

“ 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
(South Australian Division) Incorporated ABN 70 140 886 652
For the year ended 31 December 2013



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Directors' Report

The Directors present their report together with the financial report of National Heart Foundation of Australia (South Australian Division) Inc ("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:

President	Mr F Lancione LLM, LLB, BA, GDLP
Vice President	Hon J Olsen, AO
Vice President and Honorary Treasurer	Mr T Roberts, FCA
Other Directors appointed by members	Dr M Arstall, MBBS, PhD, FRACP, FCSANZ Professor P E Aylward, MA(Oxon), BM, BCh, PhD, FRCP, FRACP, FACC, FCSANZ (until May 2013) Ms M Field CA, BBus Associate Professor J Knight, FRACS, FRCS(C), FACS Dr P M Steele, MBBS(Hons), FRACP (until May 2013) Mrs Corinne Namblard (from July 2013)
Director appointed by the Cardiac Society of Australia and New Zealand	Associate Professor M Worthley, MBBS, FRACP, PhD

Chief Executive Officer

Dr A Rischbieth PhD, FAICD, FGLF, FACCCN

Honorary solicitors

Finlaysons

Auditors

KPMG

Registered office

155 Hutt Street
Adelaide SA 5000

Directors' Report (continued)

Principal Activities

The principal activities of the Foundation during the year consisted of endeavouring to reduce the incidence of death, disability and suffering caused by diseases of the heart and arteries, through the support of research into the causes and cures of heart disease; the development of policy and programs to improve the prevention of 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.

2013 was another successful year for South Australia with outstanding achievements in cardiovascular health programs research and fundraising. We were pleased to host the Heart Foundation's fourth national conference in Adelaide in May, which attracted 522 delegates. The conference provided an opportunity to value-add to the Heart Foundation's core work, including Government Relations, stakeholder relationships and the diverse aspects of our cardiovascular health work, advocacy and enterprise.

In April we launched 'Healthy By Design' at the SA State Environmental Health Conference. The Heart Foundation SA received the Planning Institute of Australia's 'Presidents Award' for this important collaboration and we now go into the national awards in March 2014.

The SA Division co-facilitated a workshop in Alice Springs that was attended by Aboriginal Health Workers from the Northern Territory and also staff who work in the APY lands. This has opened the door for future initiatives with Nganampa in 2014.

As major supporters of the Heart Foundation in SA, the Ahrens Group teamed up with the Red Cross College to provide subsidies for the purchase of a defibrillator to football and other sporting clubs across South Australia. As part of this project, the Heart Foundation provided Warning Signs material to over 300 clubs across SA which in turn increased our level of community engagement and brand reach.

Adelaide City Council and Mid Murray Council claimed top honours in their divisions for their efforts to rejuvenate local parklands, create accessible spaces and promote the benefits of physical activity.

The South Australian Cardiovascular Research Development Program continued its research funding with over \$900,000 in research grants being distributed to our South Australian Researchers.

In July, Gill Plastow and Donna Kelly set out on a two week walk from Ceduna to Woomera to help raise awareness and much needed funds for the Heart Foundation. They walked over 494 kilometres and arrived at Woomera to celebrate Gill's 70th birthday. Their inspirational journey is dedicated to Gill's youngest son Mark who died of cardiomyopathy at age 15.

Review of Results and Operations for Current Year

Set out below is a comparative table of income and expenditure and assets & liabilities including relevant ratios. Revenue from fundraising in 2013 was \$5.45 million, 7% higher than in 2012. Bequest income in 2013 was \$2.59 million, a decrease of 1% from 2012. Non bequest income was \$2.85 million, up 15% on the prior year. Grants made to the National Heart Foundation of Australia (National) entity totalled \$1.833 million after a net surplus of \$1.769 million. We continued our work on the Championing Hearts Strategic Plan and expenditure on health and research programs as a ratio to total income increased to 62% from 58% in 2012. Fundraising expenditure was 39% of fundraising income which is the same as the prior year.

	2013	2012	2011	2010	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income & Expenditure						
Charitable support – bequests	2,598	2,627	3,709	3,196	2,202	1,558
Charitable support – non-bequests	2,844	2,465	2,471	2,380	2,580	2,533
Fundraising income	5,442	5,092	6,180	5,576	4,782	4,091
Grants for specific health programs	610	834	699	280	137	431
Other income	591	648	749	509	546	360
Total income	6,643	6,574	7,628	6,365	5,465	4,882
Less: Fundraising expenditure	(2,124)	(2,001)	(1,915)	(1,675)	(1,684)	(1,507)
Cost of Goods Sold	(8)	(285)	(248)	(245)	(241)	(238)
Communications & administration	(450)	(459)	(412)	(441)	(350)	(392)
Surplus available for health programs & research	4,061	3,829	5,053	4,004	3,190	2,745
Health programs conducted locally	(2,292)	(2,301)	(2,245)	(1,520)	(1,468)	(1,656)
Contributions to National health programs & research	(1,833)	(1,482)	(2,812)	(2,538)	(1,681)	(978)
Balance added to/(deducted from) equity	(64)	46	(4)	(54)	41	111

