)
Increase/(decrease) in employee benefits	9,274	(228,569)
Net cash from operating activities	275,405	(863,410)
8 Trade and other receivables		
Trade receivables owing by other National Heart Foundation divisions	87,606	30,817
Trade receivables owing by National Heart Foundation of Australia	0	80,553
Other receivables and prepayments	4,443	176,016
	92,049	287,386
9 Investments		
Current investments		
Unlisted units in managed funds	0	40,150
	0	40,150

The carrying value of investments is equal to fair value. The Foundation's exposure to interest rate risk and equity price risk are disclosed in note 18.

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

10 Property, equipment and vehicles

	Freehold land	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Balance at 1 January 2013	0	190,774	171,221	361,995
Acquisitions	0	9,891	87,269	97,160
Disposals	0	(912)	(171,221)	(172,133)
Balance at 31 December 2013	0	199,753	87,269	287,022
Balance at 1 January 2014	0	199,753	87,269	287,022
Acquisitions	100,000	0	0	100,000
Disposals	0	0	0	0
Balance at 31 December 2014	100,000	199,753	87,269	387,022
Depreciation & Impairment losses				
Balance at 1 January 2013	0	120,535	79,254	199,789
Depreciation charge for the year	0	30,203	21,033	51,236
Disposals	0	(815)	(93,507)	(94,322)
Balance at 31 December 2013	0	149,923	6,780	156,703
Balance at 1 January 2014	0	149,923	6,780	156,703
Depreciation charge for the year	0	23,492	13,090	36,582
Disposals	0	0	0	0
Balance at 31 December 2014	0	173,415	19,870	193,285
Carrying amounts				
At 1 January 2013	0	70,239	91,967	162,206
At 31 December 2013	0	49,830	80,489	130,319
At 1 January 2014	0	49,830	80,489	130,319
At 31 December 2014	100,000	26,338	67,399	193,737

11 Trade and other payables

Trade payables to National Heart Foundation of Australia
Trade payables to other National Heart Foundation divisions
Other payables and accrued expenses

2014	2013
\$	\$
647,038	424,101
10,369	47
226,438	128,568
883,845	552,716

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

	2014	2013
	\$	\$
12 Grants income deferred		
Balance at 1 January	370,747	387,742
Amounts received	435,279	738,589
Income taken to revenue	(624,268)	(755,584)
Balance at 31 December	<u>181,758</u>	<u>370,747</u>

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

13 Employee benefits

Aggregate liability for employee benefits including oncosts:

Current - long service leave and annual leave	205,153	198,871
Non-current - long service leave	19,341	16,349
Total employee benefits	<u>224,494</u>	<u>215,220</u>
<i>Personnel expenses:</i>		
Wages and salaries	1,785,721	2,028,076
Contributions to superannuation plans	137,168	144,785
Total personnel expenses	<u>1,922,889</u>	<u>2,172,861</u>
Number of employees at year end (full time equivalents)	19	23

14 Reserves and Equity**Retained Earnings at beginning of year**

Surplus/(deficit)	351,313	672,685
Other Comprehensive Income	(48,078)	(321,372)
Total Comprehensive Income for the year	<u>0</u>	<u>0</u>
	(48,078)	(321,372)

Retained Earnings at end of year

	303,235	351,313
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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, equipment and vehicles. The excess of actual retained earnings over the optimum level so calculated is remitted to the National Heart Foundation of Australia as a contribution towards national health programs and research.

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

Assets held in trust

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

The Vincent & John Patrick Cahill Medical Research Trust Fund
 Balance brought forward
 Interest and funds received
 Less Payments in accordance with Trust
 Balance carried forward

2014	2013
\$	\$
255,248	465,079
8,717	15,169
0	(225,000)
263,965	255,248

15 Company limited by guarantee

The National Heart Foundation (Queensland) is a company incorporated in Australia under the Corporations Act 2001 as a company limited by guarantee. Every member of the 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.

As at 31 December 2014 there were 8 members (2013: 9 members) of the Foundation.

At 31 December 2014 the total liability for membership in the event the Foundation is wound up would be \$32.

