

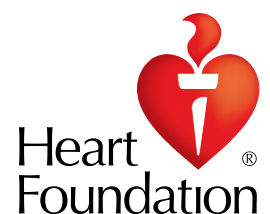
“ I feel that by giving a donation I may help to save a life.”  
“ The heart is so vital to life. Keep up the good work.”  
“ I support the Heart Foundation because they have been a great help to me, 15 years ago I had a triple bypass, since then a stent and valve and pacemaker operation and am told 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.”

”

# ANNUAL REPORT 2013

+ FINANCIAL STATEMENTS

National Heart Foundation of Australia  
(Western Australian Division) Incorporated ABN 99 863 968 377  
For the year ended 31 December 2013



# Contents

<u>Directors and Office Bearers</u>	<u>3</u>
<u>Directors' Report</u>	<u>4-9</u>
<u>Directors' Declaration</u>	<u>10</u>
<u>Statement of surplus or deficit and comprehensive income</u>	<u>11</u>
<u>Statement of financial position</u>	<u>12</u>
<u>Statement of changes in equity</u>	<u>13</u>
<u>Statement of cash flows</u>	<u>14</u>
<u>Notes to the financial statements</u>	<u>15-28</u>
<u>Independent Auditors Report</u>	<u>29</u>

## National Heart Foundation of Australia (WA Division)

### Directors and Office Bearers

#### Patron

His Excellency The Governor of Western Australia  
Mr Malcolm McCusker AO CVO QC

#### Board of Directors

##### President

Dr J O'Shea MBBS (WA), MRCP (UK), FRACP

##### Vice President

Mr J Busch PSM BA (Hons) MArts Dip Prof Coaching FAIM  
Ms E Frankish BAgSc (Hons) FAIFST MASM MIAFP

##### Honorary Treasurer

Mr G Robson BCom MEc ACA FFSIA ATIA

##### Honorary Secretary

Mr J Busch PSM BA (Hons) MArts Dip Prof Coaching FAIM

##### Other Directors appointed by Members

Dr M Ammerer MBBS FRACP  
Ms W Ford (appointed December 2013)  
Mr S Maccora Senior Fellow Finsia Dip All (to July 2013)  
Ms L Nelson BCom, MAppEp  
Prof I Puddey MBBS FRACP MD  
Mr A Raiter B Juris, LLB, GAICD  
Mr I Rowe MA (Hons) Psychology  
Dr R Weerasooriya MBBS BMedSc FRACP  
Dr L Wood BCom (Hons) PGradDip Health Promotion PhD

##### Directors appointed by the Cardiac Society of Australia and New Zealand

Dr J O'Shea MBBS (WA), MRCP (UK), FRACP  
Dr R Weerasooriya MBBS BMedSc FRACP

#### Senior Staff

##### Chief Executive

Mr M Swanson BSc GradDip Nutrition & Dietetics GradDipHlthSci MPH

##### Director, Cardiovascular Health Programs

Mr T Shilton BEd GradDipHlthSci MHP FAHPA

##### Director, Finance, HR and Administration

Ms J Bolton BCom MBA (Dist) CPA MAICD

##### Director, Fundraising

Ms W Mathews BBus EMFIA

#### Solicitors

Norton Rose

#### Auditors

KPMG Australia

#### Registered Office

334 Rokeby Road, Subiaco WA 6008

#### Preferred Postal Address

PO Box 1133, Subiaco WA 6904

## National Heart Foundation of Australia (WA Division)

### Directors' Report

for the year ended 31 December 2013

The directors present their report together with the financial report of National Heart Foundation of Australia (Western Australian Division) ("the Foundation") for the year ended 31 December 2013 and the auditors' report thereon.

#### Directors

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

Name and qualifications	Experience and special responsibilities	Meetings held and attended #	Appointment and resignation
Dr M Ammerer MBBS FRACP	General and Interventional Cardiologist with Western Cardiology. Extensive experience in acute coronary care, outpatient cardiology management and cardiac rehabilitation. Fellowships with the Brigham and Women's Hospital (Harvard Medical School) and the Royal Australasian College of Physicians.	6 held 4 attended	Appointed June 2005
Mr J Busch PCC PSM BA (Hons) MArts FAIM	Leadership Coach and retired Public Servant with over 30 years experience in the WA Public Sector. Wide experience as a member of Government, not for profit and community Boards and Committees.	6 held 6 attended	Appointed June 1998
Ms E Frankish BAgSc (Hons) FAIFST MASM MIAFP	Consultant Food Microbiologist with 30 years experience in broad range of food science and environmental microbiology in government and private enterprise in Tasmania, NSW and Western Australia. Twelve years managing own diagnostic consulting laboratory. Wide committee experience including executive positions.	6 held 5 attended	Appointed December 2009
Mr Steve Maccora Senior Fellow Finsia, Dip All	Retired July 2010. Career in Financial services most recently with Colonial First State where he was State Manager for many years. Also worked with Rothschild Australia Asset Management as State Manager. Senior Fellow of Finsia and has been senior lecturer in Financial Services Subjects.	3 held 2 attended	Appointed June 2010; resigned July 2013
Dr J O'Shea MBBS (WA) MRCP (UK) FRACP	Consultant Cardiologist at Fremantle Hospital and in private practice at St John of God Hospital, Murdoch. Broad interest in diagnosis and management of heart disease.	6 held 6 attended	Appointed August 2002
Prof Ian Puddey MBBS FRACP MD	Winthrop Professor, Dean of the Faculty of Medicine and Dentistry, University of Western Australia from 2005 to present. Graduated from the Medical School of UWA in 1975. Doctorate in Medicine in 1985. Senior Lecturer in Medicine at UWA in 1990. Worked for Johns Hopkins University in Baltimore in 1996 pursuing his cardiovascular research interests. Inaugural Head of the School of Medicine and Pharmacology at the University of Western Australia from 2002 to 2004.	6 held 4 attended	Appointed April 2011
Mr Andrew Raiter B Juris, LLB, GAICD	Group Legal Counsel at HBF with 26 years experience as a lawyer in both private practice and in house roles, in commerce, banking and finance. Expertise in board support and secretarial functions in not for profit organisations and a graduate of the AICD.	6 held 6 attended	Appointed June 2011
Mr G Robson BCom MEd FACA FFSIA	Partner in Sharyn Long Chartered Accountants. Lectured in accounting and finance for the University of Western Australia, RMIT and the Financial Services Institute of Australasia. Held senior executive positions in banking institutions and public companies. Chairman of the Heart Foundation's Investment Committee since 2009.	6 held 6 attended	Appointed June 2005