Directors' Report (continued)

Ratios	%	%	%	%	%	%
Fundraising expenditure to fundraising income	39%	39%	31%	30%	35%	37%
Surplus from fundraising to fundraising income	61%	61%	69%	70%	65%	63%
Surplus available for health programs & research to total income	61%	58%	66%	63%	58%	56%
Expenditure on health programs and research to total income	62%	58%	66%	64%	58%	54%
Expenditure on health programs and research to total expenditure	62%	58%	66%	63%	58%	55%
Annual increase/(decrease) in expenditure on health programs & research	9%	(25%)	25%	29%	20%	(12%)
	2013	2012	2011	2010	2009	2008
Assets & Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	1,340	1,148	858	551	567	627
Equipment and vehicles	113	142	196	220	253	248
Other assets	150	583	240	480	295	496
Total assets	1,603	1,873	1,294	1,251	1,115	1,371
Total liabilities	(1,147)	(1,354)	(821)	(774)	(585)	(884)
Total equity	456	519	473	477	530	487

State of Affairs

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

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future 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.

Insurance Premiums

Since the end of the previous financial year the National Heart Foundation of Australia has paid insurance premiums on behalf of the Foundation in respect of Directors' and officers' liability and legal expenses' insurance contracts, for 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.

Dated at Adelaide this 7th day of April 2014.

Signed in accordance with a resolution of the Directors.



F Lancione
President



T Roberts
Treasurer

Bequests

The Heart Foundation recognises with deep gratitude the income received during 2013 from the following generous bequests.

Bequests make up a significant portion of the money the Heart Foundation provides annually for vital heart research and health development programs.

Janette Ailion	Graham Hannemann	Rosa Quartuccio
Francis P Armstrong	Raymond R Hean	Stella Raymond
Candido J Artini	John Hindes	Joan Rosevear
Marion Ashby	E M Hooper	Carl H Schiller
Nellie Bagshaw	Sheila A Hope	Roma Scott
Betty Boyce	James Hullock	James I Shackelford
Gwendoline A Carter	Barbara Ide	Melba D Sneath
Harold W Carter	Helen Joannou	Eva Soar
F M Colmer	Madge Kirkpatrick	Susan Stevens
Rosa Cortilis	Maria Kornis	T J Strehlow
Kevin Edis	Shirley G Lane	M D Szecko
Marjory N Edwards	Erwin Mattke	William Tellam
Judith M Fisher	Dulcie McCracken	Winifred Turner
Betty Fry	Helene McElwaine	Alexander Walker
Helen H George	B & E Miers	Archibald Whitman
Shirley Gilboy	Dorothy A Money	Noel Williams
Colin Graefe	John W C Moore	Glen Williams
Roma Ida Grant	Janet Niejalke	Kevern Wood
Martha Gunderson	Alice J Pearce	
Ida Maud Hann	Edna Peek	

Sponsorships

The Heart Foundation gratefully acknowledges the following 2013 sponsors:

Major Sponsors

Ahrens Group Pty Ltd
Aurizon
Curves
Goodlife Health Clubs
Napoleon Perdis
Rebel Sport

Sponsors

Adelaide Cardiology
Blackwell Funerals
Finlaysons
Flinders Cardiac Clinic
National Pharmacies
SA Heart
Work Cover SA
BankSA & Staff Charitable Fund

Major Supporters

Adelaide Bite
Austereo
Beach Energy
Bird in Hand
BUPA
Commonwealth Bank
Corporate Traveller
Deloitte
Diamonds Camera Video and Digital
Dr Jones & Partners Medical Imaging
Great Southern Rail
Hon John Olsen AO
Lyell McEwin Hospital Cardiac Unit
National Australia Bank
Piper Alderman
Premium Fulfilment
SA Power Networks
Southern Critical Care
Veolia
Vero
Viterra
Glencore Grain

Corporate Governance Statement

The Foundation is an incorporated association under the *Associations Incorporation Act 1985*. Ultimate responsibility for governance rests with the Board of Directors (the Board). This corporate governance statement outlines how the Board meets that responsibility. The Board believes the principles of good governance underpin the values and behaviour of the Foundation.