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

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

Non executive directors

Dr Roger K Wilkinson, MBBS, BA, M.Litt., FRACP, FCSANZ
 Mr Brett Delaney, BCom, FCA, MAICD
 Mr Paul K Bird, GradDipBusAdmin, BA, FPRIA, FAICD
 Ms Rebecca Treston, QC
 Associate Professor David Colquhoun, MBBS, FRACP, FCSANZ
 Mr Tim Sayer, BA LLB (UQ), LLM (USyd), Dip.Soc.Stud (Oxon)
 Professor Michael Good, AO, FASM, FRACP, FQA, FTSE
 Professor Robyn McDermott, MBBS, MPH, PhD, FAFPHM (Appointed 20/2/14)
 Professor Malcolm J West, AM, BSc, MBBS, PhD, FRACP (Retired 29/5/14)
 Mr John Cowen, LLM BCL Sol. BL (Vic) TEP (Resigned 23/7/14)

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

Executive Staff

Mr Stephen Vines, MBA, BBus Mgmt, MAICD, Chief Executive Officer
 Ms Rachelle Foreman, MPhil, MScST, BAppSc (HMS), Health Director
 Mrs Catherine Donald, BCom, Finance Director
 Mr Bruce Macdonald, BAgSc, DipEd, Fundraising Director

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

16 Related Parties (continued)

The compensation of key management personnel was as follows:

Short term employee benefits
 Post-employment benefits
 Other long term benefits
 Total

	2014	2013
	\$	\$
	648,628	675,387
	53,172	55,966
	3,169	13,207
	704,969	744,560

Other related parties

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

Contributions received from sale of services - Divisions
 Contributions paid for purchase of services - Divisions
 Grants for research and other national initiatives - National
 Contribution paid for Rent - National
 Amounts receivable and payable to non-director related parties are shown in notes 8 and 11 respectively.

	2014	2013
	\$	\$
	3,965,645	4,249,717
	5,143,196	6,273,094
	4,379,710	3,983,015
	257,712	257,712

17 Subsequent events

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 the operations or the state of affairs of the Foundation, in future financial years.

18 Financial instruments

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

Credit risk

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is monitored by management on an ongoing basis. The Foundation does not require collateral in respect of financial assets. The credit risk relating to the Foundation's financial assets which are recognised in the statement of financial position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables.

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

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

18 Financial instruments (continued)

	Notes	2014 \$	2013 \$
Financial assets			
Cash	7a	1,307,546	1,032,141
Trade and other receivables	8	92,049	287,386
Investments - unlisted units in managed funds	9	0	40,150
		1,399,595	1,359,677

Impairment losses from trade receivables

Of the Foundation's trade receivables balance of \$92,049, \$40 is past due (2013: \$287,386).

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

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

Trade and other payables, and grants income deferred have contractual cashflows which are 6 months or less. The maximum exposure to liquidity risk is represented by the carrying amount of each financial liability in the statement of financial position as summarised below:

	Notes	2014 \$	2013 \$
Non derivative financial liabilities			
Trade and other payables	11	883,845	552,716
Grants income deferred	12	181,758	370,747
		1,065,603	923,463

Market risk

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

Interest rate risk

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

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

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

Sensitivity Analysis Disclosure

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

18 Financial instruments (continued)

	2014					2013				
		-1%		+1%			-1%		+1%	
Interest rate risk	Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Cash at bank	1,307,546	(13,075)	(13,075)	13,075	13,075	1,032,141	(10,321)	(10,321)	10,321	10,321
Total increase/(decrease)		(13,075)	(13,075)	13,075	13,075		(10,321)	(10,321)	10,321	10,321

	2014					2013				
		-10%		+10%			-10%		+10%	
Other market price risk	Carrying Amount/ Market Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Investments - unlisted units in managed funds	0	0	0	0	0	40,150	0	(4,015)	4,015	4,015
Total increase/(decrease)		0	0	0	0		0	(4,015)	4,015	4,015

Fair value hierarchy

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

The different levels have been defined as:

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

	Notes	The Foundation		
		Level 1	Level 2	Level 3
		\$	\$	\$
31-December-2014				
Investments	9	0	0	0
		0	0	0

	Notes	The Foundation		
		Level 1	Level 2	Level 3
		\$	\$	\$
31-December-2013				
Investments	9	0	40,150	0
		0	40,150	0

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

18 Financial instruments (continued)

Operational risk

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

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

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

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



Independent auditor's report to the members of National Heart Foundation of Australia (Queensland Division)

We have audited the accompanying financial report of National Heart Foundation of Australia (Queensland Division) (the Foundation), which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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).

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 and the ACNC and for 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 Australian Accounting Standards and the ACNC, 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 is a significant source of fundraising revenue for the National Heart Foundation of Australia (Queensland Division). The Foundation has determined that it is impracticable to establish controls over the collection of charitable fundraising (e.g. cash donations) prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to Charitable fundraising revenue (e.g. cash donations) had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable fundraising (e.g. cash donations) to the National Heart Foundation of Australia (Queensland 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 charitable fundraising activities by the Foundation, are not appropriate given the size and nature of the Foundation.

Qualified audit opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of National Heart Foundation of Australia (Queensland Division) is 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 year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG

Tracey Barker
Partner

Brisbane
18 March 2015



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

To: the Directors of National Heart Foundation of Australia (Queensland Division)

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

- (a) 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
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tracey Barker
Partner

Brisbane
18 March 2015

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