

“ I feel that by giving a donation I may help to save a life.”

“ The heart is so vital to life. Keep up the good work.”

“ I support the Heart Foundation because they have been a great help to me, 15 years ago I had a triple bypass, since then a stent and valve and pacemaker operation and am told it's a miracle I'm still here.”

“ It's important work you're doing – thank you!” “ I donate because I lost a friend to heart disease. She was only 24 when she died and it broke my heart.” “ I love being part of an organisation that wants to find cures and make people's lives easier with their heart health and general wellbeing.” “ I think of all those who might have a longer happier life if the heart health message was better heard.” “ I support the Heart Foundation because it might happen to me and anyone I know or anyone else.” “ Being a volunteer for many years now, gives me a sense of worth and pride that I can help in small ways as well.”

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ANNUAL REPORT 2013

+ FINANCIAL STATEMENTS

National Heart Foundation of Australia
(Australian Capital Territory Division) ABN 32 008 507 328
For the year ended 31 December 2013

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Directors and Office Bearers

31 December 2013

Patron	Mr Richard Rolfe, OAM, BEc
Board of Directors	
President	Mr Andrew Caudle, BSc (Hons), MEngSc
Vice President	Mr John Adams, BEc (up to 20 May 2013) Dr Peter French, BS (Med), FRACP
Honorary Treasurer	Mr Rod Scott, CA, B.Bus
Honorary Secretary	Mr Keith Bradley, AM, BA, LLB
Directors	Prof Walter Abhayaratna, MBBS, DrPH, AFRACMA, FACC, FRACP Dr Andrew Boyden, B Rural Sc (Hons), BMBS (Hons), MPH, FRACGP (from 20 May 2013) Prof Rachel Davey, BSc (Hons), MMedSci, PhD Mrs Anne-Marie Perret, LLB, Grad Dip SIA, MAICD, AIMM (from 16 December 2013) Dr Michael Sargent, AM, BE (Hons), PhD Hon FIEAust, FTSE FAICD (up to 20 May 2013) Dr Lisa Studdert, BAgrSc (Hons), PhD, GAICD Mr Bruno Yvanovich, BSc, MPA, FFIA (from 23 September 2013)
Chief Executive Officer And Company Secretary	Mr A Stubbs, BAsC (Health)
Solicitors	Bradley Allen Love
Auditors	PricewaterhouseCoopers
Registered Office	Unit 1, Level 1, 17-23 Townshend St, Phillip, Australian Capital Territory, 2606
Preferred Postal Address	PO Box 373, Mawson, Australian Capital Territory, 2607

Directors' Report

31 December 2013

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (ACT Division) ("the Foundation") for the year ended 31 December 2013.

Directors

The following directors of the Foundation, all of whom are independent and non-executive, 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
Prof. Walter Abhayaratna MBBS, DrPH, AFRACMA, FACC, FRACP	Consultant Cardiologist and Senior Staff Specialist with Canberra Hospital and National Capital Private Hospital. Clinical Director in the Division of Medicine, and Director of the Clinical Trails Unit, Canberra Hospital and Health Services. Professor of Cardiology in the College of Medicine, Biology & Environment, Australian National University.	5/7	Appointed 14 May 2012
Mr John Adams BEc (Vice President)	Governance credentials from Australia and US with 6 years Director experience in not-for-profit organisations.	2/2	Appointed May 2011 Resigned 20 May 2013
Dr Andrew Boyden B Rural Sc (Hons), BMBS (Hons), MPH, FRACGP	Medical adviser, part - time general practitioner. Currently clinical adviser for NPS MedicineWise.	5/5	Appointed 20 May 2013
Mr Keith Bradley AM, BA, LLB (Honorary Secretary)	Lawyer; 30 years in private practice. Legal Director, Bradley Allen Love.	6/7	Appointed 1982
Mr Andrew Caudle BSc (Hons), MEngSc, (President)	Principle of Digital Digest Data Design Pty Limited with a wide involvement in Federal Government and commercial IT projects throughout Australia.	7/7	Appointed 2003
Prof. Rachel Davey BSc (Hons), MMedSci, PhD	Director of the Centre for Research & Action in Public Health at the University of Canberra. Over 20 years research experience in physical activity for health and chronic disease prevention.	4/7	Appointed 14 May 2012
Dr Peter French BS (Med), FRACP (Vice President)	Cardiologist in Private Practise. VMO at Calvary Hospital, Canberra.	3/7	Appointed 1998
Mrs Anne-Marie Perret LLB, Grad Dip SIA, MAICD, AIMM	An advisor to clients on R&D funding and governance. Has over 14 years experience with Big 4 accounting firms advising on GST and R&D tax incentives and grant funding. Clients include Commonwealth Government, Territory Government and the Private Sector entities.	1/1	Appointed 16 December 2013
Dr Michael Sargent AM, BE (Hons), PhD Hon FIEAust FTSE, FAICD	Director of M.A Sargent & Associates Pty Ltd. 45 years of experience in the utility industry in Australia, USA and Canada. Is still active in professional and community matters.	1/2	Appointed May 2009 Resigned 20 May 2013
Mr Rod Scott CA, B.Bus (Treasurer)	Chartered Accountant, Registered Company Auditor and Partner of Duesburys Nexia, 23 years experience in chartered accounting.	3/7	Appointed May 2009
Dr Lisa Studdert BAgrSc (Hons), PhD, GAICD	20 years experience in public policy, international development and public health in Australia, Asia and USA. Currently with the Therapeutic Goods Administration, Department of Health (Canberra).	7/7	Appointed 26 March 2012

