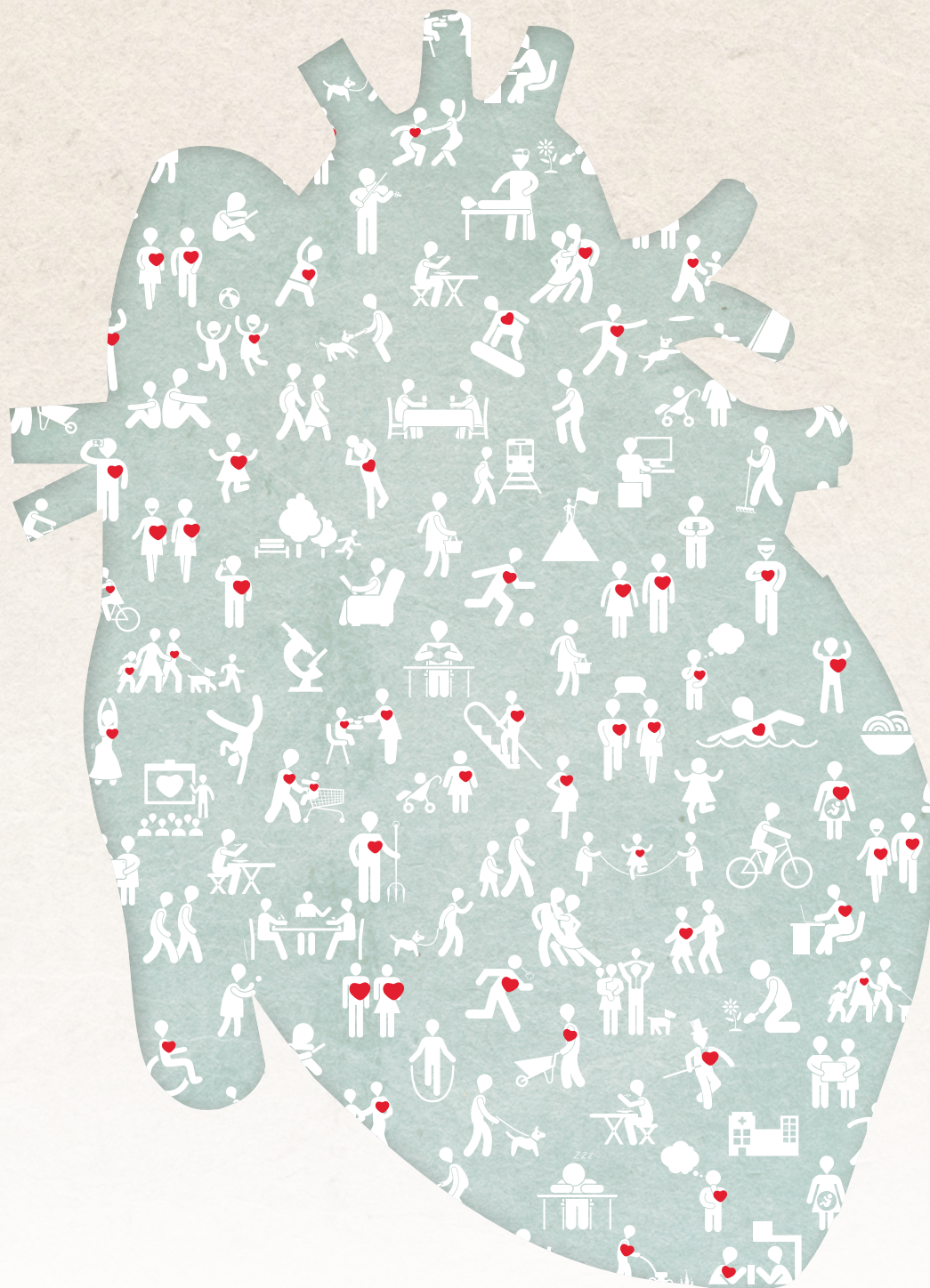


ANNUAL REPORT 2014



+ FINANCIAL STATEMENTS

National Heart Foundation of Australia
(National Office and Group) ABN 98 008 419 761
For the year ended 31 December 2014



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Directors and Office Bearers

Patron

Her Excellency Ms Quentin Bryce AC
Governor-General of the Commonwealth of Australia (to 27 March 2014)

His Excellency General the Honourable Sir Peter Cosgrove (retd)
Governor-General of the Commonwealth of Australia (from 1 May 2014)

Board of Directors

National President

Associate Professor P T Sexton JP, FAMA, BSc(Hons), MBBS, PhD,
FAFPHM, FAICD (to 23 May 2014)
Dr J A Johns MBBS, FRACP, FCSANZ (from 23 May 2014)

National Treasurer

Mr T M Roberts BArtsAcc, FCA, IPAA, FAICD, SAFIN, FGLF

Directors

Mr A D Caudle BSc(Hons), MEngSc (to 9 January 2015)
Ms R Davies (from 15 May 2014)
Mr J Etherington, BEc, FCA, FAICD (from 15 May 2014)
Mr M K Harvey, BComm, FCPA, GAICD (from 17 September 2014)
Dr M K Ilton, MBBA, FRACP
Mr F F Lancione, LLM, BA, GDLP, MAICD
Mr M J Laverty LLM (to 15 May 2014)
Dr J P O'Shea MBBS, FRACP, FCSANZ (deceased 14 March 2015)
Dr R Wilkinson MBBS, BA, M.Litt, FRACP, FCSANZ

Representative of the Cardiac Society of Australia and New Zealand

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

Additional Directors

Professor L Kritharides MB, BS, PhD, FRACP, FAHA, FCSANZ
Mr C B Taylor FFin, FPNA, MAICD, Chair National Finance Advisory
Committee
Mr D H Gillam BBus, FCPA, FAICD (resigned 15 May 2014 – appointed as an
additional Director from 23 May 2014)

Members at Large

Mr R H Allert AO, FCA
Mr B J Carter, BEc, MBA, FCA, FAICD
Mr B J Davies OAM, FCA, FCPA
Professor G L Jennings AM, MBBS, MD, MRCP(UK), FRACP, FRCP
(London), FAHA, FCSANZ, FMBRCA
Mr L T Cox BEc, FCA
Professor P H Harris AM, BSc(Med)(Hons), MBBS(Hons), DPhil(Oxon),
FRACP, FACC, FAHA, FCSANZ
Mr H R Hope BCom, LLB, FAICD
Mr R V Ryan AO
Professor A M Tonkin, AM MBBS, MD, FRACP

Chief Executive Officer- National Ms M K Barry (from 28 January 2014)

Company Secretary Ms D A Cope

Solicitors Norton Rose Fulbright

Auditors KPMG

Registered Office Level 12, 500 Collins Street, Melbourne, Victoria 3000

Preferred Postal Address Level 12, 500 Collins Street, Melbourne, Victoria 3000

National Heart Foundation of Australia (National Office and Group)

Directors' Report

for the year ended 31 December 2014

Directors' Report

For the year ended 31 December 2014

The directors present their report together with the financial report for the National Heart Foundation of Australia ("the Foundation") and the consolidated financial report of the consolidated entity ("Group"), being the Foundation and the State and Territory Divisions, 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 #	Appointment and resignation
Mr A D Caudle BSc(Hons), MEngSc	Director of Canberra based national IT company providing a wide range of solutions to corporations and government; graduate of Duntroon and whilst in the Army as a Surveyor Engineer, did duty in Australia, New Zealand, the South Pacific and South East Asia; a graduate from the University of NSW). Chair of the National Heart Foundation Information and Communications Steering Group, member of the National Heart Foundation Audit and Governance Committee; and President of the National Heart Foundation (Australian Capital Territory Division). An active volunteer with the Heart Foundation and other Canberra-based community organisations.	4/6	Appointed 14 May 2012 Resigned 9 January 2015
Mr J Etherington BEc, FCA, FAICD	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. Member of the National Heart Foundation Audit and Governance and National Finance Advisory Committees. President Heart Foundation of Australia (Victorian Division).	3/4	Appointed 15 May 2014
Ms R Davies	Non Executive Director, Chris O'Brien Lifehouse. Member, Community and Consumer Advisory Committee and Research Committee National Health & Medical Research Council. Non Executive Director, Palestrina Foundation Limited. Facilitator, Company Directors Course, AICD. Board member, Juvenile Diabetes Research Foundation Australia and International. Owner, Red coaching pty limited. Board Member, LCM Healthcare. Consultant, Herbert Smith Freehills. President Heart Foundation of Australia (New South Wales Division).	3/4	Appointed 8 May 2014
Mr D H Gillam BBus, FCPA, FAICD	Member, AICD Tasmania Council. Recent: National Director of Australian Institute of Company Directors, Chair-Board, Audit, Risk and Compliance Committee; Chair-National NFP Steering Committee. Chair, National Heart Foundation of Australia, Audit and Governance Committee and Member- Executive Committee until 23 May 2014. Heart Foundation of Australia (Tasmanian Division) President/Chair and Chair-Governance Committee until 15 May 2014. Elected as an Additional Director of the National Board on 23 May 2014.	5/5	Appointed 27 May 2011 Resigned 15 May 2014 Re-appointed 23 May 2014
Mr M K Harvey, BComm, FCPA, GAICD	CPA with over 20 years experience in accounting and financial services. Extensive experience in complex public transactions and broad commercial and corporate governance experience, including board-level corporate secretarial duties. Member National Heart Foundation Investment Committee (resigned July 2014) and member of the National Heart Foundation National Finance Advisory Committee and Audit and Governance Committee. Heart Foundation of Australia (Tasmanian Division) representative from 17 September 2014.	1/2	Appointed 17 September 2014