## National Heart Foundation of Australia (WA Division)

### Directors' Report (continued) for the year ended 31 December 2013

Mr Iain Rowe MA (Hons) Psychology	Marketing Consultant, having held a number of senior executive roles in leading Perth Advertising Agencies. Extensive experience in Health and other social marketing campaigns. Member of the National Heart Foundation Marketing Advisory Panel.	6 held 6 attended	Appointed April 2010
Dr R Weerasooriya MBBS BMedSc FRACP GAICD	Consultant Cardiologist and Cardiac Electrophysiologist at Royal Perth Hospital since 2003. Clinical Professor of Medicine at the University of Western Australia. Board member of RPH Medical Research Foundation.	6 held 1 attended	Appointed February 2007
Dr L Wood BCom (Hons) GradDip Health Promotion PhD	Research Fellow with the Centre for the Built Environment and Health, School of Population Health, The University of Western Australia; health promotion consultant. Commenced as Chair of the Heart Foundation (WA) Cardiovascular Health Program Committee in October 2007.	6 held 5 attended	Appointed August 2007
Ms L Nelson BCom, MAppEp	Director of Indigenous Banking Solution for WA with Westpac Bank. Lesley has over 25 years experience in Aboriginal health. Current member on the Cardiovascular Health Network Executive Advisory group.	6 held 2 attended	Appointed October 2012
Mr Warren Ford	Warren Ford is the Deputy Managing Director & Director of Projects for Apache Energy Limited, an Australian subsidiary of Houston based Apache Corporation. Mr Ford is a Board Member of the Australian Petroleum Production and Exploration Association (APPEA), the peak national body representing Australia's oil and gas exploration and production industry. Mr Ford is a member of the Society of Petroleum Engineers, Petroleum Club of WA and the Australian Institute of Company Directors.	1 held 1 attended	Appointed December 2013

# meetings attended and meetings held while the director held office.

#### Meetings of Board Committees

There were four Executive Committee Meetings held in 2013.

## Directors' Report (continued) for the year ended 31 December 2013

---

### Corporate Governance Statement

The Foundation is an Incorporated Association, incorporated under the Associations Incorporations Act 1987. Ultimate responsibility for the governance of the organisation rests with the Board of Directors. This corporate governance statement outlines how the Board meets that responsibility. The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

### Role of the Board

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

### Federation Agreement

The Foundation entered into a new 5 year Federation agreement on the 23<sup>rd</sup> 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 ("National"). All costs associated with these renamed "Group Services" are held and accounted for in the National Heart Foundation of Australia ("National") accounts unless there is a requirement at law for them to be recognised in the Foundations in which case they are recovered.

### 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, Governance and Ethics Committee responsibility to oversee particular aspects of the operations and administration of the Foundation.

### 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 Chief Executive and executive management.

### Board members

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

- > There must be no less than six and no more than 13 directors, of whom up to four may be appointed by the Cardiac Society of Australia and New Zealand (Victorian branch) - ("CSANZ")
- > No employees of the Foundation, including the Chief Executive, can be a director of the Foundation
- > Directors, other than those appointed by CSANZ, are re-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 page 4 and 5.

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

### Risk management

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

**Directors' Report** (continued)  
for the year ended 31 December 2013

---

***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.

**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 revenue from operating activities was 32% higher (\$3,418,560) compared to last year. Revenue from fundraising activities was 24% higher than last year due to increases in bequest income received and conducting a third limited ticket raffle. Bequest income was above the historical average annual donation, and this source of income continues to vary from year to year as evident between 2012 (\$1,162,616) and 2013 (\$2,260,537). Revenue from other operating activities was 41% higher than last year due to receiving a new Department of Health grant to conduct the Healthier Workplace Support Service.

Total operating expenditure was 18% higher (\$1,793,547) compared to last year due to activity conducted on the new Healthier Workplace Support Service campaign and fundraising expenditure associated with the third limited ticket number raffle.

Overall, the financial performance of the Foundation continues to highlight the innovative and efficient actions of management and staff.

A comprehensive discussion about the activities of the Foundation and the Federation can be found in the 2013 Annual Review.

## National Heart Foundation of Australia (WA Division)

### Directors' Report (continued) for the year ended 31 December 2013

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

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

Charitable support from the general public continued to be strong in 2013. Income from this type of fundraising is obtained in an increasingly competitive charity climate. Fluctuations in the fundraising costs can sometimes occur when new funding initiatives are at a development stage and the benefits only become evident in the following year.