Role of the Board

The Board's primary role is to ensure that the activities of the Foundation are directed towards achieving its mission to reduce suffering and death from heart, stroke and blood vessel disease in Australia. The Board must ensure that this mission is achieved in the most efficient and effective way. The Foundation operates as part of a co-operative federation with the National Heart Foundation of Australia and Divisions in each of the other States and Territories of Australia. Such operations are set out in a *Memorandum of Understanding* ("MOU") between those entities. In terms of the MOU, certain services ("shared services") are conducted by one Division on behalf of the remainder and the cost of carrying out such shared services is reimbursed by the other Divisions. In terms of the MOU, the Foundation, and all other Divisions, make grants to the National Heart Foundation of Australia to fund research and other health programs conducted on a national basis.

New Federation Agreement

The Foundation entered into a new 5 year Federation agreement on the 23rd November 2012. This agreement replaces the existing Memorandum of Understanding and took effect from 1 January 2013. Shared Services which were the responsibility of and hosted by various divisions in the States and Territories will continue to be hosted by those Divisions but will now be the responsibility and under the direct control of the National Heart Foundation of Australia. All costs associated with these renamed "Group Services" will be held and accounted for in the Foundation's accounts unless there is a requirement at law for them to be recognised elsewhere in which case they will be recovered. This change to the operational structure is expected to increase the Foundation's expenditure but be offset by increased contributions from the divisions as their expenditure is reduced. This counterbalancing of expenditure and increased contributions is expected to have a neutral financial effect on the future results of the consolidated entity.

Specific responsibilities of the Board

The Board fulfils its primary role by:

- Governing the operations of the Foundation in accordance with the Rules and objects identified in the Rules.
- Ensuring corporate governance policies and procedures are in place and activated.
- Ensuring that there is an ongoing risk management framework and associated program which identifies and assesses the National and Local Entity principal business risks and ensures systems are in place to mitigate those risks.
- Adopting a strategic plan for the Foundation.
- Ensuring that the Foundation's financial position is preserved and its abilities to meet its debts and other obligations as they fall due are retained.
- Adopting an annual business plan for the performance of the Foundation and monitoring results on a regular basis.
- Adopting clearly defined delegations of authority from the Board to the Chief Executive and other relevant defining matters.
- Agreeing performance indicators with management.
- Ensuring systems are in place to effectively monitor and manage the principal risks to which the Directors and Officers and the Foundation are exposed.
- Determining that the Foundation has adequate reporting systems and internal controls.
- Determining that the Foundation accounts conform with Australian accounting standards and are true and clear.
- Determining satisfactory arrangements for auditing the Foundation's financial affairs and ensuring that the scope of the external audit is adequate.
- Conducting an Annual Review of the performance of the Chief Executive.
- Selecting and where necessary replacing the Chief Executive, determining an appropriate remuneration package and giving guidance on the appointment and remuneration of other senior management.
- Ensuring the Foundation has a policy to communicate effectively with stakeholders and the public generally.
- Adopting a formal process for the selection of new Directors and ensuring adequate information is available regarding proposed new Directors prior to appointment.
- Upholding the federation principles as set out in the MOU.

These responsibilities are set out in the Board of Directors Charter.

Corporate Governance Statement (continued)

Responsibilities of management

The Board has formally delegated responsibility for the day-to-day operations and administration of the Foundation to the Chief Executive.

Board oversight

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; and
- Receiving additional information and input from management when necessary.

Board members

All Board members are independent, non-executive Directors and act in an honorary capacity. The rules of the Foundation specify that the Board consists of no more than 13 Directors including one appointed by the Cardiac Society of Australia and New Zealand (South Australian branch) - ("CSANZ"). 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 and responsibilities appear on page 3. On appointment Board members are informed of their responsibilities and the work of the Heart Foundation in a briefing with the President and Chief Executive. The Executive Committee (consisting of the President and two Vice Presidents) review the Board's performance annually. They also review the memberships' required mix of skills, experience and other qualities annually and consider nominations.

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. The Board Charter describes a code of conduct for Board members.

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.

Directors' Declaration

- 1 In the opinion of the Directors of National Heart Foundation of Australia (South Australian Division) Incorporated (the Foundation):
 - (a) the financial statements and notes, set out on pages 11 to 22, are drawn up so as to present fairly the results and cash flows of the Foundation for the financial year ended 31 December 2013 and the state of affairs of the Foundation as at that date; and
 - (b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.
- 2 During the financial year ended 31 December 2013:
 - (a) no Officer of the Foundation, no firm of which an Officer is a member and no body corporate in which an Officer has a substantial financial interest, has received a benefit as a result of contract between the Officer, firm or body corporate and the Foundation.
 - (b) no Officer of the Foundation has received directly or indirectly from the Foundation any payment of pecuniary value.
- 3 The financial statements have been made out in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the provisions of the Associations Incorporation Act 1985.

Dated at Adelaide this 7th day of April 2014.

Signed in accordance with a resolution of the Board of Directors.