National Heart Foundation of Australia (National Office and Group)

Directors' Report (continued) for the year ended 31 December 2014

Dr M K Ilton MBBA, FRACP	Director of Cardiology, Royal Darwin Hospital and has been working as a Cardiologist in Darwin since 1997. Helped to establish the Echocardiographic service in Darwin, the outreach Cardiology and Echocardiographic Services throughout the NT (including at Alice Springs Hospital) and the Coronary Angiography service in Darwin in 2001. Has a long association with the Heart Foundation of Australia (Northern Territory Division), joining as Medical Advisor in 1998 and continuing on to become the Vice President in 2009 and elected President in 2013.	6/6	Appointed 31 December 2013
Dr J A Johns MBBS, FRACP, FCSANZ (National President)	Cardiologist Austin Hospital; Co-founder and member of Women in Cardiology Working Group; Vice President Australia Sri Lanka Medical Aid Team (AuSLMAT). Member Heart Foundation of Australia Cardiovascular Health Advisory President National Heart Foundation of Australia (Victorian Division) until 15 May 2014.	6/6	Appointed 15 May 2009
Professor L Kritharides MB, BS, PhD, FRACP, FAHA, FCSANZ (Chair, CVHAC)	Head of Department and Director of Cardiology at Concord Repatriation General Hospital (CRGH) Sydney and Professor in Medicine at the University of Sydney. He practises as a General and Interventional Cardiologist and leads the Atherosclerosis and Vascular Biology Groups of the ANZAC Research Institute. Immediate past Chair of the Scientific Committee of the Cardiac Society of Australia and New Zealand (CSANZ), is a member of the Specialist Training Committee in Cardiology of the RACP/CSANZ, and currently chairs the National Heart Foundation's Cardiovascular Health and Advisory Committee. Professor Kritharides has published widely on the biochemical, cellular and clinical aspects of cardiovascular disease, hyperlipidemia and thrombosis.	6/6	Appointed 24 May 2013
Mr F F Lancione LLM, BA, GDLP, MAICD	A practising lawyer with over 28 years' experience; a partner of national law firm Piper Alderman specialising in corporate and capital reconstruction, dispute resolution and private wealth management with a focus on risk management; consults in corporate governance and advises widely on <i>Corporations Act</i> compliance; a member of the Law Council of Australia; the Law Society of South Australia; the Australian Institute of Company Directors; the Private Wealth Network, and the Australian Restructuring Insolvency and Turnaround Association; President of the National Heart Foundation Inc (South Australian Division) and board member since 2004; Chair of the National Heart Foundation Audit and Governance Committee and a founding director helping to establish the Julian Burton Burns Trust, a charity in which he was involved from 2004 to 2012. Currently a member of the Risk and Compliance committee and Advisory committee of Prince Alfred College, board member of the Seymour College and Director of the Seymour College Foundation. Mr Lancione has developed a key interest in philanthropic pursuits of high net worth estates and Family Offices.	6/6	Appointed 7 May 2012
Mr M J Laverty LLM	CEO, Catholic Health Australia; Chairperson, Social Determinants of Health Alliance; Board Member, National Disability Insurance Agency; Board Member, NSW Public Service Commission; Member, National Health Performance Authority Advisory Committee for Private Hospitals; Member, Australian Catholic University Faculty of Health Sciences Advisory Board; Member, Heart Foundation National Audit and Governance Committee; Member, Heart Foundation National Finance Advisory Committee; President Heart Foundation of Australia, (New South Wales Division) until 8 May 2014.	3/3	Appointed 27 May 2011 Resigned 8 May 2014
Professor I T Meredith AM MBBS(Hons), BSc(Hons), PhD, FRACP FACC FAHA FCSANZ FSCAI (Cardiac Society of Australia and New Zealand representative)	Professor & Director of MonashHeart, Monash Health, Professor of Medicine & Cardiology Monash University, Executive Director of Monash Cardiovascular Research Centre; CSANZ Representative National Heart Foundation; Medical Vice President of the National Heart Foundation of Australia (Victorian Division); Member of CSANZ Federal Board; Board Member Asia Pacific Society of Interventional Cardiology.	4/6	Appointed 27 May 2011

National Heart Foundation of Australia (National Office and Group)

Directors' Report (continued) for the year ended 31 December 2014

Dr J P O'Shea MBBS, FRACP, FCSANZ	Cardiologist Fremantle Hospital; Director, WA Cardiology Services; President National Heart Foundation of Australia (Western Australian Division).	5/6	Appointed 27 May 2011 Deceased 14 March 2015
Mr T M Roberts BArtsAcc, FCA, IPAA, FAICD, FINSIA, SAFIN, FGLF (National Treasurer)	Chartered Accountant for over 16 years; General Manager Institutional & Corporate Banking SA/NT for the Commonwealth Bank of Australia responsible for managing the significant investment in the South Australian and the Northern Territory markets and chartered with growing these business; formerly a Partner in a Chartered Accounting firm and Finance Director and CFO of a Private Equity backed investment; fellow of the Institute of Chartered Accountants; Fellow of the AICD; member of FINSIA; Associate of the Insolvency Practitioners Association of Australia; Fellow of the Governor's Leadership Foundation; Director of the National Heart Foundation of Australia (South Australia Division); member of the Audit and Governance Committee, National Finance Advisory Committee; and Investment Committee.	5/6	Appointed 25 May 2012
Associate Professor P T Sexton JP, FAMA, BSc(Hons), MBBS, PhD, FAFPHM, FAICD	Professorial Fellow Baker IDI Heart and Diabetes Institute; Clinical Associate Professor, School of Medicine, University of Tasmania; General Practitioner, Clarence GP Superclinic Hobart; State Medical Officer, Cricket Australia (Tasmania); Chairman Tasmanian Medical Board; Alderman Hobart City Council; Trustee, Tasmanian Museum and Art Gallery; Member Advisory Committee on the Safety of Medicines, Therapeutic Goods Administration; Chair National Heart Foundation of Australia Executive; Member National Heart Foundation of Australia Cardiovascular Health Advisory Committee until 23 May 2014.	3/6	Appointed 13 May 2005 Resigned 23 May 2014
Mr C B Taylor FFin, FPNA, MAICD	Retired senior banking and finance executive with 36 years experience; Chair National Heart Foundation of Australia Finance Advisory Committee; member National Heart Foundation of Australia Executive; Member; member of the Audit and Governance and Investment Committees; Life Member National Heart Foundation of Australia (South Australian Division).	6/6	Appointed 21 January 2008
Dr R K Wilkinson MBBS, BA, M.Litt., FRACP, FCSANZ	Senior Visiting Consultant in Cardiology, Royal Brisbane Hospital, Consultant Cardiologist to St Andrew's War Memorial Hospital, Greenslopes Private Hospital and the Wesley Hospital. Senior Lecturer in Medicine (Clinical) University of Queensland. Appointed Director: 31/10/96. Deputy President 20/4/05 to 19/4/06. President 19/4/06 to 25/5/09. Member of the National Heart Foundation Cardiovascular Health Advisory Committee and President Heart Foundation of Australia (Queensland Division).	6/6	Appointed 3 April 2013

Meetings of Committees Reporting to the Board

A summary of meetings held and attendances of National Board advisory committees is set out below:

	National Executive Committee #	Cardiovascular Health Advisory Committee #	National Finance Advisory Committee	Audit and Governance Committee #
Mr A D Caudle				4/4
Mr J Etherington			4/5	4/4
Mr D H Gillam	1/1			1/1
Mr M K Harvey			5/5	1/2
Dr L Kritharides	2/2	4/4		
Dr J A Johns	1/2	4/4		
Mr F F Lancione				4/4
Mr M J Lavery				1/1
Mr T M Roberts	2/2		4/5	2/4
A/Professor P T Sexton	1/1	0/1		
Mr C B Taylor	1/2		4/5	3/4
Dr R K Wilkinson		4/4		1/1

These committees include other honoraries who are not directors of the National Heart Foundation of Australia.