Directors' Report (continued)

31 December 2013

Directors (continued)

Mr Bruno Yvanovich BSc, MPA, FFIA	Senior fundraising roles in environment and higher education as well as executive positions in a large national HR company, an industry association and the ACT and Federal Governments. Degrees in science and management and a wide range of skills including workshop delivery, media relations, marketing, service delivery, change management and relationship building. Active and long-serving member of the fundraising profession through the Fundraising Institute – Australia, including ACT Chapter President and national Director. Received acknowledgement of service through the award of Fellow of the Institute.	3/3	Appointed 23 September 2013
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Corporate Governance Statement

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

Role of the Board

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

Federation Agreement

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

Oversight by the Board

The Board oversees and monitors the performance of management by:

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

Specific responsibilities of the Board

The Board fulfils its primary role by:

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

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

Directors' Report (continued)

31 December 2013

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:

- > no employees of the Foundation, including the CEO, can be a director of the Foundation
- > directors are appointed annually.

Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on pages 4 to 5. Management presentations to the Board enable directors to maintain knowledge of the business and operations of the Foundation.

Risk management

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

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

Ethical standards and code of conduct

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

Involving stakeholders

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

PRINCIPAL ACTIVITIES AND ACHIEVEMENT OF OBJECTIVES

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

Directors' Report (continued)

31 December 2013

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan "For All Hearts"

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

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

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

Performance Measures and Key Achievements in 2013

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

Total fundraising revenue for 2013 decreased by \$251,827 compared to 2012, but was \$87,856 greater than 2011 fundraising revenue. Revenue decreases between 2012 and 2013 were experienced with Local Initiatives (\$211,580) and Raffles (\$96,286), which were partly offset by increases in Donor Renewal and Regular Giving (\$72,269). Fundraising expenditure for 2013 was \$182,082 less than 2012.

Receipts from government and other funding bodies for specific health programs increased from \$508,361 in 2012 to \$581,246 in 2013. Total health program expenditure was consistent across 2012 and 2013.

Communications and Administration expenditure was also consistent across 2012 and 2013.

Grants totalling \$85,781 were received from the National Heart Foundation of Australia in 2013, compared to \$95,108 in 2012. The overall surplus for 2013, after grants received by the Division from the National Heart Foundation of Australia, was \$20,298, compared to a \$14,626 for the 2012 year.

Directors' Report (continued)

31 December 2013

Review of Results and Operations Past Five Years**Income & Expenditure**

Charitable support - bequests

Charitable support - non-bequests

Fundraising income

Grants for specific health programs

Other income

Total cash income

Restatement of investments to fair value

Total income

Less: Fundraising expenditure

Communications & administration

Surplus available for health programs & research

Health programs conducted locally

Contributions to National health programs & research

Balance added to/(deducted from) equity

	2013	2012	2011	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Charitable support - bequests	21	13	19	70	140
Charitable support - non-bequests	970	1,230	884	861	832
Fundraising income	991	1,243	903	931	972
Grants for specific health programs	581	508	566	543	274
Other income	29	22	27	17	16
Total cash income	1,601	1,773	1,496	1,491	1,262
Restatement of investments to fair value					
Total income	1,601	1,773	1,496	1,491	1,262
Less: Fundraising expenditure	(661)	(844)	(486)	(514)	(462)
Communications & administration	(213)	(220)	(225)	(180)	(121)
Surplus available for health programs & research	727	709	785	797	679
Health programs conducted locally	(793)	(789)	(855)	(880)	(620)
Contributions to National health programs & research	86	95	36	(18)	(113)
Balance added to/(deducted from) equity	20	15	(34)	(101)	(54)