F Lancione
President



T Roberts
Treasurer

Statement of Comprehensive Income

for the year ended 31 December 2013

	Notes	The Foundation	
		2013 \$	2012 \$
Revenue			
Revenue from ordinary activities	4	6,604,935	7,276,644
Total revenue		6,604,935	7,276,644
Expenditure			
Health programs (including those funded by grants)		(2,291,887)	(3,047,113)
Fundraising		(2,123,874)	(2,000,506)
Cost of goods sold	4	(8,618)	(285,258)
Communications and publicity		(247,742)	(227,339)
Administration		(201,803)	(231,689)
Total expenditure		(4,873,924)	(5,791,905)
Finance income		38,139	43,587
Finance costs		-	-
Net finance income/(cost)	6	38,139	43,587
Net surplus		1,769,150	1,528,326
Net Grants to National Heart Foundation of Australia		(1,832,913)	(1,481,880)
Surplus/(Deficit) for the period		(63,763)	46,446
Other comprehensive income for the period		-	-
Total comprehensive (loss)/income for the period		(63,763)	46,446

Statement of Financial Position

for the year ended 31 December 2013

	Notes	The Foundation	
		2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7a	1,339,807	1,147,660
Trade and other receivables	8	149,968	519,622
Inventory		-	32,639
Total current assets		1,489,775	1,699,921
Non-current assets			
Equipment and vehicles	9	113,124	142,537
Investment in equity accounted joint venture	17	-	30,600
Total non-current assets		113,124	173,137
Total assets		1,602,899	1,873,058
Current liabilities			
Trade and other payables	10	453,462	667,532
Unearned income	11	356,890	219,364
Employee benefits	12	325,850	449,676
Total current liabilities		1,136,202	1,336,572
Non-current liabilities			
Employee benefits	12	11,108	17,134
Total non-current liabilities		11,108	17,134
Total liabilities		1,147,310	1,353,706
Net assets		455,589	519,352
Equity			
Accumulated surplus	13	455,589	519,352
Total equity		455,589	519,352

The notes on pages 13 to 22 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2013

	Notes	The Foundation	
		Accumulated surplus \$	Total equity \$
Balance as at 1 January 2012		472,906	472,906
Net surplus from ordinary activities		1,528,326	1,528,326
Net grants to National Heart Foundation of Australia		(1,481,880)	(1,481,880)
Balance as at 31 December 2012	13	519,352	519,352
Balance as at 1 January 2013		519,352	519,352
Net surplus from ordinary activities		1,769,150	1,769,150
Net grants to National Heart Foundation of Australia		(1,832,913)	(1,832,913)
Balance as at 31 December 2013	13	455,589	455,589

Statement of Cash Flows

for the year ended 31 December 2013

	Notes	The Foundation	
		2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts in the course of operations		7,112,115	7,591,233
Cash payments in the course of operations		(5,333,113)	(5,823,341)
Net finance income		38,685	43,587
Net cash from operating activities	7b	1,817,687	1,811,479
Cash flows from investing activities			
Acquisition of property, equipment and vehicles		(5,508)	(12,979)
Proceeds from/(Acquisition of) investment in joint venture		20,000	(75,000)
Net cash used in investing activities		14,492	(87,979)
Cash flows from financing activities			
Net grants made to National Heart Foundation of Australia		(1,640,032)	(1,433,843)
Net cash used in financing activities		(1,640,032)	(1,433,843)
Net increase in cash and cash equivalents		192,147	289,657
Cash and cash equivalents at 1 January		1,147,660	858,003
Cash and cash equivalent at 31 December	7a	1,339,807	1,147,660

The notes on pages 13 to 22 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2013

1 Reporting entity

The National Heart Foundation of Australia (South Australian Division) Inc (the "Foundation") is an association domiciled and incorporated in Australia. The address of the Foundation's registered office is 155 Hutt Street, Adelaide SA 5000. 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, ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Associations Incorporation Act 1985 (as amended).

The financial report was authorised for issue by the directors on _____ day of _____ 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) Change of Accounting Policy AASB119

The Foundation has applied the revised AASB119 (2001) 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 reclassify annual leave into long term employee benefits under the standards new definition, and measure annual leave at an actuarial present value (changed from a discounted value). Refer to note 12 and note 15. There has been no material change in the prior year's remeasurement of annual leave.

(e) Use of estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual costs may differ from these estimates. 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 and in any future periods affected.

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.

3 Significant accounting policies

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

(a) Revenue recognition

(i) Charitable support

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

(ii) Interest revenue

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

(iii) Grants for health programs

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

(iv) Sale of goods

Revenue from the sale of goods is recognised when the risks and rewards of ownership for the goods passes to the customer. 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 and trade discounts.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies (continued)

(v) Services of volunteers

A substantial number of volunteers, including Directors and members of committees, donate a significant amount of their time to the activities of the Foundation. 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) Investments in jointly controlled entities (equity accounted investees)

Jointly controlled entities are those entities over whose activities the Foundation has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs. The financial statements include the Foundation's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Foundation, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Foundation's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Foundation has an obligation or has made payments on behalf of the investee.