Directors' Report (continued) for the year ended 31 December 2014

Corporate Governance Statement

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

Role of the Board

The Board's primary role is to ensure that the activities of the Foundation are directed towards achieving its mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. The Board must ensure that this mission is achieved in the most efficient and effective way. The Foundation operates as part of a co-operative federation with Divisions in each of the other States and Territories of Australia with the relationships between all entities set out in 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.

Oversight by the Board

The Board oversees and monitors the performance of management by:

- > Meeting six times during the year
- > Receiving detailed financial and other reports from management at those meetings
- > Receiving additional information and input from management when necessary
- > Assigning to the Cardiovascular Health Advisory Committee; the National Finance Advisory Committee; and the Audit and Governance Committee responsibility to oversee particular aspects of the operations and administration of the Foundation

Each Board Committee operates under its own terms of reference approved by the Board.

Specific responsibilities of the Board

The Board fulfils its primary role by:

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

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

Responsibilities of management

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

Board members

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

- > The directors of the Foundation shall be the National President, the State Member Foundation Representatives, the Treasurer and up to a maximum of five additional directors appointed in accordance with the Constitution.
- > Other than for the position of Secretary, no person who is an employee of the Foundation, a State Member Foundation, or a local branch of a State Member Foundation, is eligible for nomination or appointment as an office bearer or director.
- > That at each Annual General Meeting a minimum of one third of the directors retire from office, but each is eligible for re-election.
- > That no director may serve more than a maximum of nine consecutive years before they become ineligible for re-election.
- > Each State Member Foundation Representative is appointed by his or her State or Territory and holds office as a director of the Foundation for the duration of their appointment by their Division. Usually, the appointee is the President of the Division.

The Board is the final authority on the operations of the Foundation and has complete responsibility for the control and the overall management of the affairs, funds and property of the Foundation. It oversees corporate strategy, policy and performance, thus helping protect the rights and interests of the Foundation, its employees, donors and stakeholders. The Board ensures it is well equipped with skills and expertise relevant to the Foundation's activities to make it a stable and effective governing body. The current Board's qualifications, skills, experience and responsibilities appear on pages 4-6. 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.

Directors' Report (continued)
for the year ended 31 December 2014

Involving stakeholders

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

PRINCIPAL ACTIVITIES AND ACHIEVEMENT OF OBJECTIVES

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

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan "For All Hearts"

The Foundation has a five-year strategic plan, "For All Hearts" 2013-2017, aligned directly with our vision for Australians to have the best cardiovascular health in the world and our mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. Through "For All Hearts", we will be focused on 4 goals;

- Healthy Hearts
- Heart Care
- Health Equity and
- 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 a 25% reduction in premature deaths by 2025, through curbing chronic disease risks (including cardiovascular disease).

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 atypical heart attack symptoms.

Review of Results and Operations for Current Year

The consolidated comprehensive income for the year is a surplus of \$5.53 million, similar to the \$5.88 million surplus in 2013. The Foundation's comprehensive income was a surplus of \$6.18 million compared to a surplus of \$7.25 million in 2013. The consolidated results from operating activities improved significantly in 2014, reporting a surplus of \$1.30 million compared to a deficit in 2013 of \$2.68 million. The operating results reflect the Foundation's level of spending to support the activities aligned to its For All Hearts strategic plan.

Total revenue from operating activities was comparable to the 2013 result returning \$68.89 million in 2014. Bequest income which can fluctuate significantly year on year was relatively stable with a 4% increase of \$917,000 to \$23.62million which is close to the Foundation's average long term income levels. This increase was counter balanced by a \$1.5 million decrease of non bequest fundraising income and other income to \$45.26 million. The Foundation is primarily supported by generous donations from the Australian public and the Foundation continued to invest back into consolidating and strengthening its donor acquisition and retention programs which is aimed at stabilising and consolidating the level of non-bequest income.

Total expenditure decreased by \$4.57million to \$67.58 million in 2014. This reflects a continuous review of operations and a focus on efficiencies to achieve the outcomes of the For All Hearts strategic plan.

In 2014, the Foundation commenced funding of 82 new research awards, 10 more than in 2013. The 222 Fellowships, Scholarships and Project Grant's funded in 2014 equate to an allocation of \$13.67 million towards cardiovascular research to advance our understanding and knowledge of heart health and improve the lives of all Australians.

Net Finance returns increased by \$0.59 million reflecting increased dividends and an improvement in the market prices of investments held by the Foundation. The equities markets continued to experience fluctuations of uncertainty but rose overall to increase the value of the Foundation's investments by \$1.91 million during the year.

Overall, the Foundation performed above expectations in 2014 delivering significant programs while at the same time operating within the scope of its financial capacity.

A comprehensive discussion about the activities of the Foundation and the Group can be found in the 2014 Annual Review.

Directors' Report (continued)
for the year ended 31 December 2014

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 Group.

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.

Rounding Off

The Foundation and the Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Insurance Premiums

Since the end of the previous financial year the Foundation has paid insurance premiums of \$15,175 (2013: \$11,175) in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former officers, including executive officers, of the Foundation and directors and executive officers of the State and Territory Divisions. The insurance premiums relate to:

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

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

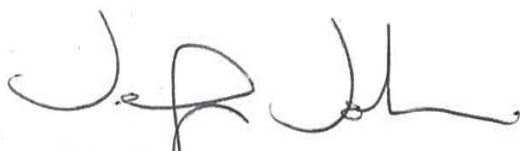
Indemnification

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 42 and forms part of the directors' report for financial year 2014

Signed in accordance with a resolution of the Directors.



Dr Jennifer Johns
National President

Dated at Sydney this 17th day of April 2015

Directors' Declaration

for the year ended 31 December 2014

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

- (a) the financial statements and notes, set out on pages 11 to 39, 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 and Group's financial position as at 31 December 2014 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-For-Profits Regulations 2013; and
- (b) there are reasonable grounds to believe that the Foundation and Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



T M Roberts
Director and Treasurer

Dated at Sydney this 17th day of April 2015

Statements of Surplus or Deficit and Other Comprehensive Income

for the year ended 31 December 2014

	Notes	Consolidated		The Foundation	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue					
Revenue from operating activities	4	68,883	69,470	28,013	29,157
Total revenue		68,883	69,470	28,013	29,157
Net gain/(loss) on sale of property, plant and equipment		1	1	-	-
Research expenditure		(13,675)	(12,182)	(12,195)	(11,943)
Health programs (including those funded by grants)		(30,721)	(35,020)	(9,143)	(13,720)
Fundraising expenditure		(16,751)	(18,533)	(73)	(749)
Cost of goods sold		(15)	(34)	-	-
Communications and publicity		(3,766)	(3,422)	(2,302)	(1,855)
Administration		(2,655)	(2,961)	(1,973)	(1,879)
Results from operating activities		1,301	(2,681)	2,327	(989)
Finance income		4,228	3,649	3,861	3,278
Finance costs		(173)	(186)	(178)	(180)
Net finance income/(cost)	6	4,055	3,463	3,683	3,098
Surplus/(deficit) for the year before tax		5,356	782	6,010	2,109
Income tax expense	3d	-	-	-	-
Surplus/(deficit) for the year after tax		5,356	782	6,010	2,109
Other comprehensive income					
Items that will not be reclassified to surplus or deficit					
Gains/(Losses) on sale and revaluation of equities/managed funds	6,15	173	5,096	167	5,137
Items that may be reclassified subsequently to surplus or deficit					
		-	-	-	-
Total other comprehensive income		173	5,096	167	5,137
Total comprehensive income for the year		5,529	5,878	6,177	7,246

Statements of Financial Position

as at 31 December 2014

	Notes	Consolidated		The Foundation	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current assets					
Cash and cash equivalents	7a	24,978	25,148	9,228	10,351
Investments	9	514	-	514	-
Trade and other receivables	8	2,523	3,488	4,593	4,811
Inventories		161	198	156	186
Total current assets		28,176	28,834	14,491	15,348
Non-current assets					
Investments	9	53,175	46,762	53,076	46,699
Property, equipment and vehicles	10	6,790	7,438	3,263	3,469
Intangibles	11	416	582	417	583
Total non-current assets		60,381	54,782	56,756	50,751
Total assets		88,557	83,616	71,247	66,099
Current liabilities					
Trade and other payables	12	3,265	4,154	2,406	3,649
Grant income deferred	13	9,856	9,360	1,505	1,330
Employee benefits	14	2,598	2,450	910	872
Provisions	17	283	404	-	-
Total current liabilities		16,002	16,368	4,821	5,851
Non-current liabilities					
Employee benefits	14	325	379	160	159
Provisions	17	1,009	1,177	-	-
Total non-current liabilities		1,334	1,556	160	159
Total liabilities		17,336	17,924	4,981	6,010
Net assets		71,221	65,692	66,266	60,089
Equity					
Reserves		25,949	27,238	25,175	26,444
Retained earnings		45,272	38,454	41,091	33,645
Total equity	15	71,221	65,692	66,266	60,089