Assets & Liabilities

Cash & rental bond

Property, plant, equipment & vehicles

Other assets

Total assets

Total liabilities

Total equity

	2013	2012	2011	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & rental bond	390	232	203	181	270
Property, plant, equipment & vehicles	57	61	105	141	182
Other assets	51	333	222	133	185
Total assets	498	626	530	455	637
Total liabilities	(345)	(494)	(412)	(303)	(385)
Total equity	153	132	118	152	252

Commentary

Set out above is a comparative table of Income & Expenditure and Assets & Liabilities for the past 5 years. There are large fluctuations in bequest income from year to year. The increase in fundraising income and expenditure for the 2012 year is attributable to the Raffle program which was successfully undertaken in 2012 but which did not continue through to the end of 2013.

Contributions to National health programs and research is determined by the calculation set out in the Federated Agreement between the National Heart Foundation of Australia and the Divisions. The annual increase/(decrease) in expenditure on health programs and research is skewed by the outcome of this annual calculation.

Expenditure on health programs conducted locally has increased by 28% since 2009.

Events Subsequent to Reporting Date

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

Likely Developments

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

Environmental Regulation

The Foundation's operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However the Directors believe that the Foundation has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Foundation. The full impact of carbon tax legislation is yet to be determined as at the date of this report.

Directors' Report (continued)

31 December 2013

Insurance Premiums

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

The insurance premiums relate to:

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


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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the Directors.



Mr Andrew Caudle
President



Mr Rod Scott
Director

Dated at Canberra this 20th day of March 2014



Auditor's Independence Declaration

As lead auditor for the audit of National Heart Foundation of Australia (ACT Division) for the year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Steve Baker', written in a cursive style.

Steve Baker
Partner
PricewaterhouseCoopers

Canberra
20 March 2014

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Statement of Surplus or Deficit and Comprehensive Income

for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Revenue			
Revenue from operating activities	4	1,596,173	1,767,511
Total revenue		<u>1,596,173</u>	<u>1,767,511</u>
Expenditure			
Health programs (including those funded by grants)		(792,892)	(789,326)
Fundraising		(656,419)	(838,501)
Cost of goods sold		(4,280)	(5,099)
Communications and publicity		(123,889)	(135,241)
Administration		(89,056)	(85,098)
Results from Operating activities		<u>(70,363)</u>	<u>(85,754)</u>
Finance income		4,880	5,272
Net Finance income/(cost)	6	<u>4,880</u>	<u>5,272</u>
Net Surplus/(deficit)		<u>(65,483)</u>	<u>(80,482)</u>
Net Grants from/(to) National Heart Foundation of Australia		<u>85,781</u>	<u>95,108</u>
Surplus/(deficit) for the year		<u>20,298</u>	<u>14,626</u>
Total comprehensive income for the year		<u>20,298</u>	<u>14,626</u>

The above Statement of Surplus or Deficit and Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 31 December 2013

	Notes	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7	367,522	210,330
Trade and other receivables	8	46,002	327,086
Inventories		4,958	6,199
Total current assets		<u>418,482</u>	<u>543,615</u>
Non-current assets			
Rental Bond	9	22,073	21,516
Property, Plant, equipment and vehicles	10	57,451	61,334
Total non-current assets		<u>79,524</u>	<u>82,850</u>
Total assets		<u>498,006</u>	<u>626,465</u>
Current liabilities			
Trade and other payables	11	47,747	177,978
Grants income deferred	12	195,207	238,889
Employee benefits	13	59,662	44,317
Provisions	16	1,422	17,045
Total current liabilities		<u>304,038</u>	<u>478,229</u>
Non-current liabilities			
Employee benefits	13	5,482	15,738
Provisions	16	35,690	0
Total non-current liabilities		<u>41,172</u>	<u>15,738</u>
Total liabilities		<u>345,210</u>	<u>493,967</u>
Net assets		<u>152,796</u>	<u>132,498</u>
Equity			
Retained earnings		152,796	132,498
Total equity	14	<u>152,796</u>	<u>132,498</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 31 December 2013