#### Income & Expenditure

Charitable support - bequests	2,260,537	1,162,616	1,209,698	364,447	660,015
Charitable support - non-bequests	5,007,363	4,678,045	4,704,437	2,985,035	2,194,464
<b>Fundraising income</b>	<b>7,267,901</b>	<b>5,840,661</b>	<b>5,914,135</b>	<b>3,349,482</b>	<b>2,854,479</b>
Government non-reciprocal grants	0	0	0	0	0
Grants for specific health programs	6,727,612	4,781,526	3,470,228	3,951,356	4,798,992
Other income	110,032	59,422	33,942	79,356	98,236
<b>Total income</b>	<b>14,105,545</b>	<b>10,681,609</b>	<b>9,418,305</b>	<b>7,380,194</b>	<b>7,751,707</b>
Less: Fundraising expenditure	(3,179,504)	(3,026,312)	(3,012,868)	(1,994,654)	(1,463,885)
Communications, administration and net gain/loss on sale of property, plant and equipment	(275,198)	(291,710)	(326,453)	(123,741)	(205,447)
<b>Surplus available for health programs &amp; research</b>	<b>10,650,843</b>	<b>7,363,587</b>	<b>6,078,984</b>	<b>5,261,799</b>	<b>6,082,375</b>
Health programs conducted locally	(8,017,699)	(6,360,833)	(4,885,994)	(5,628,341)	(6,404,783)
Contributions to National health programs & research	(2,509,544)	(1,065,229)	(1,255,486)	184,410	208,490
<b>Balance added to/(deducted from) equity</b>	<b>123,599</b>	<b>(62,475)</b>	<b>(62,496)</b>	<b>(182,132)</b>	<b>(113,918)</b>
<b>Ratios:</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Fundraising expenditure to fundraising income	44%	52%	51%	60%	51%
Surplus from fundraising to fundraising income	56%	48%	49%	40%	49%
Surplus available for health programs & research to total income	76%	69%	65%	71%	78%
Expenditure on health programs and research to total income	75%	70%	65%	74%	80%
Expenditure on health programs and research to total expenditure	75%	69%	65%	72%	79%
Annual increase in expenditure on health programs & research	42%	21%	13%	(12%)	(20%)

	2013	2012	2011	2010	2009
Charitable support - bequests	2,260,537	1,162,616	1,209,698	364,447	660,015
Charitable support - non-bequests	5,007,363	4,678,045	4,704,437	2,985,035	2,194,464
<b>Fundraising income</b>	<b>7,267,901</b>	<b>5,840,661</b>	<b>5,914,135</b>	<b>3,349,482</b>	<b>2,854,479</b>
Government non-reciprocal grants	0	0	0	0	0
Grants for specific health programs	6,727,612	4,781,526	3,470,228	3,951,356	4,798,992
Other income	110,032	59,422	33,942	79,356	98,236
<b>Total income</b>	<b>14,105,545</b>	<b>10,681,609</b>	<b>9,418,305</b>	<b>7,380,194</b>	<b>7,751,707</b>
Less: Fundraising expenditure	(3,179,504)	(3,026,312)	(3,012,868)	(1,994,654)	(1,463,885)
Communications, administration and net gain/loss on sale of property, plant and equipment	(275,198)	(291,710)	(326,453)	(123,741)	(205,447)
<b>Surplus available for health programs &amp; research</b>	<b>10,650,843</b>	<b>7,363,587</b>	<b>6,078,984</b>	<b>5,261,799</b>	<b>6,082,375</b>
Health programs conducted locally	(8,017,699)	(6,360,833)	(4,885,994)	(5,628,341)	(6,404,783)
Contributions to National health programs & research	(2,509,544)	(1,065,229)	(1,255,486)	184,410	208,490
<b>Balance added to/(deducted from) equity</b>	<b>123,599</b>	<b>(62,475)</b>	<b>(62,496)</b>	<b>(182,132)</b>	<b>(113,918)</b>
<b>Ratios:</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Fundraising expenditure to fundraising income	44%	52%	51%	60%	51%
Surplus from fundraising to fundraising income	56%	48%	49%	40%	49%
Surplus available for health programs & research to total income	76%	69%	65%	71%	78%
Expenditure on health programs and research to total income	75%	70%	65%	74%	80%
Expenditure on health programs and research to total expenditure	75%	69%	65%	72%	79%
Annual increase in expenditure on health programs & research	42%	21%	13%	(12%)	(20%)

#### Assets & Liabilities

Cash, deposits and receivables	4,162,486	4,584,288	4,247,459	2,785,968	2,773,123
Computers, cars & equipment	563,607	679,905	779,584	883,319	900,046
Other assets - property	1,653,257	1,670,509	1,687,758	1,705,007	1,722,257
<b>Total assets</b>	<b>6,379,350</b>	<b>6,934,702</b>	<b>6,714,801</b>	<b>5,374,294</b>	<b>5,395,426</b>
Total liabilities	(3,532,020)	(4,210,970)	(4,078,594)	(2,675,591)	(2,514,592)
<b>Total equity</b>	<b>2,847,330</b>	<b>2,723,732</b>	<b>2,636,207</b>	<b>2,698,703</b>	<b>2,880,834</b>

	2013	2012	2011	2010	2009
Cash, deposits and receivables	4,162,486	4,584,288	4,247,459	2,785,968	2,773,123
Computers, cars & equipment	563,607	679,905	779,584	883,319	900,046
Other assets - property	1,653,257	1,670,509	1,687,758	1,705,007	1,722,257
<b>Total assets</b>	<b>6,379,350</b>	<b>6,934,702</b>	<b>6,714,801</b>	<b>5,374,294</b>	<b>5,395,426</b>
Total liabilities	(3,532,020)	(4,210,970)	(4,078,594)	(2,675,591)	(2,514,592)
<b>Total equity</b>	<b>2,847,330</b>	<b>2,723,732</b>	<b>2,636,207</b>	<b>2,698,703</b>	<b>2,880,834</b>

#### 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.



National Heart Foundation of Australia (WA Division)

**Directors' Report** (continued)  
for the year ended 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.

**Lead auditor's independence**

The lead auditor's independence is set out on page 29 and forms part of the auditor's report for financial year 2013.