National Heart Foundation of Australia (National Office and Group)

Statements of Changes in Equity
for the year ended 31 December 2014

	Consolidated					
		Fair Value Reserve	Nutrition research & health Reserve	Specific/ Restricted Reserve	Retained earnings	Total Equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2013		4,064	2,244	17,620	35,886	59,814
Comprehensive income for the period						-
Surplus/(Deficit) for the period		-	-	-	782	782
Other comprehensive income						-
Gains/(Losses) on sale of equities/managed funds	6	-	-	-	186	186
Net change in fair value of financial assets	6	4,910	-	-	-	4,910
Transfer (from)/to retained earnings	15	-	290	(1,890)	1,600	-
Total other comprehensive income		4,910	290	(1,890)	1,786	5,096
Total comprehensive income for the period		4,910	290	(1,890)	2,568	5,878
Balance as at 31 December 2013		8,974	2,534	15,730	38,454	65,692

The Foundation					
	Fair Value Reserve	Nutrition research & health Reserve	Specific/ Restricted Reserve	Retained earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
	4,064	2,244	17,370	29,165	52,843
	-	-	-	2,109	2,109
	-	-	-	224	224
	4,913	-	-	-	4,913
	-	290	(2,437)	2,147	-
	4,913	290	(2,437)	2,371	5,137
	4,913	290	(2,437)	4,480	7,246
	8,977	2,534	14,933	33,645	60,089

Balance as at 1 January 2014		8,974	2,534	15,730	38,454	65,692
Comprehensive income for the period						
Surplus/(Deficit) for the period		-	-	-	5,356	5,356
Other comprehensive income						
Gains/(Losses) on sale of equities/managed funds	6	-	-	-	996	996
Net change in fair value of financial assets	6	(823)	-	-	-	(823)
Transfer (from)/to retained earnings	15	-	(1,534)	1,068	466	-
Total other comprehensive income		(823)	(1,534)	1,068	1,462	173
Total comprehensive income for the period		(823)	(1,534)	1,068	6,818	5,529
Balance as at 31 December 2014		8,151	1,000	16,798	45,272	71,221

	8,977	2,534	14,933	33,645	60,089
	-	-	-	6,010	6,010
	-	-	-	993	993
	(826)	-	-	-	(826)
	-	(1,534)	1,091	443	-
	(826)	(1,534)	1,091	1,436	167
	(826)	(1,534)	1,091	7,446	6,177
	8,151	1,000	16,024	41,091	66,266

Statements of Cash Flows

for the year ended 31 December 2014

	Notes	Consolidated		The Foundation	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash flows from operating activities					
Cash receipts in the course of operations		68,812	75,254	9,289	10,241
Cash payments in the course of operations		(71,492)	(78,124)	(40,267)	(44,084)
Net grants made to National Heart Foundation of Australia		-	-	27,969	31,260
Net financial income		3,861	3,692	3,503	3,314
Net cash from operating activities	7b	1,181	822	494	731
Cash flows from investing activities					
Proceeds from sale of property, equipment and vehicles		101	104	-	-
Acquisition of property, equipment, vehicles and computer software		(342)	(1,003)	(183)	(789)
Proceeds from sale of investments		11,355	3,138	11,355	3,136
Acquisition of investments		(12,788)	(1,557)	(12,789)	(1,580)
Net cash from investing activities		(1,674)	682	(1,617)	767
Cash flows from financing activities					
Net cash from financing activities		-	-	-	-
Net increase in cash and cash equivalents		(493)	1,504	(1,123)	1,498
Cash and cash equivalents at 1 January		25,148	23,644	10,351	8,853
Cash and cash equivalents at 31 December	7a	24,655	25,148	9,228	10,351

Notes to the consolidated Financial Statements

for the year ended 31 December 2014

1 Reporting entity

The National Heart Foundation of Australia (the "Foundation") (ABN: 98 008 419 761) is a company domiciled in Australia. The address of the Foundation's registered office is Level 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 (ACNC), devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia. The consolidated financial statements of the Foundation as at and for the year ended 31 December 2014 comprise the Foundation and the State and Territory Divisions (together referred to as the "Group" and individually as the "Divisions").

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 17th April 2015.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Foundation's functional currency. The Foundation is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

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

Significant accounting judgments

The Foundation has entered into leases of premises and office equipment as disclosed in note 16. 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 17.

(ii) Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in note 3(I). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to note 14.

(iii) Valuation of investments

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

2 Basis of preparation (continued)

(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 standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- AASB 9 Financial Instruments (2010)
- AASB 10 Consolidated Financial Statements (2011)

The nature and effects of the changes are explained below.

AASB 9 Financial Instruments (2010)

The Foundation early adopted AASB9 Financial Instruments with a date of initial application of 1 January 2011. AASB9 requires that an entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending upon the entities business model for managing financial assets and the contractual cash flow characteristics of the financial assets. At initial application of AASB9 the Foundation's business model in relation to debt securities (bonds) was such that they were classified and measured at amortised cost. A review of the business model has indicated that the previous classification is no longer appropriate and that debt instruments should now be classified and measured at fair value. The business model has changed from predominantly holding these types of instruments to maturity to one where the Foundation's portfolio managers trade on a regular basis to achieve higher rates of return from the instruments. AASB9 does not allow retrospective restatement of previously recognised gains, losses or interest.

AASB 10 Consolidated Financial Statements (2011)

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

The nature and effects of applying the above changes in accounting policy are not deemed material to the financial statements. Where necessary comparatives have been reclassified to achieve consistency with the amounts disclosed in the current year.

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 reclassified to conform with the current years presentation.

(a) Basis of consolidation

The State and Territory Divisions in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory ("the Divisions") are separately incorporated, and each Division is a member of the National Heart Foundation of Australia. The consolidated financial statements comprise the financial statements of the Foundation and the Divisions. Intra-entity balances and transactions are eliminated in preparing the consolidated financial statements. The accounting policies of divisions and territories have been changed when necessary to align them with the policies adopted by the National Heart Foundation of Australia.

(b) Revenue recognition

(i) Charitable support

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

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

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

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

3 Significant accounting policies (continued)

(b) Revenue recognition (continued)

(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 grant income deferred as recognised in note 13. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body.

(iv) Food Information Program

Licence fees received from this program are recognised upon the signing of the contract. Licences are provided on a 12 to 36 month basis and subject to conditions of the contract.

(v) Grants from states and territories

Grants from the Divisions to the Foundation are recognised as revenue on an accrual basis and in accordance with the Federation Agreement between the Foundation and the Divisions.

(vi) 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.

(vii) 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 Australia also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 253,000 children and 1,279 schools and groups throughout Australia. The Foundation's door knock program successfully recruited over 120,000 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.

(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.

(d) Income tax

The Foundation and the Divisions are 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 and Divisions are also endorsed as Deductible Gift Recipients and fall under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

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

(e) 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.

(f) 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(k)(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. All of the items of property owned by the Group are occupied wholly or predominantly by the Divisions. 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.

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

3 Significant accounting policies (continued)

(f) Property, equipment and vehicles (continued)

(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:

> buildings	40 years
> leasehold improvements	5 - 10 years
> office furniture and equipment	3 - 10 years
> motor vehicles	6 - 7 years

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

(g) Leased assets including property and equipment

Leases in terms of which the Foundation and/or a Division assume 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 and/or a Division recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation and/or a Division elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's and/or a Division's Statement of Financial Position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's and/or Division'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 16).

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.

(h) Intangible assets

(i) Computer software

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

(ii) Amortisation

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

(i) Non-derivative financial assets

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

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

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

3 Significant accounting policies (continued)

(i) Non-derivative financial assets (continued)

(i) Fair Value through Other Comprehensive Income

Investments in equity instruments are held directly or through managed investment funds and are classified and measured at 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 Group on the date it commits to purchase/sell the investments.

(ii) Amortised cost

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 Group on the date it commits to purchase/sell the investments.