	2013	2012
	\$	\$
Balance of Equity as at 1 January	132,498	117,872
Comprehensive income for the period		
Surplus/(Deficit)	20,298	14,626
Other comprehensive income	0	0
Total comprehensive income for the period	20,298	14,626
Balance of Equity as at 31 December	152,796	132,498

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 31 December 2013

	2013	2012
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations (inclusive of goods and services tax)	1,772,968	1,776,850
Cash payments in the course of operations (inclusive of goods and services tax)	(1,415,661)	(1,791,468)
Net financial income	4,880	5,272
Net cash inflow/(outflow) from operating activities	362,187	(9,346)
Cash flows from investing activities		
Acquisition of property and equipment	(19,244)	(7,041)
Payment for rental bond	(556)	(21,516)
Net cash inflow/(outflow) from investing activities	(19,800)	(28,557)
Cash flows from financing activities		
Net grants received from/(made to) National Heart Foundation of Australia	185,195	45,055
Net cash from financing activities	185,195	45,055
Net increase in cash and cash equivalents	157,192	7,152
Cash and cash equivalents at beginning of the financial year	210,330	203,178
Cash and cash equivalents at end of the financial year	367,522	210,330

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 31 December 2013

1 Reporting Entity

The National Heart Foundation of Australia (ACT Division) (the "Foundation") (ABN: 32 008 507 328) is a company domiciled in Australia. The address of the Foundation's registered office is Unit 1, Level 1, 17-23 Townshend Street, Phillip, ACT, 2606. The Foundation is a not for profit charity devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

2 Basis of preparation

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report was authorised for issue by the directors on 20 March 2014.

The financial statements of the Foundation comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Significant accounting judgments

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

Significant accounting estimates and assumptions

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

Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the Foundation's past experience with similar premises and estimates of likely restoration costs determined by the property manager of the leased premises. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated. Refer to Note 16.

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(m). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to Note 13.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies**(a) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Foundation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Foundation's activities as described below. The Foundation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Charitable support

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

(ii) Interest revenue

Interest revenue is recognised as it accrues on a daily basis.

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

Grants received for specific health programs or research are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as grants income deferred as recognised in Note 12. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body. Where the terms of the grant do not stipulate that unexpended funds are to be returned to the funding body they are recognised as revenue once all agreed project outcomes and specified work has been completed.

(iv) 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 the ACT also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 8,514 children and 31 schools and groups throughout the ACT. The Foundation's door knock program successfully recruited over 3,512 volunteers to collect funds in 2013. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(b) Goods and Services Tax

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

(c) Income Tax

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

(d) Inventories

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

(e) Rental Bond

The Foundation has guaranteed, as a part to their operating lease, the payment of rentals in accordance with the signed agreement for the specified lease term. The terms of the lease agreement required the Foundation to secure a bank guarantee of \$21,516 as minimum compensation payments to the lessor in the event of default. The lease term is due to expire by 17 January 2018. The directors considered no liability is required to be recognised in respect of this guarantee as the Division is in compliance with the lease agreement. A term deposit to secure the bank guarantee has been established.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

(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 3k). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the statement of surplus or deficit and comprehensive income.

(ii) Depreciation

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

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

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

(g) Leased assets including property and equipment

Leases in terms of which the Foundation 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 recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's statement of financial position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's statement of financial position for the costs of restoring leased premises to conditions as set out in the lease agreement (refer to Note 15).

Determining whether an arrangement contains a lease

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

(h) 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.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

(i) Trade and other receivables (continued)

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Impairment*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 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 comprehensive income to the extent that an impairment loss was previously recognised in the statement of surplus or deficit and 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 the statement of surplus or deficit and other comprehensive income. 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.

(l) Investments and other financial assets**Classification**

The Foundation classifies its financial assets in the following categories: loans and receivables.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 8) in the statement of financial position.