Dated at Perth this 21<sup>st</sup> day of February 2014  
Signed in accordance with a resolution of the Directors.



Dr J O'Shea  
President

National Heart Foundation of Australia (WA Division)

**Directors' Declaration**

for the year ended 31 December 2013

---

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

(a) the financial statements and notes, set out on pages 11 to 28, are in accordance with the Associations Incorporations Act 1987, including:

- (i) giving a true and fair view of the financial position of the Foundation as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia 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.

Dated at Perth this 21<sup>st</sup> day of February 2014

Signed in accordance with a resolution of the Directors.



Dr J O'Shea  
President

**Statement of surplus or deficit and comprehensive income**

for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
<b>Revenue</b>			
Revenue from operating activities	4	14,037,134	10,618,574
<b>Total revenue</b>		<b>14,037,134</b>	<b>10,618,574</b>
Net gain/(loss) on sale of property, plant and equipment		3,832	-
Health programs (including those funded by grants)		(8,017,699)	(6,360,833)
Fundraising		(3,173,199)	(3,021,823)
Cost of goods sold		(6,305)	(4,489)
Communications and publicity		(142,163)	(117,939)
Administration		(136,868)	(173,771)
<b>Results from Operating activities</b>		<b>2,564,732</b>	<b>939,719</b>
Finance income		68,411	63,035
<b>Net Finance income</b>	6	<b>68,411</b>	<b>63,035</b>
<b>Net Surplus/(deficit)</b>		<b>2,633,143</b>	<b>1,002,754</b>
<b>Net Grants (to)/from National Heart Foundation of Australia</b>		<b>(2,509,544)</b>	<b>(1,065,229)</b>
<b>Surplus/(deficit) for the year</b>		<b>123,599</b>	<b>(62,475)</b>
Items that may not be reclassified to surplus or deficit:			
Funds added to reserves		200,000	-
<b>Total comprehensive income for the year</b>		<b>(76,401)</b>	<b>(62,475)</b>

National Heart Foundation of Australia (WA Division)

**Statement of Financial Position**

as at 31 December 2013

	Notes	2013 \$	2012 \$
<b>Current assets</b>			
Cash and cash equivalents	7a	3,473,688	3,114,787
Term deposits	9	506,898	294,740
Trade and other receivables	8	181,900	1,174,761
<b>Total current assets</b>		<b>4,162,486</b>	<b>4,584,288</b>
<b>Non-current assets</b>			
Property, Plant, equipment and vehicles	10	2,216,865	2,350,412
<b>Total non-current assets</b>		<b>2,216,865</b>	<b>2,350,412</b>
<b>Total assets</b>		<b>6,379,351</b>	<b>6,934,700</b>
<b>Current liabilities</b>			
Trade and other payables	11	420,432	487,672
Grants income deferred	12	2,710,847	3,384,547
Employee benefits	13	325,754	278,905
<b>Total current liabilities</b>		<b>3,457,033</b>	<b>4,151,124</b>
<b>Non-current liabilities</b>			
Employee benefits	13	74,987	59,847
<b>Total non-current liabilities</b>		<b>74,987</b>	<b>59,847</b>
<b>Total liabilities</b>		<b>3,532,020</b>	<b>4,210,970</b>
<b>Net assets</b>		<b>2,847,330</b>	<b>2,723,731</b>
<b>Equity</b>			
Other reserves		450,000	250,000
Accumulated reserves		2,397,330	2,473,731
<b>Total equity</b>	14	<b>2,847,330</b>	<b>2,723,731</b>

National Heart Foundation of Australia (WA Division)

**Statement of Changes in Equity**

for the year ended 31 December 2013

	Accumulated Reserve	Reserve	Total
	\$	\$	\$
Balance at 1 January 2012	2,536,206	100,000	2,636,206
Transfer to reserve	-	150,000	150,000
(Deficit) for the period	(62,475)	-	(62,475)
Balance at 31 December 2012	2,473,731	250,000	2,723,731
Increase to reserve	(200,000)	200,000	0
Surplus for the period	123,599	-	123,599
<b>Balance at 31 December 2013</b>	<b>2,397,330</b>	<b>450,000</b>	<b>2,847,330</b>

National Heart Foundation of Australia (WA Division)

**Statement of Cash Flows**

for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		14,671,916	10,759,819
Cash payments in the course of operations		(11,620,877)	(10,219,381)
Net grants made to National Heart Foundation of Australia		(2,509,544)	(1,065,229)
Net financial income		68,411	63,035
<b>Net cash from/(used in) operating activities</b>	7b	<b>609,906</b>	<b>(461,756)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, equipment and vehicles		29,300	43,636
Acquisition of property, equipment and vehicles		(68,147)	(79,857)
Proceeds from investments		-	150,000
Acquisition of investments		(212,158)	(150,000)
<b>Net cash used in investing activities</b>		<b>(251,005)</b>	<b>(36,221)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>358,901</b>	<b>(497,977)</b>
Cash and cash equivalents at 1 January		3,114,787	3,612,764
<b>Cash and cash equivalents at 31 December</b>	7a	<b>3,473,688</b>	<b>3,114,787</b>

## Notes to the Financial Statements

for the year ended 31 December 2013

---

### 1 Reporting entity

The National Heart Foundation of Australia (WA Division) (the "Foundation") (ABN: 99 968 863 377) is an incorporated association domiciled in Australia. The address of the Foundation's registered office is 334 Rokeby Road, Subiaco WA 6053. 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

#### (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 Associations Incorporation Act 1987. The financial report was authorised for issue by the directors on 21 February 2014.

#### (b) Basis of measurement

The financial report is prepared on the historical cost basis.