(iii) Fair Value through Surplus or Deficit

Investments in debt instruments (bonds) are classified and measured at fair value. The fair value of debt 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 the Surplus or Deficit. Investments classified as fair value are recognised/derecognised by the Group on the date it commits to purchase/sell the investments.

(iv) Other financial instruments

A financial instrument is recognised on the date the Group and/or Division becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's and/or a Division'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(o). Other non-derivative financial instruments are measured at amortised costs using effective interest method, less any impairment losses.

Share capital

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

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank accounts and short term deposits maturing within 90 days and are stated at fair value. Bonds and term deposits maturing beyond 90 days are classified as investments. Trade and other receivables are stated at cost less impairment losses, this being equivalent to fair value. Refer to note 3(k)(i).

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(k)(i).

(j) Non-derivative financial liabilities

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

(k) 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 and can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

3 Significant accounting policies (continued)

(k) Impairment (continued)

Foundation and/or a Division on terms that the Foundation and/or Division would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. An impairment loss in respect of amortised cost investments is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at an appropriate effective interest rate and is recognised directly in the Surplus or Deficit. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.

(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.

(l) 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 or the Divisions expect to pay at each reporting date.

(ii) Other long term benefits

The provisions for employee entitlements to wages, annual 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 or the Divisions expect to pay at each reporting date using

> assumed rate of future increases in wage and salary rates: 2014: 2% (2013: 2.0%)

> 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: 2014: 2 years (2013: 2 years)

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

> assumed rate of future increases in wage and salary rates: 2014: 2% (2013: 2.0%)

> 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%)

Notes to the consolidated Financial Statements (continued)

for the year ended 31 December 2014

3 Significant accounting policies (continued)

(l) Employee benefits (continued)

(ii) Other long term benefits (continued)

> expected settlement dates based on turnover history: 2014:15 years (2015: 15 years)

(m) 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, office lease incentives deferred and make good of leased premises. The unwinding of the discount is recognised as a finance cost (refer to note 17).

(n) Segment reporting

The Foundation and the Divisions operate in only one business segment as a charity. The Foundation operates in one geographical segment (Australia), with each Division operating in individual State and Territories as disclosed in note 21.

(o) 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).

(p) Financial risk management

The Foundation and/or Divisions have 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 23 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 and/or Divisions, 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 and/or Divisions activities. The Foundation and/or Divisions, through their training and management standards and procedures, aim 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 Foundation and/or Divisions approach to capital management during the year. The Foundation and/or Divisions are not subject to externally imposed capital requirements.

Economic dependency

The Foundation 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 Foundation. The Foundation relies on the distribution of net grants from the Divisions to fund its commitments. Such grants are receivable under the terms of the Federation Agreement between the 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.

(q) 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 consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements. Except for as disclosed in note 2(e), the Foundation has not elected to early adopt any other new Australian Accounting Standards.

(r) Determination of fair values

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

(i) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted determined using a valuation technique. Valuation techniques employed

Notes to the consolidated Financial Statements (continued)

for the year ended 31 December 2014

3 Significant accounting policies (continued)

(r) Determination of fair values (continued)

(i) Equity and debt securities (continued)

include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

(ii) Trade and other receivables

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

(iii) Property, plant and equipment

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

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

	Consolidated		The Foundation	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
4 Revenue from operating activities				
Charitable support - bequests	23,619	22,702	-	-
Charitable support - non-bequests	25,306	29,048	1	782
Sale of goods	107	90	73	17
<i>Total revenue from fundraising activities</i>	49,032	51,840	74	799
Net grants from Divisions (note 21)	-	-	21,582	22,073
Government non-reciprocal grants	62	53	-	-
Grants for specific health programs - Government	13,113	11,562	625	766
Grants for specific health programs and research - other	1,975	1,480	847	854
Food Information Program	2,771	2,807	2,771	2,807
Other	1,930	1,728	2,114	1,858
<i>Total revenue from other operating activities</i>	19,851	17,630	27,939	28,358
Total revenue from operating activities	68,883	69,470	28,013	29,157

	2014	2013	2014	2013
	\$	\$	\$	\$
5 Auditors' remuneration				
KPMG Australia: Audit services	206,065	151,262	51,265	44,383
KPMG Australia: Other services	36,400	33,044	-	3,310
	242,465	184,306	51,265	47,693
Other auditors: Audit services	-	62,732	-	-
Other auditors: Other services	-	14,250	-	-
Total Auditors remuneration	242,465	261,288	51,265	47,693

	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
6 Finance income and costs				
Recognised in Surplus/(Deficit)				
Interest income	952	1,072	628	756
Dividend income and distributions from managed funds	2,868	2,462	2,825	2,400
Fair Value Market movement/amortisation of bonds	309	51	309	58
Realised gain on disposal of bonds	99	64	99	64
Finance income	4,228	3,649	3,861	3,278
Impairment/ realised loss on trade receivables	5	(6)	-	-
Fees of external investment managers	(145)	(120)	(145)	(120)
Realised loss on disposal of bonds	(33)	(60)	(33)	(60)
Finance costs	(173)	(186)	(178)	(180)
Net finance income and costs recognised in Surplus/(Deficit)	4,055	3,463	3,683	3,098
Recognised in other comprehensive income				
Impairment (loss)/recovery on shares/managed fund units	184	57	184	57
Realised gain on disposal of shares	1,040	384	1,040	384
Realised (loss) on disposal of shares	(228)	(255)	(231)	(217)
Reserve trust fund gain	-	-	-	-
Net surplus/(deficit) taken directly to retained earnings	996	186	993	224
Net fair value increments/(decrements) of financial assets	(823)	4,910	(826)	4,913
Net finance income and costs recognised in Other Comprehensive Income	173	5,096	167	5,137

National Heart Foundation of Australia (National Office and Group)

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

	Consolidated		The Foundation	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
7a Cash and cash equivalents				
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.01% to 3.5% (2013: 0.01% to 4.1%).	24,978	25,148	9,228	10,351
	24,978	25,148	9,228	10,351
The Foundation's and Group's exposure to interest rate risk for financial assets and liabilities are disclosed in note 23. The carrying value of cash and cash equivalents is equal to fair value.				
7b Reconciliation of cash flows from operating activities				
Net surplus / (deficit) from ordinary activities	5,356	782	6,010	2,109
Adjustments for:-				
Depreciation/Amortisation	1,157	1,267	555	597
Make good / Restoration	2	2	-	-
Operating lease expense obligations incurred	3	-	-	-
Investments acquired for nil consideration via bequests	(5,059)	(502)	(4,922)	(502)
Realised net loss/(gain) on disposal of bonds & other assets	(375)	(55)	(375)	(62)
Net loss/(gain) on disposal of property, equipment and vehicles	(1)	(1)	-	-
Office lease incentives deferred	-	-	-	-
Net cash from operating activities before changes in working capital and provisions	1,083	1,493	1,268	2,142
(Increase)/decrease in receivables	996	93	219	(1,376)
(Increase)/decrease in grants income accrued	(24)	112	6	29
(Increase)/decrease in inventories	37	(55)	30	(186)
Increase/(decrease) in payables	(889)	(919)	(1,243)	(531)
Increase/(decrease) in grants income deferred	496	505	175	256
Increase/(decrease) in employee benefits	94	(166)	39	398
Increase/(decrease) in provisions	(289)	(242)	-	-
Net cash from operating activities	1,504	821	494	731
8 Trade and other receivables				
Trade receivables owing by other National Heart Foundation divisions	-	-	2,782	2,645
Grants income accrued	41	17	-	6
Other receivables and prepayments	2,482	3,471	1,811	2,160
	2,523	3,488	4,593	4,811

The carrying value of trade and other receivables is equal to fair value. The Foundation's and Group's exposure to credit risk relates to trade and other receivables is disclosed in note 23.

National Heart Foundation of Australia (National Office and Group)

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

	Consolidated		The Foundation	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
9 Investments				
Current investments				
Bonds paying interest rates of 3.25% to 8% (2013: 3.25% to 8.0%).	514	-	514	-
	514	-	514	-
Non-current investments				
Listed shares	31,560	24,930	31,483	24,889
Unlisted units in managed funds	12,643	12,551	12,643	12,551
Bonds paying interest rates of 3.25% to 8% (2013: 3.25% to 8.0%).	8,950	9,259	8,950	9,259
Term deposits maturing over 90 days	22	22	-	-
	53,175	46,762	53,076	46,699
	53,689	46,762	53,590	46,699

The carrying value of investments is equal to fair value. The Foundation's and Group's exposure to interest rate risk and equity price risk are disclosed in note 23.

Investment policy

The excess of the equity funds of the Foundation over a calculated solvency buffer and the use of those funds on basic infrastructure (including freehold properties) is calculated each year as part of the annual budget process. 75% of that excess is then deemed to be available for investment.