Measurement

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Impairment*(i) Assets carried at amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

(m) Employee benefits*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

(m) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

> assumed rate of future increases in wage and salary rates: 2013: 2.0% (2012: 3.0%)

> discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2013: 4.23% (2012: 3.32%)

> expected settlement dates based on turnover history: 2013: 7 years (2012: 7 years)

(n) Provisions

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

(o) Segment reporting

The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment, namely, the Australian Capital Territory.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013. None of these had a significant effect on the financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
4 Revenue from operating activities		
Charitable support - bequests	20,850	12,886
Charitable support - non-bequests	970,146	1,229,937
Sale of goods	9,884	10,654
<i>Total revenue from fundraising activities</i>	<u>1,000,880</u>	<u>1,253,477</u>
Grants for specific health programs - Government	529,701	464,023
Grants for specific health programs and research - other	51,545	44,338
Other	14,047	5,673
<i>Total revenue from other operating activities</i>	<u>595,293</u>	<u>514,034</u>
Total revenue from operating activities	<u>1,596,173</u>	<u>1,767,511</u>
5 Auditors' remuneration		
PwC: Audit services	13,872	12,400
	<u>13,872</u>	<u>12,400</u>
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	4,880	5,272
Finance income	<u>4,880</u>	<u>5,272</u>
Net finance income and costs recognised in Surplus/(Deficit)	<u>4,880</u>	<u>5,272</u>
7 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 2.30% (2012: 0.01% to 4.40%)	367,522	210,330
	<u>367,522</u>	<u>210,330</u>
8 Trade and other receivables		
Trade receivables owing by other National Heart Foundation divisions	18,194	164,566
Other receivables and prepayments	27,808	162,520
	<u>46,002</u>	<u>327,086</u>
9 Rental Bond		
Rental Bond	22,073	21,516
	<u>22,073</u>	<u>21,516</u>
	<u>22,073</u>	<u>21,516</u>

Of the balance of \$22,073, only \$21,516 is held as security for the Phillip premises. The difference represents interest earned.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

10 Property, equipment and vehicles

	Office furniture & equipment	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$
Balance at 1 January 2012	115,653	31,962	166,732	314,347
Acquisitions	7,041	0	0	7,041
Disposals	(4,087)	0	0	(4,087)
Balance at 31 December 2012	118,607	31,962	166,732	317,301
Balance at 1 January 2013	118,607	31,962	166,732	317,301
Acquisitions	8,530	0	10,714	19,244
Disposals	(24,841)	0	(166,732)	(191,573)
Balance at 31 December 2013	102,296	31,962	10,714	144,972

Depreciation & Impairment losses

Balance at 1 January 2012	52,451	25,205	131,843	209,499
Depreciation charge for the year	12,588	2,935	34,889	50,412
Disposals	(3,944)	0	0	(3,944)
Balance at 31 December 2012	61,095	28,140	166,732	255,967
Balance at 1 January 2013	61,095	28,140	166,732	255,967
Depreciation charge for the year	11,239	794	2,049	14,082
Disposals	(15,796)	0	(166,732)	(182,528)
Balance at 31 December 2013	56,538	28,934	2,049	87,521
Carrying amounts				
At 1 January 2012	63,202	6,757	34,889	104,848
At 31 December 2012	57,512	3,822	0	61,334
At 1 January 2013	57,512	3,822	0	61,334
At 31 December 2013	45,758	3,028	8,665	57,451

2013	2012
\$	\$

11 Trade and other payables

Trade payables to National Heart Foundation of Australia	0	5,924
Trade payables to other National Heart Foundation divisions	0	90,516
Other payables and accrued expenses	47,747	81,538
	<u>47,747</u>	<u>177,978</u>

12 Grants income deferred

Balance at 1 January	238,889	212,780
Amounts received	537,564	527,603
Income taken to revenue	(581,246)	(501,494)
Balance at 31 December	<u>195,207</u>	<u>238,889</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
13 Employee benefits		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	59,662	44,317
Non-current - long service leave	5,482	15,738
Total employee benefits	<u>65,144</u>	<u>60,055</u>
<i>Personnel expenses:</i>		
Wages and salaries	742,668	806,580
Contributions to superannuation plans	53,507	77,524
Total personnel expenses	<u>796,175</u>	<u>884,104</u>
Number of employees at year end (full time equivalents)	<u>8.22</u>	<u>10.70</u>
14 Reserves and Equity		
Retained Earnings at beginning of year	132,498	117,872
Total Equity at beginning of year	<u>132,498</u>	<u>117,872</u>
Operating Surplus/(deficit)	<u>20,298</u>	<u>14,626</u>
Total Comprehensive Income	<u>20,298</u>	<u>14,626</u>
Total Equity at end of year	<u>152,796</u>	<u>132,498</u>