(c) Financial instruments

The carrying amounts of cash and cash equivalents, trade receivables and trade payables are assumed to approximate their fair values due to their short term nature.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank accounts and short term deposits maturing within 90 days.

(e) 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.

(f) 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.

(g) Trade and other receivables

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

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Equipment and vehicles

(i) Recognition and measurement

Items of equipment and vehicles are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of equipment or vehicles have different useful lives, they are accounted for as separate items (major components) of equipment and vehicles. The gain or loss on disposal of an item of equipment or vehicles is determined by comparing the proceeds from disposal with the carrying amount of the equipment and vehicles, and is recognised net within other revenue/administration expenditure in profit or loss. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item.

(ii) Subsequent costs

The cost of replacing a component of an item of equipment or vehicles is recognised in the carrying amount of the item if it probable that the future economic benefits embodied within the component will flow to the Foundation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment and vehicles are recognised in profit or loss as incurred.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of equipment and vehicles from the date they are acquired and are ready for use. The estimated useful lives in the current and comparative periods are as follows:

- | | |
|----------------------------------|--------------|
| • leasehold improvements | 10 years |
| • office furniture and equipment | 3 – 10 years |
| • motor vehicles | 6 – 7 years |

Remaining useful lives and the residual values of individual assets, if significant, are reassessed annually.

(j) Leased assets including property and equipment

Leases in terms of which the Foundation assumes substantially all the risks and benefits of ownership are classified as finance leases. A lease asset and a lease liability equal to the lower of its fair value or present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by payments of principal. 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 operating leased assets are not recognised on the Foundation's Statement of Financial Position.

(k) Impairment

The carrying amounts of the Foundation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. Value in use is taken to be the depreciated replacement cost of the asset concerned.

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(l) Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost.

(m) Employee benefits

(i) Wages, salaries and annual leave

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

(ii) Long service leave

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.

(iii) Superannuation

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. Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in profit and loss in the periods 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.

(n) Segment reporting

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies (continued)

(o) Financial risk management

Financial Instruments

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

- credit risk;
- liquidity risk; and
- market risk.

Further details in respect of each of these risks are set out in Note 16 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

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

Economic dependency

National and the state and territory Divisions operate as a co-operative federation. Virtually all revenue from charitable support is received by the Divisions, however, most expenditure on research and certain health programs is spent by National. National relies on net grants from the Divisions to fund its commitments. Such grants are receivable under the terms of a *Memorandum of Understanding* ("MOU") between National and each of the Divisions. The MOU also provides funding to the Foundation in the event that there is insufficient funds internally generated to support an adequate level of working capital to deliver the business plan approved by the Board. The Foundation entered into a new 5 year Federation agreement on the 23rd November 2012. This agreement replaces the existing Memorandum of Understanding and took effect from 1 January 2013. Shared Services which were the responsibility of and hosted by various divisions in the States and Territories will continue to be hosted by those Divisions but will now be the responsibility and under the direct control of the National Heart Foundation of Australia.

(p) New standards and interpretations not yet adopted

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

	The Foundation	
	2013 \$	2012 \$
4 Revenue from operating activities		
Charitable support – bequests	2,598,331	2,626,694
Charitable support – non-bequests	2,843,558	2,464,897
Sale of goods	15,914	424,907
<i>Total revenue from fundraising activities</i>	<u>5,457,803</u>	<u>5,516,498</u>
Grants for specific health programs – Government	609,423	833,871
Other	537,709	926,275
<i>Total revenue from other operating activities</i>	<u>1,147,132</u>	<u>1,760,146</u>
Total revenue from operating activities	<u>6,604,935</u>	<u>7,276,644</u>
Gross profit from sale of goods		
Sales of goods	15,914	424,907
Cost of goods sold	8,618	285,258
<i>Gross Profit</i>	<u>7,296</u>	<u>139,649</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

	The Foundation	
	2013 \$	2012 \$
5 Auditors' remuneration		
KPMG Australia:		
Audit services	17,400	17,400
Other services	–	1,200
	17,400	18,600
6 Finance income and costs		
Interest income	38,139	43,587
Finance income	38,139	43,587
Finance costs	–	–
Net finance income and costs	38,139	43,587
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.03% to 3.81% (2012: 0.035% to 4.25%).	1,339,807	1,147,660
	1,339,807	1,147,660
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 16. The carrying value of cash and cash equivalents is equal to fair value.		
7b Reconciliation of cash flows from operating activities		
Net surplus from ordinary activities	1,769,150	1,528,326
Adjustments for:-		
Depreciation	33,865	46,688
Investments acquired for nil consideration via bequests	(191,824)	(188,340)
Net loss/(gain) on investment in equity accounted joint venture	10,600	44,400
Net loss/(gain) on disposal of equipment and vehicles	0	17,923
Net cash from operating activities before changes in working capital and provisions	1,621,791	1,448,997
(Increase)/decrease in inventory	32,638	(4,737)
(Increase)/decrease in receivables	369,654	(194,177)
Increase/(decrease) in payables	(214,070)	502,561
Increase/(decrease) in grants income deferred	137,526	(14,432)
Increase/(decrease) in employee benefits	(129,852)	73,267
Net cash from operating activities	1,817,687	1,811,479