The share and bond investments are managed by external fund managers overseen by an Investment Committee comprising a majority of directors and non-executive volunteers with investment expertise. The cash components are managed by Foundation finance staff, but are also overseen by the Investment Committee.

National Heart Foundation of Australia (National Office and Group)

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

10 Property, equipment and vehicles

	Consolidated					The Foundation				
	Freehold land	Buildings	Leasehold improvements	Office furniture & equipment	Motor vehicles	Total	Freehold land	Buildings	Office furniture & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	2,160	3,026	3,677	5,127	654	14,644	1,050	2,336	1,344	4,730
Acquisitions	-	158	13	346	125	642	-	158	269	427
Disposals	-	-	(167)	(157)	(215)	(539)	-	-	(38)	(38)
Balance at 31 December 2013	2,160	3,184	3,523	5,316	564	14,747	1,050	2,494	1,575	5,119
Balance at 1 January 2014	2,160	3,184	3,523	5,316	564	14,747	1,050	2,494	1,575	5,119
Acquisitions	100	-	-	173	52	325	-	-	66	66
Disposals	-	-	-	(16)	(190)	(206)	-	-	-	-
Balance at 31 December 2014	2,260	3,184	3,523	5,473	426	14,866	1,050	2,494	1,641	5,185

Depreciation & Impairment losses

Balance at 1 January 2013	-	702	2,580	3,313	236	6,831	-	573	885	1,458
Depreciation charge for the year	-	86	207	497	100	890	-	68	159	227
Disposals	-	-	(167)	(134)	(111)	(412)	-	-	(35)	(35)
Balance at 31 December 2013	-	788	2,620	3,676	225	7,309	-	641	1,009	1,650
Balance at 1 January 2014	-	788	2,620	3,676	225	7,309	-	641	1,009	1,650
Depreciation charge for the year	-	89	200	506	75	870	-	72	200	272
Disposals	-	-	-	(14)	(89)	(103)	-	-	-	-
Balance at 31 December 2014	-	877	2,820	4,168	211	8,076	-	713	1,209	1,922

Carrying amounts

At 1 January 2013	2,160	2,324	1,097	1,814	418	7,813	1,050	1,763	459	3,272
At 31 December 2013	2,160	2,395	903	1,640	339	7,438	1,050	1,853	566	3,469
At 1 January 2014	2,160	2,395	903	1,640	339	7,438	1,050	1,853	566	3,469
At 31 December 2014	2,260	2,307	703	1,305	215	6,790	1,050	1,781	432	3,263

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
11 Intangibles				
Computer software				
Cost				
Balance at 1 January	2,893	2,527	2,869	2,503
Acquisitions	117	366	117	366
Disposals	-	-	-	-
Balance at 31 December	3,010	2,893	2,986	2,869
Amortisation				
Balance at 1 January	2,311	1,934	2,286	1,915
Amortisation charge for the year	283	377	283	371
Disposals	-	-	-	-
Balance at 31 December	2,594	2,311	2,569	2,286
Carrying amounts				
1 January	582	593	583	588
31 December	416	582	417	583
12 Trade and other payables				
Trade payables to other National Heart Foundation divisions	-	-	687	627
Other payables and accrued expenses	3,265	4,154	1,719	3,022
	3,265	4,154	2,406	3,649
The carrying value of trade and other payables is equal to fair value. The Foundation's and Group's exposure to liquidity risk relating to trade and other payables is disclosed in note 23.				
13 Grant income deferred				
Balance at 1 January	9,360	8,856	1,330	1,075
Amounts received	15,037	13,657	1,900	1,893
Income recognised as revenue	(14,541)	(13,153)	(1,725)	(1,638)
Balance at 31 December	9,856	9,360	1,505	1,330
The carrying value of grants income deferred is equal to fair value. The Foundation's and Group's exposure to liquidity risk relating to grants income deferred is disclosed in note 23.				
14 Employee benefits				
Aggregate liability for employee benefits including on-costs:				
Current - long service leave and annual leave	2,598	2,450	910	872
Non-current - long service leave	325	379	160	159
Total employee benefits	2,923	2,829	1,070	1,031
<i>Personnel expenses:</i>				
Wages and salaries	24,057	24,918	11,086	10,750
Contributions to superannuation plans	1,949	1,968	833	840
Total personnel expenses	26,006	26,886	11,919	11,590
Number of employees at year end (full time equivalents)	220	288	94	113

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

	Consolidated		The Foundation	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
15 Reserves and Equity				
Movements in reserves during the year:				
Fair value (related to investments)				
Balance at beginning of year	8,974	4,064	8,977	4,064
Net change in fair value of equities/managed investments	(823)	4,910	(826)	4,913
Balance at end of year	8,151	8,974	8,151	8,977
Nutrition research and health education				
Balance at beginning of year	2,534	2,244	2,534	2,244
Transfer from/(to) retained earnings, representing:	(1,534)	290	(1,534)	290
Surplus/(deficit) from Food Information Program	1,109	283	1,109	283
Interest & fair value movement/Reserve Adjustments	(2,435)	376	(2,435)	376
Payments for health & research programs	(208)	(369)	(208)	(369)
Balance at end of year	1,000	2,534	1,000	2,534
Specific or restricted purposes				
Balance at beginning of year	15,730	17,620	14,933	17,370
Transfer from/(to) retained earnings, representing:	1,068	(1,890)	1,091	(2,437)
Income received	-	-	-	-
Amounts set aside for specific purposes	(1,365)	(625)	(1,688)	(825)
Interest credited/(debited)	891	737	891	737
Fair value movement	2,975	1,246	2,975	1,246
Payments for administration	-	-	-	-
Payments for research	(1,385)	(1,137)	(1,039)	(1,483)
Payments for health programs	(48)	(2,111)	(48)	(2,112)
Balance at end of year	16,798	15,730	16,024	14,933
Total Reserves balance at year end	25,949	27,238	25,175	26,444
Reserves at beginning of year	27,238	23,928	26,444	23,678
Retained Earnings at beginning of year	38,454	35,886	33,645	29,165
Total Equity at beginning of year	65,692	59,814	60,089	52,843
Operating Surplus or Deficit for the year	5,356	782	6,010	2,109
Other Comprehensive Income	173	5,096	167	5,137
Total Comprehensive Income	5,529	5,878	6,177	7,246
Total Equity at end of year	71,221	65,692	66,266	60,089

Nature and purpose of reserves**Fair value**

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

Nutrition research and health programs

Revenue and expenditure from the Food Information Program is recorded in the Statement of Surplus or Deficit and Other Comprehensive Income. The net surplus from that Program is to be spent upon nutrition research and health programs. Prior to 2014 the net Surplus or Deficit was transferred from retained earnings to the nutrition research and health programs reserve at the end of each year. From January 1 2014 the board decided that only that portion of the net surplus which is greater than the expenditure on these programs will be transferred to the reserve and set its closing balance as at 31 December 2014 to be \$1million.

Specific or restricted purposes

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

Notes to the consolidated Financial Statements (continued)

for the year ended 31 December 2014

15 Reserves and Equity (continued)**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, outstanding commitments for research grants and fellowships extending beyond one year, and the necessary funding of the basic infrastructure of the Foundation. The solvency buffer is based on continuation of budgeted levels of expenditure to fund the Mission of the Foundation for three years, less possible reduced levels of income from fundraising, investments and other sources. Basic infrastructure includes receivables, inventories, property, equipment and vehicles. The excess of actual retained earnings over the optimum level so calculated is available for non-recurring expenditure in subsequent years to fund the Mission of the Foundation. Such excess retained earnings arise from time to time when actual income exceeds the forecast at the time of preparing the annual budget. The annual budget aims to match income forecasts with recurring expenditure.