#### (c) Functional and presentation currency

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

#### (d) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The changes do not materially affect the accounts.

#### (e) Change of accounting policy

The Foundation has applied the revised AASB 119 (2011) and therefore changed the definition of short term and long term employee benefits to clarify the distinction between the two. The affect of this, applied retrospectively has been to re classify annual leave into long term employee benefits under the standards new definition, and measure annual leave at an actuarial present value (changed from an undiscounted value). Refer to note 13. There has been no material change in the prior year's re-measurement of annual leave as the Foundation expects to settle annual leave obligations within twelve months of the end of the annual reporting period.

#### (f) Use of estimates and judgements

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

#### Significant accounting estimates and assumptions.

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

#### Provisions for employee benefits

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

---

### 3 Significant accounting policies

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

#### (a) Revenue recognition

##### (i) Charitable support

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

##### (ii) Interest revenue

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

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

for the year ended 31 December 2013

**3 Significant accounting policies (continued)**

**(a) 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 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.

(iv) Sale of goods

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

(v) Services of volunteers

A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. School children across Western Australia also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 197 schools throughout Western Australia. The Foundation's door knock program successfully recruited over 17,500 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) 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 3f(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the statement of surplus or deficit and 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:

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



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

for the year ended 31 December 2013

**3 Significant accounting policies (continued)**

**(d) Property, equipment and vehicles (continued)**

**(ii) Depreciation (continued)**

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

**(e) Non-derivative financial assets**

**(i) Other financial instruments**

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

**(ii) Term Deposits**

The monies held in term deposits relate to a gift from a trust and cannot be used for any other purpose. Term deposits have maturities ranging from 6 to 9 months.

**Cash and cash equivalents**

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

**Trade and other receivables**

Trade and other receivables are stated at cost less impairment losses, this being equivalent to fair value. Refer to note 3f(i).

**(f) Impairment**

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

Each financial asset apart from those classified at fair value through other comprehensive income is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount owed to the 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 Surplus/(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 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 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.

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

for the year ended 31 December 2013

---

**3 Significant accounting policies (continued)**

**(f) Impairment (continued)**

**(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.

**(g) Employee benefits**

**(i) Short term benefits**

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at 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) Long term benefits**

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

> assumed rate of future increases in wage and salary rates: 2013: 2.5% (2012: 3.25%)

> discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2013: 3.32% (2012: 3%)

> expected settlement dates based on turnover history: 2013: 15 years (2012: 15 years)

**(iii) Defined contribution plans**

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

**(h) 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.

**(i) Segment reporting**

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

**(j) Finance income**

Finance income comprises interest income. Interest income is recognised using the effective interest method.

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

for the year ended 31 December 2013

---

**3 Significant accounting policies (continued)**

**(k) Financial risk management**

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

*Financial instruments*

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

Further details in respect of each of these risks are set out in note 19 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundations activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

*Capital management*

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

*Economic dependency*

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

**(l) 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, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

**(m) Determination of fair values**

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

(i) Trade and other receivables

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

(ii) Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on replacement cost. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

**(n) Reserve**

The reserve represents monies received from a trust for a travel scholarship. The monies gifted are accounted for as income in the current period and transferred to the reserve from accumulated reserves as the use of the monies is restricted to providing a travel scholarship to a medical research awardee.

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

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>4 Revenue from operating activities</b>		
Charitable support - bequests	2,260,537	1,162,616
Charitable support - non-bequests	4,993,922	4,668,527
Sale of goods	13,442	9,518
<i>Total revenue from fundraising activities</i>	<u>7,267,901</u>	<u>5,840,661</u>
Government non-reciprocal grants	-	-
Grants for specific health programs - Government	6,534,069	4,773,812
Grants for specific health programs and research - other	193,543	4,100
Other	41,621	1
<i>Total revenue from other operating activities</i>	<u>6,769,233</u>	<u>4,777,913</u>
<b>Total revenue from operating activities</b>	<u>14,037,134</u>	<u>10,618,574</u>
<b>5 Auditors' remuneration</b>		
KPMG Australia: Audit services for financial statements	30,767	30,767
KPMG Australia: Other audit services for grant acquittals	24,957	32,678
	<u>55,724</u>	<u>63,445</u>
<b>6 Finance income</b>		
<b>Recognised in Surplus/(Deficit)</b>		
Interest income	68,411	63,035
<b>Finance income recognised in Surplus/(Deficit)</b>	<u>68,411</u>	<u>63,035</u>
<b>7a Cash and cash equivalents</b>		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.01% to 3.50% (2012: 0.01% to 4.25%)	3,473,688	3,114,787
	<u>3,473,688</u>	<u>3,114,787</u>
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 19. The carrying value of cash and cash equivalents is equal to fair value.		

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

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>7b Reconciliation of cash flows from operating activities</b>		
<b>Net surplus / (deficit) from ordinary activities</b>	123,598	(62,475)
Adjustments for:-		
Depreciation/Amortisation	176,227	165,386
Net loss/(gain) on disposal of property, equipment and vehicles	(3,832)	(12,242)
Interest on term deposit	-	(14,490)
<b>Net cash from operating activities before changes in working capital and provisions</b>	295,993	76,179
Decrease/(increase) in receivables	992,861	(651,795)
(Decrease)/increase/ in payables	(67,240)	(230,054)
(Decrease)/increase in grants income deferred	(673,699)	298,622
Increase/(decrease) in employee benefits	61,990	45,292
<b>Net cash from operating activities</b>	<u>609,905</u>	<u>(461,756)</u>
<b>8 Trade and other receivables</b>		
Trade receivables owing by other National Heart Foundation divisions	108,081	393,997
Other receivables and prepayments	73,819	780,764
	<u>181,900</u>	<u>1,174,761</u>

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk relates to trade and other receivables is disclosed in note 19.