Retained earnings

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

	<u>2013</u>	<u>2012</u>
	\$	\$
15 Operating leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	80,587	5,067
Between one and five years	256,560	0
	<u>337,147</u>	<u>5,067</u>
Expenditure in the period was as follows:		
Office space	83,818	101,033
	<u>83,818</u>	<u>101,033</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

16 Provisions

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

	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$	\$
Balance at 1 January 2012	10,560	4,018	16,711	31,289
Lease incentives received	(10,560)	0	0	(10,560)
Incentives offset against lease rental expense	0	(4,018)	0	(4,018)
Expenditure recognised in the statement of comprehensive income	0	0	334	334
Balance at 31 December 2012	0	0	17,045	17,045
Current	0	0	17,045	17,045
	0	0	17,045	17,045

	Operating lease expense obligations	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$	\$
Balance at 1 January 2013	0	0	17,045	17,045
Lease incentives received	0	20,485	0	20,485
Amounts used	0	0	(17,045)	(17,045)
Additional provision created	0	0	16,627	16,627
Balance at 31 December 2013	0	20,485	16,627	37,112
Current	0	1,422	0	1,422
Non-Current	0	19,063	16,627	35,690
	0	20,485	16,627	37,112

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

17 Company limited by guarantee

The National Heart Foundation (ACT Division) is a company incorporated in Australia under the *Corporations Act 2001* as a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that they are a member, or within one year afterwards for payment of the debts and liabilities of the company contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of \$10.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

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

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

Non executive directors

Prof. Walter Abhayaratna, MBBS, DrPH, AFRACMA, FACC, FRACP
 Mr John Adams, BEc (up to 20 May 2013)
 Dr Andrew Boyden, B Rural Sc (Hons), BMBS (Hons), MPH, FRACGP (from 20 May 2013)
 Mr Keith Bradley, AM, BA, LLB
 Mr Andrew Caudle, BSc (Hons), MEngSc
 Prof Rachel Davey, BSc (Hons), MMedSci, PhD
 Dr Peter French, BS (Med), FRACP
 Mrs Anne-Marie Perret, LLB, Grad Dip SIA, MAICD, AIMM (from 16 December 2013)
 Dr Michael Sargent, AM, BE (Hons), PhD Hon FIEAust, FTSE FAICD (up to 20 May 2013)
 Mr Rod Scott, CA, B.Bus
 Dr Lisa Studdert, BAgSc (Hons), PhD, GAICD
 Mr Bruno Yvanovich, BSc, MPA, FFIA (from 23 September 2013)

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

Mr A Stubbs, BAsC (health) – Chief Executive Officer
 Mr K Kelly, BComm, CPA – Finance Manager
 Ms D Percy – Cardiovascular Health Manager
 Mr R Johnstone – Fundraising Director, marketing & Communications (to 10 May 2013)
 Ms J Kirby, BA – Business and Community Development Manager (from 13 May 2013)

The compensation of key management personnel was as follows:

	2013	2012
	\$	\$
Short term employee benefits	349,649	343,933
Other long term benefits	6,791	6,128
Total	356,440	350,061

Other related parties

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

18 Related Parties (continued)

	<u>2013</u>	<u>2012</u>
	\$	\$
Net Surplus/(Deficit) from continuing operations	(65,483)	(80,482)
Net grants paid/(received)	(85,781)	(95,108)
Contributions received from sale of services	104,536	236,703
Contributions paid for purchase of services	(723,538)	(635,687)
Grants for research and other national initiatives	85,781	95,108

Amounts receivable and payable to non-director related parties are shown in Notes 8 and 11 respectively.

19 Subsequent events

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

Directors' Declaration

for the year ended 31 December 2013

In the directors' opinion:

- (a) the financial statements and notes, set out on pages 11 to 23, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Foundation as at 31 December 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mr Andrew Caudle
President



Mr Rod Scott
Director

Dated at Canberra this 20th day of March 2014



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

Report on the financial report

We have audited the accompanying financial report of National Heart Foundation of Australia (ACT Division) (the Foundation), which comprises the statement of financial position as at 31 December 2013, the statement of surplus or deficit and comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 and fair presentation of the financial report 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Basis for qualified opinion