Assets held in trust

From time to time the Foundation or the Divisions are appointed as trustees in relation to funds to be applied for research and other programs related to cardiovascular health. As no equity is held in those assets they are excluded from the financial statements. At year end such funds totalled:

	QLD	NSW	SA	Total
	\$'000	\$'000	\$'000	\$'000
Balance brought forward	255	1,056	275	1,586
Interest and donations received	9	40	95	144
Expenditure	-	(48)	(110)	(158)
Balance carried forward	264	1,048	260	1,572

16 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year

Between one and five years

Later than five years

	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Less than one year	1,899	1,734	-	-
Between one and five years	3,004	4,646	-	-
Later than five years	403	979	-	-
	5,306	7,359	-	-
Expenditure in the period was as follows:				
Office equipment	31	170	-	-
Office space	1,587	1,842	-	-
	1,618	2,012	-	-

National Heart Foundation of Australia (National Office and Group)

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

17 Provisions

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

	Consolidated				The Foundation			
	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	546	894	383	1,823	-	-	-	-
Future obligations incurred	-	-	(17)	(17)	-	-	-	-
Lease incentives received	(47)	20	-	(27)	-	-	-	-
Incentives offset against lease rental expense	-	(217)	-	(217)	-	-	-	-
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	-	19	19	-	-	-	-
Balance at 31 December 2013	499	697	385	1,581	-	-	-	-
Current	-	404	-	404	-	-	-	-
Non-current	499	293	385	1,177	-	-	-	-
	499	697	385	1,581	-	-	-	-
	Consolidated				The Foundation			
	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	499	697	385	1,581	-	-	-	-
Future obligations incurred	-	-	3	3	-	-	-	-
Lease incentives received	-	-	-	-	-	-	-	-
Incentives offset against lease rental expense	(73)	(219)	-	(292)	-	-	-	-
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	-	-	-	-	-	-	-
Balance at 31 December 2014	426	478	388	1,292	-	-	-	-
Current	-	283	-	283	-	-	-	-
Non-current	426	195	388	1,009	-	-	-	-
	426	478	388	1,292	-	-	-	-

The carrying value of make good of leased premises is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk related to the make good provision is disclosed in note 23.

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

	Consolidated		The Foundation	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
18 Capital and other commitments				
Research grants and fellowships				
Commitments for approved research grants and fellowships (which are unenforceable) are payable as follows:				
2014	-	10,836	-	10,836
2015	7,248	5,379	7,248	5,379
2016	5,407	3,216	5,407	3,216
2017	3,244	2,266	3,244	2,266
2018	684		684	
	16,583	21,697	16,583	21,697
19 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				
<i>Performance guarantees Vic Division</i>	365	365	-	-
<i>Performance guarantees ACT Division</i>	22	22	-	-
	387	387	-	-

The Victorian (Vic) and Australian Capital Territory (ACT) Division's have guaranteed as parties to their operating leases, the payment of rentals in accordance with the signed agreements for the specified lease terms. The terms of the lease agreements required the Vic and ACT Divisions to secure bank guarantees of \$365,112 and \$21,615 respectively as minimum compensation payments to the lessor in the event of default. The Vic lease term is due to expire by 30 November 2017 and the ACT by 17 January 2018. The directors considered no liability is required to be recognised in respect of these guarantees as the Divisions are in compliance with the lease agreements.

20 Company limited by guarantee

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

21 Related parties

Key management personnel and director related parties

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

Non executive directors

Associate Professor P T Sexton JP, FAMA, BSc(Hons), MBBS, PhD, FAFPHM, FAICD (to 23 May 2014)

Dr J A Johns MBBS, FRACP, FCSANZ

Mr T M Roberts BArtsAcc, FCA, IPAA, FAICD, SAFIN, FGLF

Mr A D Caudle BSc(Hons), MEngSc

Ms R Davies (from 15 May 2014)

Mr J Etherington, BEc, FCA, FAICD (from 15 May 2014)

Mr M K Harvey, BComm, FCPA, GAICD (from 17 September 2014)

Dr M K Ilton, MBBA, FRACP

Mr F F Lancione, LL.M, BA, GDLP, MAICD

Mr M J Laverty LL.M (to 15 May 2014)

Dr J P O'Shea MBBS, FRACP, FCSANZ

Dr R Wilkinson MBBS, BA, M.Litt, FRACP, MBBS, BA, M.Litt., FCSANZ

Notes to the consolidated Financial Statements (continued)

for the year ended 31 December 2014

21 Related parties (continued)

Non executive directors (continued)

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

Professor L Kritharides MB, BS, PhD, FRACP, FAHA, FCSANZ

Mr C B Taylor FFin, FPNA, MAICD, Chair National Finance Advisory Committee

Mr D H Gillam BBus, FCPA, FAICD (resigned 15 May 2014 – appointed as an additional Director from 23 May 2014)

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

Executive Staff - The Foundation

Ms Mary Barry Post Grad Dip Health Sciences & Public Policy, FAICD - CEO National Heart Foundation of Australia (from 28 January 2014)

Mr Mark Dupe B Economics (Accounting), CPA, MBA, GAICD - General Manager Corporate Services (from 28 October 2014)

Ms Nicci Dent HND Fashion Design - National Fundraising Director (to 31 October 2014)

Ms R Donovan BBus (Marketing) - Director Marketing & Communications (to 29 August 2014)

Mr D Gerrard BBus (Accounting), CPA, MBA, GAICD - Chief Financial Officer - Group

Mr R Greenland, BA - Government Relations Manager

Dr R Grenfell M.B., B.S., Dip.R.A.C.O.G., MPH, FAFPHM - Director Access to Prevention (to 19 November 2014)

Ms H McQuiggin BBus (HR Mgt) - National Human Resources Manager (to 31 July 2014)

Mr D Mudge BApp Sc, MBA - National Operations Manager (to 29 May 2014)

Dr A Ono B.Biomed.Sci (Hons), PHD - Director Research

Professor J Tatoulis MB BS, MS, FRACS, FCSANZ - Chief Medical Advisor (to 31 December 2014)

Executive Staff - Group

Ms Mary Barry Post Grad Dip Health Sciences & Public Policy, FAICD - CEO National Heart Foundation of Australia (from 28 January 2014)

Ms K Doyle PSM, BA (Hons) Class 1 - CEO National Heart Foundation of Australia (New South Wales Division)

Ms D Heggie MCSP, MAICD, grad. Dip. Human Services Research - CEO National Heart Foundation of Australian (Victorian Division)

Mr G Lynch BCom, LLB (Hons), GradDipLS, FCPA, MAICD - CEO National Heart Foundation of Australia (Tasmania Division)

Ms D Morrison BA, DipContEd, MEd - CEO National Heart Foundation of Australia (NT Division)

A/Prof Amanda Rischbieth PhD, GAICD, FGLF - CEO National Heart Foundation of Australia (South Australian Division)

Mr A Stubbs BAsc (Health) - CEO National Heart Foundation of Australia (ACT Division)

Mr M Swanson BSc, GradDip Nutrition & Dietetics, GradDip Health Science, MPH - CEO National Heart Foundation of Australia (Western Australia Division)

Mr S Vines MBA, BBus Mgmt, MAICD - CEO National Heart Foundation of Australia (Queensland Division)

Mr Mark Dupe B Economics (Accounting), CPA, MBA, GAICD - General Manager Corporate Services (from 28 October 2014)

Professor J Tatoulis MB BS, MS, FRACS, FCSANZ - Chief Medical Advisor (to 31 December 2014)

Ms Nicci Dent HND Fashion Design - National Fundraising Director (to 31 October 2014)

Mr D Gerrard BBus (Accounting), CPA, MBA, GAICD - Chief Financial Officer - Group

Mr D Mudge BApp Sc, MBA - National Operations Manager (to 29 May 2014)

Ms Julie Shearman, BA, M.Organisational Development - National Human Resources Director

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

21 Related parties (continued)

	Consolidated		The Foundation	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
The compensation of key management personnel was as follows:				
Short term employee benefits	2,601	2,816	1,921	2,112
Other long term benefits	59	34	13	36
Total	2,660	2,850	1,934	2,148

Other related parties

Classes of other related parties are all Foundation, state and territory divisions and directors of related parties and their director-related entities.

The Foundation receives grants from the Divisions, 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 Divisions. The grant payable by each Division 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 Foundation to any Division affected. Contributions by the Divisions to the Surplus or Deficit for the period (before grants made to/by the Foundation), net grants made by the Divisions to the Foundation, and total income were as follows:

	Net contribution/(loss)		Net grants paid/(received)		Total income	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Queensland	4,332	3,659	4,380	3,983	9,965	9,852
New South Wales	6,091	7,735	5,941	8,871	15,131	17,378
Victoria	7,013	3,998	7,154	4,195	13,303	10,181
South Australia	2,691	1,769	2,651	1,833	7,518	6,630
Western Australia	1,251	2,633	1,380	2,510	13,225	14,106
Tasmania	131	1,150	220	1,232	2,393	3,439
Australian Capital Territory	(87)	(65)	(15)	(86)	1,465	1,601
Northern Territory	(146)	(478)	(129)	(465)	1,625	926
The Foundation (excluding grants received from Divisions)	(15,920)	(19,619)	(21,582)	(22,073)	8,313	8,820
	5,356	782	-	-	72,938	72,933

The aggregate amounts included in the profit from ordinary activities that resulted from transactions with non-director related parties are:

	Consolidated		The Foundation	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Contributions received from sale of services</i>				
Divisions - rent for occupancy	-	-	400	397
Divisions - grants to fund research and health programs	-	-	21,726	22,624
Divisions - services	-	-	410	1,137
	-	-	22,536	24,158
<i>Contributions paid for purchase of services</i>				
Divisions - subsidies	-	-	(144)	(551)
Divisions - services	-	-	1,818	(2,661)
	-	-	1,674	(3,212)

Amounts receivable and payable to non-director related parties are shown in notes 8 and 12 respectively.