<b>9 Term deposits</b>		
Term Deposits maturing over 90 days	506,898	294,740
	<u>506,898</u>	<u>294,740</u>

The term deposit includes restricted cash received as a gift from a trust to be used for a travel scholarship.

The carrying value of investments is equal to fair value. The Foundation's exposure to interest rate risk and equity price risk are disclosed in note 19.

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

for the year ended 31 December 2013

**10 Property, equipment and vehicles**

	<b>Freehold land</b>	<b>Buildings</b>	<b>Office furniture &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 January 2012	1,110,000	690,000	1,568,460	95,287	3,463,747
Acquisitions	0	0	19,181	60,674	79,855
Disposals	0	0	(14,267)	(51,933)	(66,200)
Balance at 31 December 2012	1,110,000	690,000	1,573,374	104,028	3,477,402
Balance at 1 January 2013	1,110,000	690,000	1,573,374	104,028	3,477,402
Acquisitions	0	0	30,178	37,970	68,147
Disposals	0	0	(21,938)	(43,355)	(65,293)
Balance at 31 December 2013	1,110,000	690,000	1,581,614	98,643	3,480,256

**Depreciation & Impairment losses**

Balance at 1 January 2012	0	112,243	865,922	18,240	996,405
Depreciation charge for the year	0	17,250	133,009	15,132	165,391
Disposals	0	0	(14,267)	(20,539)	(34,806)
Balance at 31 December 2012	0	129,493	984,664	12,833	1,126,990
Balance at 1 January 2013	0	129,493	984,664	12,833	1,126,990
Depreciation charge for the year	0	17,250	131,763	27,139	176,077
Disposals	0	0	(21,938)	(17,812)	(39,750)
Balance at 31 December 2013	0	146,743	1,094,489	22,160	1,263,317
<b>Carrying amounts</b>					
At 1 January 2012	1,110,000	577,757	702,537	77,047	2,467,341
At 31 December 2012	1,110,000	560,507	588,709	91,195	2,350,412
At 1 January 2013	1,110,000	560,507	588,710	91,195	2,350,412
At 31 December 2013	1,110,000	543,257	487,125	76,483	2,216,939

National Heart Foundation of Australia (WA Division)

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

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>11 Trade and other payables</b>		
Trade payables to National Heart Foundation of Australia	59,161	-
Trade payables to other National Heart Foundation divisions	25	486
Other payables and accrued expenses	361,246	487,186
	<u>420,432</u>	<u>487,672</u>
<p>The carrying value of trade and other payables is equal to fair value. The Foundation's exposure to liquidity risk relates to trade and other payables is disclosed in note 19.</p>		
<b>12 Grants income deferred</b>		
Balance at 1 January	3,384,546	3,085,924
Amounts received	5,744,384	4,280,922
Income taken to revenue	(6,418,083)	(3,982,300)
Balance at 31 December	<u>2,710,847</u>	<u>3,384,546</u>
<p>The carrying value of grants income deferred is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relating to grants income deferred is disclosed in note 19.</p>		
<b>13 Employee benefits</b>		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	325,754	278,905
Non-current - long service leave	74,987	59,847
Total employee benefits	<u>400,741</u>	<u>338,752</u>
<i>Personnel expenses:</i>		
Wages and salaries	2,629,903	2,306,868
Contributions to superannuation plans	205,583	165,552
Total personnel expenses	<u>2,835,486</u>	<u>2,472,420</u>
Number of employees at year end (full time equivalents)	<u>32</u>	<u>27</u>
<b>14 Reserves and Equity</b>		
<b>Specific or restricted purpose reserves</b>		
Reserves at beginning of year	250,000	100,000
Increase to reserves	200,000	150,000
Reserves at end of year	<u>450,000</u>	<u>250,000</u>
Accumulated reserves	<u>2,397,330</u>	<u>2,473,731</u>
<b>Total equity</b>	<u>2,847,330</u>	<u>2,723,731</u>
<b>Movements during the year:</b>		
Accumulated reserves at beginning of year	2,723,731	2,536,206
Net Surplus from ordinary activities	2,633,142	1,002,754
Net Grants (to) National Heart Foundation of Australia	(2,509,544)	(1,065,229)
Other reserve	200,000	250,000
Transfer to other reserve	(200,000)	-
Accumulated reserves at end of year	<u>2,847,330</u>	<u>2,723,731</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2013

---

### 14 Reserves and Equity (continued)

#### Accumulated reserves

Each year when budgets for the following year are being formulated, an estimate is made of an optimum level of accumulated reserves. 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 accumulated reserves over the optimum level so calculated is remitted to the National Heart Foundation of Australia ("National") as a contribution towards national health programs and research.

---

### 15 Contingencies

The Heart Foundation has a bank guarantee amounting to \$30,000 with LotteryWest which may be payable in the event of a default on any competition or promotion.

---

### 16 Incorporated Status

The National Heart Foundation of Australia (Western Australian Division) is an associated incorporated in Australia under the *Associations Incorporations Act 1987*.