Cash from donations and other fundraising activities are a significant source of revenue for the Foundation. The directors have determined that it is impracticable to establish control over the collection of revenue from these sources prior to the entry into its financial records. Accordingly, as the evidence available to us regarding revenue from these sources had to be restricted to the amounts recorded in the Foundation's financial records; we are unable to express an opinion as to whether revenue from donations and other fundraising activities is complete.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial report of National Heart Foundation of Australia (ACT Division) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Foundation's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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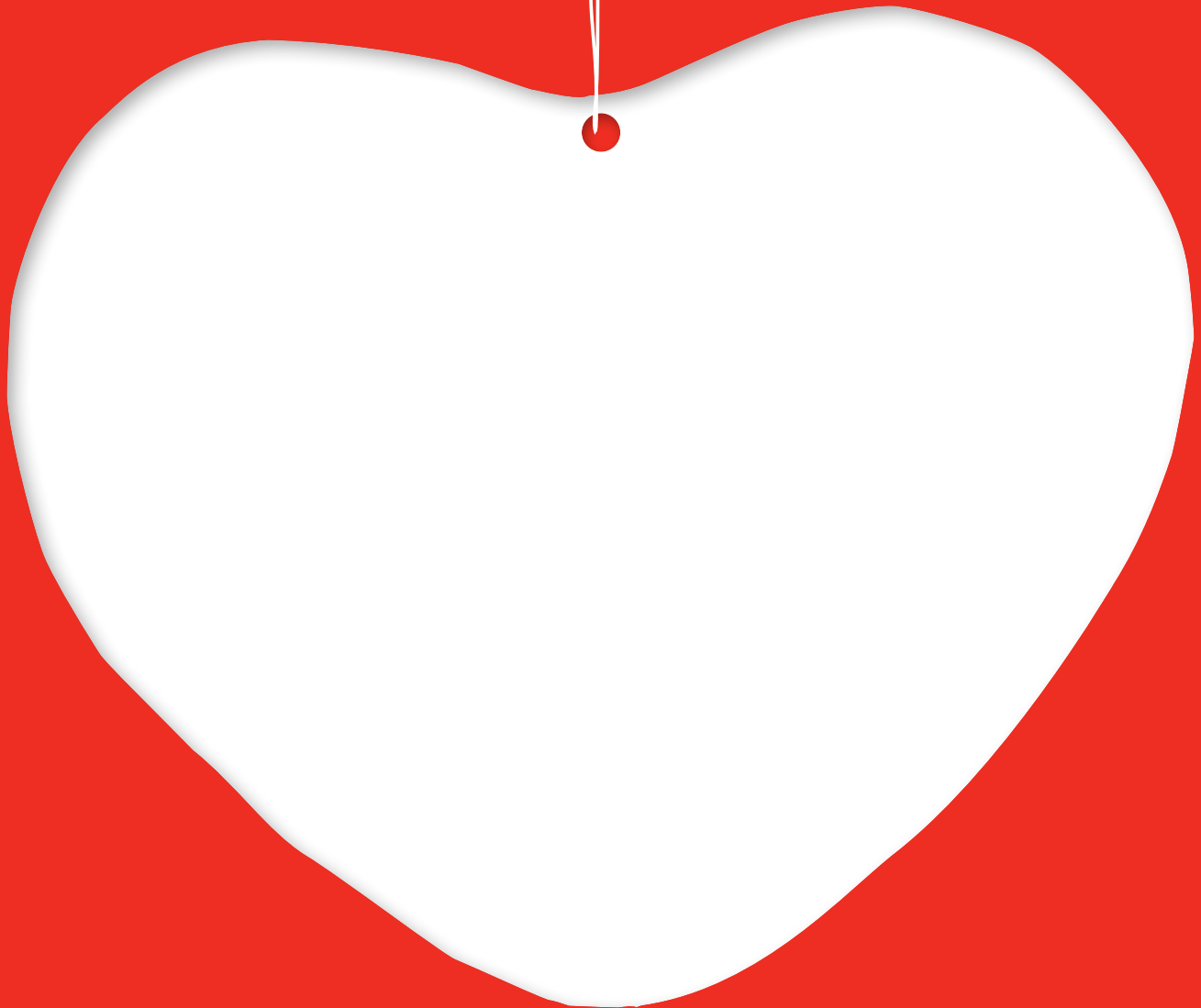
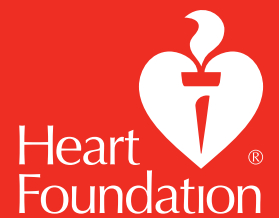
A handwritten signature in black ink, appearing to read 'S Baker', written over a faint, larger version of the signature.

Steve Baker
Partner

Canberra
20 March 2014

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