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

22 Subsequent events

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

23 Financial instruments

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

Credit risk

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

At the reporting date there were no significant concentrations of credit risk apart from a performance guarantee referred to in note 19 relating to the Victorian Division 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	Consolidated		The Foundation	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial assets					
Cash *		13,195	11,953	2,036	1,381
Cash call accounts *		6,822	6,432	6,381	5,970
Term deposits under 90 days *		4,961	6,763	811	3,000
Total cash and cash equivalents *	7a	24,978	25,148	9,228	10,351
Trade and other receivables *	8	2,482	3,471	4,593	4,805
Grants income accrued *	8	41	17	-	6
Investments - listed shares #	9	31,560	24,930	31,483	24,889
Investments - unlisted units in managed funds #	9	12,643	12,551	12,643	12,551
Investments - bonds ## (**)	9	9,464	9,259	9,464	9,259
Term deposits over 90 days *	9	22	22	-	-
		81,190	75,398	67,411	61,861
(**) Maturity profile of bonds					
Less than one year		514	-	514	-
Between one and five years		6,806	5,515	6,806	5,515
Later than five years		2,144	3,744	2,144	3,744
		9,464	9,259	9,464	9,259

* Financial assets held at cost/amortised cost

Financial assets held at fair value through other comprehensive income

Financial assets held at fair value through surplus/(deficit)

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

23 Financial instruments (continued)

The movement in the allowance for impairment in respect of trade receivables during the year as follows:

	Consolidated		The Foundation	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January of provision for doubtful debts	22	22	-	-
Realisation of impairment (loss)/recovery previously provided	(7)	-	-	-
Balance at 31 December of provision for doubtful debts	15	22	-	-
Impairment loss/(recovery) recognised in Surplus or Deficit	(5)	-	-	-

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

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

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

	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non derivative financial liabilities					
Trade and other payables	12	3,265	4,154	2,406	3,649
Grant income deferred	13	9,856	9,360	1,505	1,330
		13,121	13,514	3,911	4,979

Market risk

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

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 and/or Divisions exposure to this risk is controlled by ensuring that cash securities are limited to short dated bank bills no longer than 90 days.

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

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

23 Financial instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

The Surplus or Deficit would be affected by changes in the fixed interest rate as shown in the Sensitivity Analysis Disclosure. The analysis assumes all other variables remain constant. The analysis is performed using a change of 1% on page 38. 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.

Other market price risk

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

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

Fair value sensitivity analysis - listed shares

A change of 10% in market price at the reporting date would have increased/(decreased) equity by the amounts shown below in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2013.

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

Fair value sensitivity analysis - unlisted units in managed funds

A change of 10% in market price at the reporting date would have increased/(decreased) equity by the amounts shown in the Sensitivity Analysis Disclosure as noted below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2013. Investments in unlisted units in managed funds are designated at fair value through equity and their performance is actively monitored and managed on a fair value basis. There would be no impact on surplus/(deficit) due to valuation changes as the resultant gain or loss is recognised directly in other comprehensive income.

Fair value sensitivity analysis - bonds

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

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Foundation's and/or Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Foundation's and/or Group's operations. The Foundation's and/or Group's objective is to manage operational risk so as to prevent financial losses and damage to the Foundation's and/or Group's reputation. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management of the Foundation and/or Group. This responsibility is supported by the development of overall group guidelines across all state and territory divisions 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

Notes to the consolidated Financial Statements (continued)

for the year ended 31 December 2014

23 Financial instruments (continued)

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

Sensitivity Analysis Disclosure

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

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

National Heart Foundation of Australia (National Office and Group)

Notes to the consolidated Financial Statements (continued)
for the year ended 31 December 2014

23 Financial instruments (continued)

	Consolidated									
	2014					2013				
		-1%		1%			-1%		1%	
Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest rate risk										
Financial assets										
Fixed rate instruments										
Term deposits-maturing within 90 days	4,961	(50)	(50)	50	50	6,763	(68)	(68)	68	68
Term deposits-maturing beyond 90 days	22	-	-	-	-	22	-	-	-	-
Investments - bonds	9,464	(95)	(95)	95	95	9,259	(93)	(93)	93	93
Variable rate instruments										
Cash at bank	13,195	(132)	(132)	132	132	11,953	(120)	(120)	120	120
Cash call accounts	6,822	(68)	(68)	68	68	6,432	(64)	(64)	64	64
Total increase/(decrease)	34,464	(345)	(345)	345	345	34,429	(345)	(345)	345	345

	The Foundation									
	2014					2013				
		-1%		1%			-1%		1%	
Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Term deposits-maturing within 90 days	811	(8)	(8)	8	8	3,000	(30)	(30)	30	30
Term deposits-maturing beyond 90 days	-	-	-	-	-	-	-	-	-	-
Investments - bonds	9,464	(95)	(95)	95	95	9,259	(93)	(93)	93	93
Cash at bank	2,036	(20)	(20)	20	20	1,381	(14)	(14)	14	14
Cash call accounts	6,381	(64)	(64)	64	64	5,970	(60)	(60)	60	60
Total increase/(decrease)	18,692	(187)	(187)	187	187	19,610	(197)	(197)	197	197

	2014					2013				
		-10%		10%			-10%		10%	
	Carrying Amount/ Market Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other market price risk										
Financial assets										
Investments - listed shares	31,560	-	(3,156)	-	3,156	24,930	-	(2,493)	-	2,493
Investments - unlisted units in managed funds	12,643	-	(1,264)	-	1,264	12,551	-	(1,255)	-	1,255
Investments - bonds	9,464	(946)	-	946	-	9,259	(926)	-	926	-
Total increase/(decrease)	53,667	(946)	(4,420)	946	4,420	46,740	(926)	(3,748)	926	3,748

	2014					2013				
		-10%		10%			-10%		10%	
	Carrying Amount/ Market Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investments - listed shares	31,483	-	(3,148)	-	3,148	24,889	-	(2,489)	-	2,489
Investments - unlisted units in managed funds	12,643	-	(1,264)	-	1,264	12,551	-	(1,255)	-	1,255
Investments - bonds	9,464	(946)	-	946	-	9,259	(926)	-	926	-
Total increase/(decrease)	53,590	(946)	(4,412)	946	4,412	46,699	(926)	(3,744)	926	3,744

Notes to the consolidated Financial Statements (continued)

for the year ended 31 December 2014

23 Financial instruments (continued)**Measurement of fair values**

- When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie: as prices) or indirectly (ie: derived from prices). These Level 2 financial instruments are valued using the market comparison technique, by basing fair values on quoted prices. In respect of level 2 financial instruments, there are no significant unobservable inputs.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

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

		Consolidated				The Foundation			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Notes								
31 December 2013									
Fair Value	9	24,952	21,810	-	46,762	24,889	21,810	-	46,699
		24,952	21,810	-	46,762	24,889	21,810	-	46,699
		Consolidated				The Foundation			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2014									
Fair Value	9	31,582	22,107	0	53,689	31,483	22,107	0	53,590
		31,582	22,107	0	53,689	31,483	22,107	0	53,590



Independent Auditor's Report

to the members of National Heart Foundation of Australia

Report on the financial report

We have audited the accompanying financial report of National Heart Foundation of Australia (the Foundation), which comprises the statements of financial position as at 31 December 2014, and statements of surplus or deficit and other comprehensive income, statements of changes in equity and statements 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 and the Group comprising the Foundation and each of the State and Territory Member Foundations at the year's end ('the Group').

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, and the ACNC. 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 and the Group's financial position and of their 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 \$25,306,000 is a significant source of fundraising revenue for the National Heart Foundation of Australia. The National Heart Foundation of Australia 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 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.



Independent Auditor's Report

to the members of National Heart Foundation of Australia

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 National Heart Foundation of Australia 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 and the Group's financial position as at 31 December 2014 and of their performance for the year 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
17 April 2015



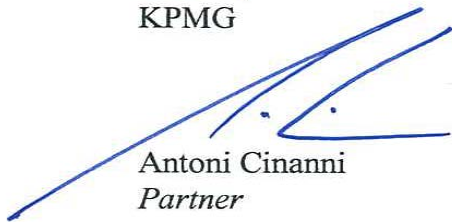
Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of National Heart Foundation of Australia

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

17 April 2015

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ABN 98 008 419 761 ISBN 978-1-74345-089-5



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