---

### 17 Related Parties

#### Key management personnel and director related parties

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

#### Non executive directors

Dr J O'Shea MBBS (WA), MRCP (UK), FRACP  
Mr J Busch PSM BA (Hons) MArts Dip Prof Coaching FAIM  
Ms E Frankish BAgSc (Hons) FAIFST MASM MIAFP  
Mr G Robson BCom MEc ACA FFSIA ATIA  
Dr M Ammerer MBBS FRACP  
Ms W Ford (appointed December 2013)  
Mr S Maccora Senior Fellow Finsia Dip All (to July 2013)  
Ms L Nelson BCom, MAppEp  
Prof I Puddey MBBS FRACP MD  
Mr A Raiter B Juris, LLB, GAICD  
Mr I Rowe MA (Hons) Psychology  
Dr R Weerasooriya MBBS BMedSc FRACP  
Dr L Wood BCom (Hons) PGradDip Health Promotion PhD

Non executive directors did not receive any remuneration from the Foundation during the current financial year. 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 M Swanson BSc Grad Dip Nutrition & Dietetics Grad Dip Hlth Sc MPH - Chief Executive  
Mr T Shilton BEd Grad Dip Hlth Sc MHP FAHPA - Director Cardiovascular Health  
Ms J Bolton BCom MBA (Dist) CPA MAICD - Director Finance and Human Resources  
Ms W Mathews BBus EMFIA - Director Fundraising



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

for the year ended 31 December 2013

**17 Related Parties (continued)**

	2013 \$	2012 \$
The compensation of key management personnel was as follows:		
Short term employee benefits	526,053	502,067
Other long term benefits	-	12,392
<b>Total</b>	<b>526,053</b>	<b>514,458</b>

	2013 \$	2012 \$
Net Surplus/(Deficit) from continuing operations	123,598	(62,475)
Grants for research and other national initiatives	2,509,544	1,065,229
Contributions received from sale of services from Divisions/National	1,520,317	1,707,530
Contributions paid for purchase of services from Divisions/National	(30,675)	(2,047,008)

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

**Other related parties**

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

	2013 \$	2012 \$
Grants for research and other national initiatives	2,509,544	1,065,229

**18 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.

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

for the year ended 31 December 2013

**19 Financial instruments**

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

**Credit risk**

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

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:

		2013	2012
	Notes	\$	\$
<b>Financial assets</b>			
Cash	7a	3,473,688	3,114,787
Term deposit	9	506,898	294,740
Total amounts deposited at bank		<u>3,980,586</u>	<u>3,409,527</u>
Trade and other receivables	8	181,900	1,174,761
		<u>4,162,486</u>	<u>4,584,288</u>

Based on receivables history, the Foundation believes that no further impairment allowance is necessary in respect of trade receivables, as trade and other receivables predominately relate to inter divisional accounts and grants income accrued.

**Liquidity risk**

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

Trade and other payables, and grants income deferred have contractual cashflows which are 6 months or less.

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

for the year ended 31 December 2013

**19 Financial instruments (continued)**

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	2013 \$	2012 \$
<b>Non derivative financial liabilities</b>			
Trade and other payables	11	420,432	487,672
Grants income deferred	12	2,710,848	3,384,547
		<b>3,131,280</b>	<b>3,872,219</b>

**Market risk**

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

**Interest rate risk**

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 28.

*Fair value sensitivity analysis for fixed rate instruments*

The surplus/(deficit) would be affected by changes in the fixed interest rate as shown in the Sensitivity Disclosure Analysis. The analysis assumes all other variables remain constant. The analysis is performed using a change of 1% on page 28. The analysis is performed on the same basis as that used in 2012.

*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 2012.

**Operational risk**

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

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

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

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

National Heart Foundation of Australia (WA Division)

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

for the year ended 31 December 2013

**19 Financial instruments (continued)**

*Sensitivity Analysis Disclosure*

The Foundation's financial instruments subject to changes in market prices include cash and cash equivalents, comprising of cash at bank, cash call accounts and term deposits. Based on historic movements and volatilities in these market variables, and management's knowledge and experience of the financial markets, the Foundation believes the following movement is 'reasonably possible' over a 12 month period: a parallel shift of +1%/-1% in market interest rates (AUD).

	2013				2012				
	Carrying Amount	-1% Surplus/ (Deficit)	+1% Equity	Carrying Amount	-1% Surplus/ (Deficit)	+1% Equity	Carrying Amount	-1% Surplus/ (Deficit)	+1% Equity
<b>Interest rate risk</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>									
Fixed rate instruments									
Term deposits	506,898	(5,069)	(5,069)	5,069	5,069	294,740	(2,947)	(2,947)	2,947
Variable rate instruments									
Cash at bank	3,473,688	(34,737)	(34,737)	34,737	34,737	3,114,787	(31,148)	(31,148)	31,148
<b>Total increase/(decrease)</b>		(39,806)	(39,806)	39,806	39,806		(34,095)	(34,095)	34,095



## **Independent auditor's report to the members of National Heart Foundation of Australia (Western Australian Division)**

### **Report on the financial report**

We have audited the accompanying financial report of National Heart Foundation of Australia (Western Australian Division) (the Foundation), which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information 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 and the *Associations Incorporation Act 1987* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Associations Incorporation Act 1987* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



### *Basis for Qualified Auditor's Opinion*

Fundraising revenue is a significant source of revenue for the National Heart Foundation of Australia (Western Australian Division). The National Heart Foundation of Australia (Western Australian Division) has determined that it is impracticable to establish controls over the collection of fundraising revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising revenue of the Foundation obtained is complete.

### *Qualified Auditor's opinion*

In our opinion except for the possible effects of the matter described in the Basis for Qualified Auditor's Opinion paragraph the financial report of National Heart Foundation of Australia (Western Australia Division) is in accordance with the *Associations Incorporation Act 1987*, including:

- (i) 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
- (ii) complying with Australian Accounting Standards and the *Associations Incorporation Act 1987*.

### *Qualified auditor's opinion pursuant to WA Charitable Collections Act 1946*

In addition, our audit report has been prepared for the members of the Foundation in accordance with Section 15(2) of the WA Charitable Collections Act 1946 (the Act) and the Charitable Collection Regulations 1947 (the Regulations). Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Associations Incorporation Act 1987*. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, except for the possible effects of the matter described in the Basis for qualified auditor's opinion paragraph;

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 31 December 2013;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2013 to 31 December 2013, in accordance with the WA Charitable Collections Act 1946 and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the period from 1 January 2013 to 31 December 2013 has been properly accounted for and applied in accordance with the WA Charitable Collections Act 1946 and Regulations; and



- d) there are reasonable grounds to believe that National Heart Foundation of Australia (Western Australian Division) will be able to pay its debts as and when they fall due.