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

	The Foundation	
	2013 \$	2012 \$
8 Trade and other receivables		
Trade receivables owing by other National Heart Foundation divisions	200	35,433
Trade receivables owing by National Heart Foundation of Australia	101,792	211,408
Other receivables and prepayments	47,976	272,781
	149,968	519,622

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 16.

9 Equipment and vehicles

	Office furniture & equipment \$	Motor vehicles \$	Leasehold improvements \$	Total \$
Cost				
Balance at 1 January 2012	281,928	48,340	74,369	404,637
Acquisitions	12,979	–	–	12,979
Disposals	(46,701)	–	(8,251)	(54,952)
Balance at 31 December 2012	248,206	48,340	66,118	362,664
Balance at 1 January 2013	248,206	48,340	66,118	362,664
Acquisitions	5,387	–	–	5,387
Disposals	(6,167)	–	–	(6,167)
Balance at 31 December 2013	247,425	48,340	66,118	361,883
Depreciation & impairment losses				
Balance at 1 January 2012	137,487	9,854	61,021	208,362
Depreciation charge for the year	33,327	7,277	6,084	46,688
Disposals	(26,673)	–	(8,250)	(34,923)
Balance at 31 December 2012	144,141	17,131	58,855	220,127
Balance at 1 January 2013	144,141	17,131	58,855	220,127
Depreciation charge for the year	24,587	7,277	2,001	33,865
Disposals	(5,233)	–	–	(5,233)
Balance at 31 December 2013	163,495	24,408	60,856	248,759
Carrying amounts				
At 1 January 2012	144,441	38,486	13,348	196,275
At 31 December 2012	104,065	31,209	7,263	142,537
At 1 January 2013	104,065	31,209	7,263	142,537
At 31 December 2013	83,930	23,932	5,262	113,124

	The Foundation	
	2013 \$	2012 \$
10 Trade and other payables		
Trade payables to National Heart Foundation of Australia	35,146	365,820
Trade payables to other National Heart Foundation divisions	–	200
Other payables and accrued expenses	418,316	301,512
	453,462	667,532

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 16.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

	The Foundation	
	2013 \$	2012 \$
11 Unearned Income		
Balance at 1 January	219,364	233,796
Amounts received	764,772	854,203
Amounts recognised as income during the period	(627,246)	(868,635)
Balance at 31 December	356,890	219,364
12 Employee benefits		
Aggregate liability for employee benefits, including oncosts:		
Current – annual leave and that part of long service leave due currently	325,850	449,676
Non-current – long service leave	11,108	17,134
Total employee benefits	336,958	466,810
Personnel expenses:		
Wages and salaries	1,360,712	1,958,623
Contributions to superannuation plans	130,851	188,849
Total personnel expenses	1,491,563	2,147,472
Number of employees at year end (full time equivalents)	18	25
Superannuation		
Superannuation contributions are made by the Foundation in respect of all employees to provide accumulation style benefits only.		
13 Reserves and Equity		
Accumulated surplus	455,589	519,352
Total equity	455,589	519,352

Nature and purpose of reserves

Accumulated surplus

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

14 Operating leases as lessee

There are no non-cancellable operating lease commitments.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

15 Related parties

(a) 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 M Arstall, MBBS, PhD, FRACP
 Professor P E Aylward, MA(Oxon), BM, BCh, PhD, FRCP, FRACP, FACC, FCSANZ (until May 2013)
 Ms M Field CA, BBus
 Associate Professor J Knight, FRACS, FRCS(C), FACS
 Mr F Lancione LLM, LLB, BA, GDLP
 Ms C Namblard (from July 2013)
 Hon J Olsen, AO
 Mr T Roberts, FCA
 Dr P M Steele, MBBS(Hons), FRACP (until May 2013)
 Associate Professor M Worthley, MBBS, FRACP, PhD

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

Executive staff

Dr A Rischbieth – CEO
 Ms A Denton – Director Business Management
 Mr D Johnson – Director Marketing and Business Development (until May 2013)
 Mr S Mosen – Director Marketing and Business Development (from October 2013)
 Mrs W Keech – Director Cardiovascular Health

The compensation of the key management personnel was as follows:

	The Foundation	
	2013	2012
Short term employee benefits	\$ 610,552	\$ 607,898
Other long term benefits	9,578	16,660
Total	620,130	624,558