A handwritten signature of the KPMG logo in black ink.

KPMG

A handwritten signature in black ink that reads 'Grant Robison'.

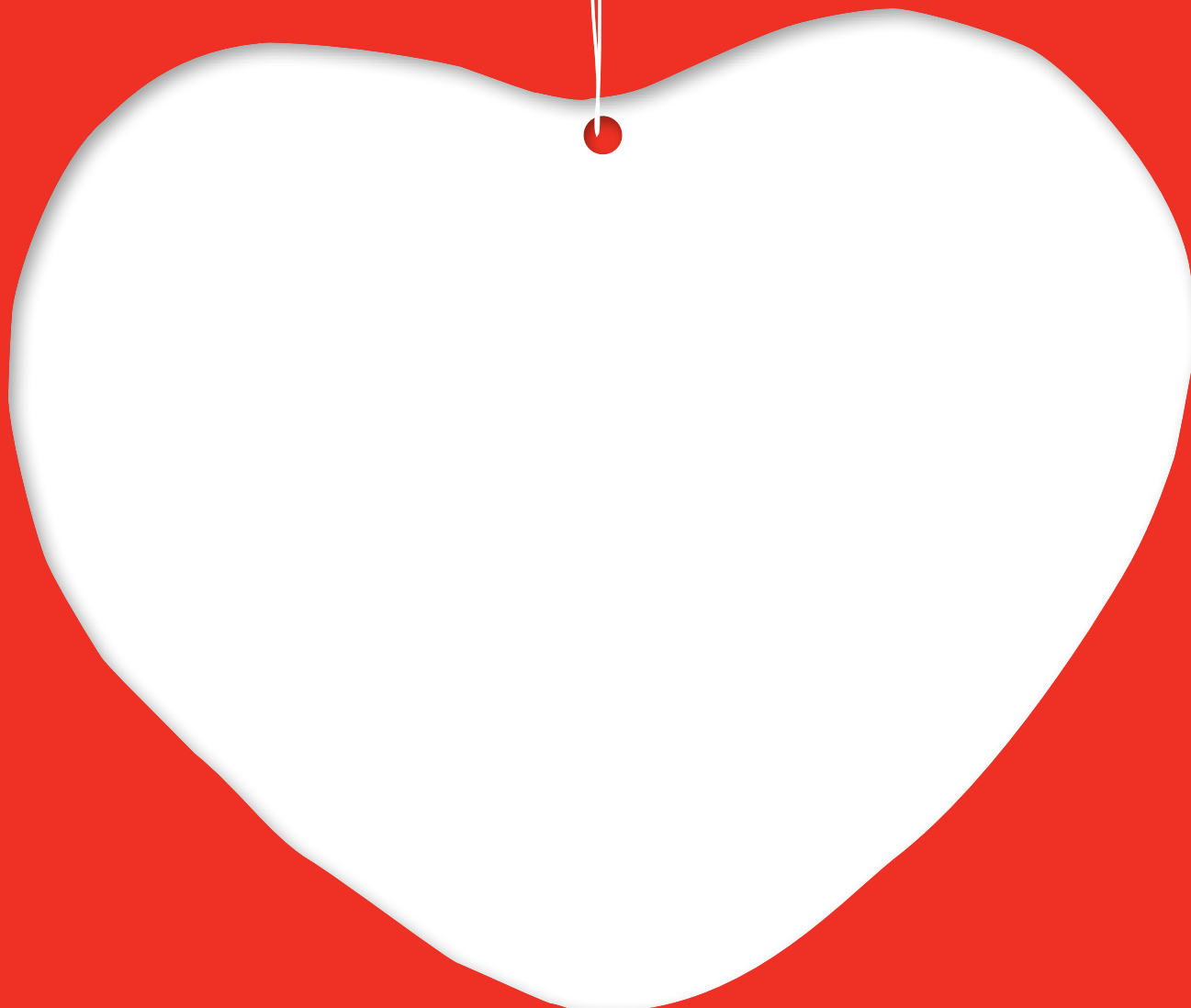
Grant Robison  
*Partner*

Perth

28 February 2014

For heart health information  
1300 36 27 87  
[www.heartfoundation.org.au](http://www.heartfoundation.org.au)

© 2014 National Heart Foundation of Australia  
ABN 99 863 968 377 ISBN 978-1-74345-076-5



## Australian Capital Territory

### Canberra

Unit 1, Level 1, 17-23 Townshend Street  
Phillip ACT 2606  
T: (02) 6282 5744

## New South Wales

### Sydney

Level 3, 80 William Street  
Sydney NSW 2011  
T: (02) 9219 2444

## Northern Territory

### Darwin

Darwin Central Offices  
Level 3, 21 Knuckey Street  
Darwin NT 0800  
T: (08) 8982 2700

## Queensland

### Brisbane

557 Gregory Terrace  
Fortitude Valley QLD 4006  
T: (07) 3872 2500

## South Australia

### Adelaide

155-159 Hutt Street  
Adelaide SA 5000  
T: (08) 8224 2888

## Tasmania

### Hobart

Level 1, 89 Brisbane Street  
Hobart TAS 7000  
T: (03) 6224 2722

## Victoria

### Melbourne

Level 12, 500 Collins Street  
Melbourne VIC 3000  
T: (03) 9329 8511

## Western Australia

### Perth

334 Rokeby Road  
Subiaco WA 6008  
T: (08) 9388 3343