(b) Other related parties

Classes of other related parties are the National Heart Foundation of Australia ("National") and all other state and territory divisions ("Divisions") and Directors of related parties and their Director-related entities. The Foundation makes grants to the National Heart Foundation of Australia, primarily to fund research and other health programs conducted on an Australia-wide basis. Such grants are payable under the terms of a Memorandum of Understanding 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). The Foundation entered into a new 5 year Federation agreement on the 23rd November 2012. This agreement replaces the existing Memorandum of Understanding and takes effect from 1 January 2013. Shared Services which were the responsibility of and hosted by various divisions in the States and Territories will continue to be hosted by those Divisions but will now be the responsibility and under the direct control of the National Heart Foundation of Australia.

	Net contribution		Net grants paid	
	2013	2012	2013	2012
South Australia	\$ 1,769,150	\$ 1,528,326	\$ 1,832,913	\$ 1,481,880

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

	2013	2012
<i>Contributions received from sale of services</i>		
Divisions	1,172,637	1,609,801
<i>Purchase of services</i>		
Divisions	(3,173,555)	(2,539,309)
<i>Grants for research and other national initiatives</i>		
National	(1,832,913)	(1,481,880)

Amounts receivable and payable to other related parties are shown in Notes 8 & 10 respectively.

Transactions with key management personnel and other related parties were made on terms equivalent to those that prevail in arm's length transactions.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

16 Financial instruments

Exposure to credit, liquidity and market risks arises in the normal course of the Foundation's business.

Credit risk

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

Exposure to credit risk is monitored by management on an ongoing basis. The Foundation does not require collateral in respect of financial assets.

The credit risk relating to the Foundation's financial assets which are recognised in the Statement of Financial Position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments.

At the reporting date there were no significant concentrations of credit risk because the majority of debts are interdivisional. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position as summarised below.

	Notes	2013 \$	2012 \$
Financial assets			
Cash		564,477	1,059,336
Cash call accounts		775,330	88,324
Total cash and cash equivalents	7a	1,339,807	1,147,660
Trade and other receivables	8	188,377	519,622
		1,528,184	1,667,282

Impairment losses

The ageing of the Foundation's trade and other receivables at the reporting date was:

	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not past due	52,382	–	254,050	–
Past due 0-30 days	77,298	–	257,309	–
Past due 31-120 days	20,288	–	8,263	–
	149,968	–	519,622	–

Based on receivables history, the Foundation believes that no impairment allowance is necessary in respect of trade and other receivables not past due.

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 normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

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 \$
Non derivative financial liabilities			
Trade and other payables due and payable within 0-6 months	10	453,462	667,532
		453,462	667,532

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

16 Financial instruments (continued)

Interest rate risk

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

The Foundation's exposure to interest rate risk is its exposure to changes in interest rates on its cash deposits and is controlled by ensuring that cash securities are limited to short dated bank bills no longer than 90 days. Investments in short-term receivables and payables are not exposed to interest rate risk.

The exposure to interest rate risks for financial assets and financial liabilities at the reporting date are shown in the *Sensitivity Disclosure Analysis*.

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 profit or loss by the amounts shown below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis for 2012.

Sensitivity Disclosure Analysis

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

A parallel shift of +1%/-1% in market interest rates (AUD) from year end rates of 4.25%

Interest rate risk

	2013					2012				
	Carrying Amount	-1%		+1%		Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Variable rate instruments										
Cash at bank	61,724	(617)	(617)	617	617	531,836	(5,318)	(5,318)	5,318	5,318
Cash call accounts	775,330	(7,753)	(7,753)	7,753	7,753	88,324	(883)	(883)	883	883
Total increase (decrease)	837,054	(8,370)	(8,370)	8,370	8,370	620,160	(6,201)	(6,201)	6,201	6,201

17 Investments in equity accounted joint venture

On 27 March 2012, the Foundation entered into an agreement with three other South Australian charities to create a fund raising entity, SEERM Pty Ltd, which established a fund raising event called 'Go The Distance'. The Foundation contributed \$75,000, representing 25% ownership, and account for this investment under the equity method.

As at 31 December 2013, the joint venture has been wound up and there are no residual net assets (2012: \$30,600). The Foundation's share of losses in its equity accounting investment for the year was \$10,600 (2012: \$44,400). The Foundation is only liable under the joint venture agreement to pay a separate and distinct proportion of any joint venture liability equal to the Foundation's interest in the joint venture.

18 Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future financial years.



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

We have audited the accompanying financial report of National Heart Foundation of Australia (South Australian Division) Incorporated ("the Association"), 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 18 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 Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1985* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation 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 Association'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 Association'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 Incorporations Act 1985* and Australian Accounting Standards requirements, a view which is consistent with our understanding of the Association'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

Charitable support (non-bequest) revenue is a significant source of revenue for National Heart Foundation of Australia (South Australian Division) Incorporated. National Heart Foundation of Australia (South Australian Division) Incorporated has determined that it is impractical to establish controls over the collection of charitable support (non-bequest) 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 charitable support (non-bequest) revenue has to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion as to whether the charitable support (non-bequest) revenue that National Heart Foundation of Australia (South Australian Division) Incorporated obtained is complete.

Qualified auditor's opinion

In our opinion, except for the possible effects of the matter described in the Basis of qualified auditor's opinion paragraph, the financial report of National Heart Foundation of Australia (South Australian Division) Incorporated is properly drawn up so as to present fairly, in all material respects, the financial position of the Association as at 31 December 2013 and its performance and its cashflows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporations Act 1985*.

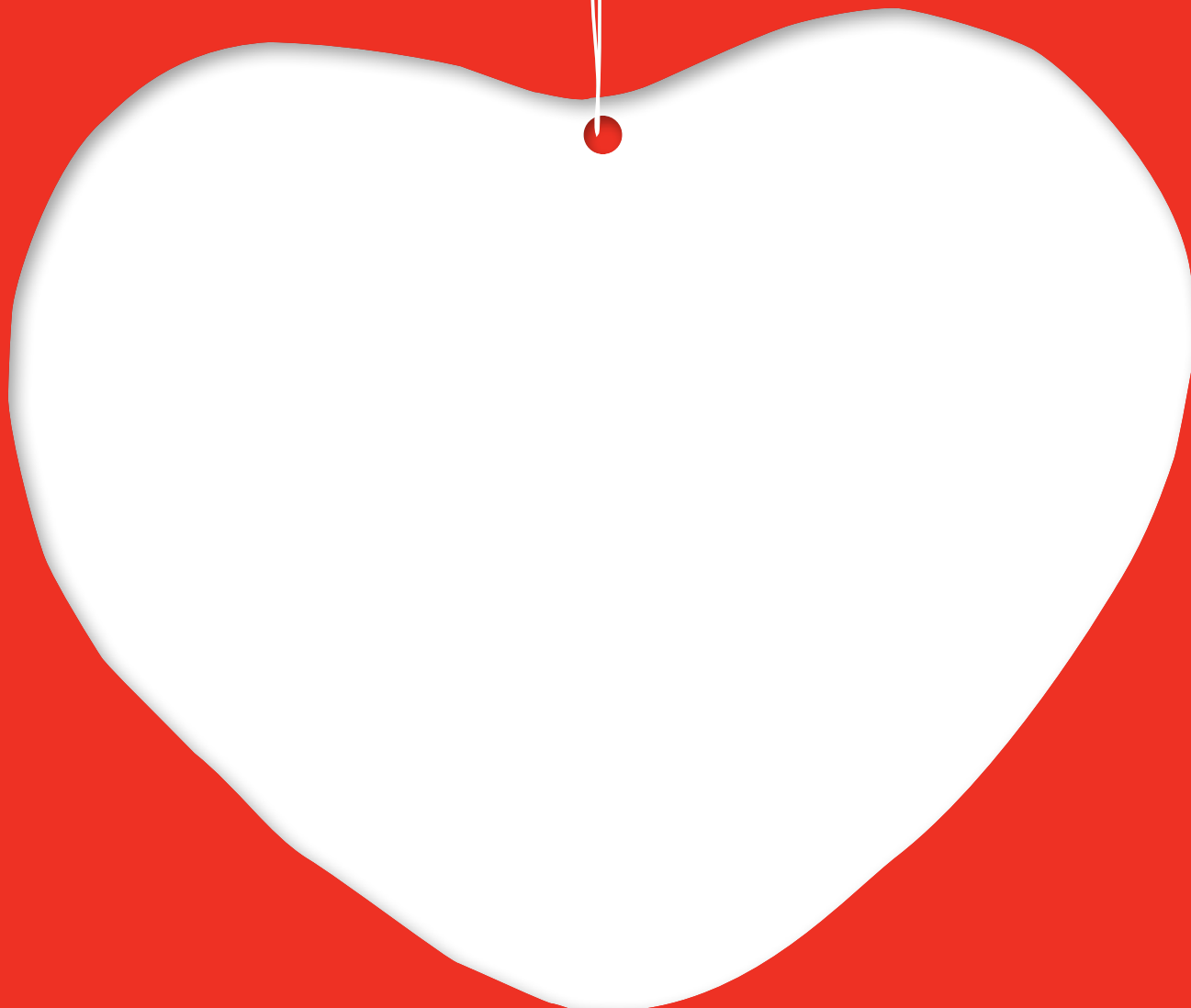

KPMG


Darren Ball
Partner

Adelaide
7 April 2014

For heart health information
1300 36 27 87
www.heartfoundation.org.au

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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