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Directors and Office Bearers

Patron
His Excellency Rear Admiral the Honourable Kevin Scarce AC
CSC RANR (to 1 September 2014)
His Excellency the Honourable Hieu Van Le AO
Governor of South Australia (from 1 September 2014)

Board of Directors

President
Mr F Lancione LLM, LLB, BA, GDLP

Vice President
Hon J Olsen, AO (to 19 May 2014)
Ms M Field, CA, BBus (from 19 May 2014)

Vice President and Treasurer
Mr T M Roberts FCA, IPAA, FAICD, SAFIN, FGLF

Directors
Dr M Arstall, MBBS, PhD, FRACP, FCSAZ
Associate Professor J Knight, FRACS, FRCS(C), FACS
Mrs Corinne Namblard

Representative of the Cardiac Society of Australia and New Zealand
Associate Professor M Worthley, MBBS, FRACP, PhD

Members at Large
Mr R H Allert
Prof P E Aylward
Mr B J Carter
Dr R J Craig
Ms J Grieve
Dr P Hetzel
Mr R D Hastwell
Dr L Mahar
Dr B McRitchie
Dr J F Sangster
Dr P Steele
Mr C B Taylor

Chief Executive Officer
Dr A Rischbieth PhD, FAICD, FGLF, FACCCN

Public Officer
Ms A M Denton BBus

Solicitors
Finlaysons

Auditors
KPMG

Registered Office
155 Hutt Street, Adelaide, South Australia, 5000

Preferred Postal Address
PO Box 7174, Hutt Street, Adelaide, South Australia, 5000

The notes on pages 14-27 are an integral part of these financial statements
Directors’ Report
for the year ended 31 December 2014

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (South Australian Division) Inc (“the Foundation”) for the year ended 31 December 2014 and auditors’ report thereon.

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

<table>
<thead>
<tr>
<th>Name and qualifications</th>
<th>Experience and special responsibilities</th>
<th>Board Meetings Attended &amp; held #</th>
<th>Appointment and resignation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Frank Lancione LLM, LLB, BA, GDLP</td>
<td>Solicitor for more than 28 years and is active in Corporate Governance, Private Wealth Management, Dispute Resolution and Corporate Recovery. He is President of the Heart Foundation in South Australia and sits on the National Heart Foundation of Australia Board and National Audit and Governance Committee.</td>
<td>6/6</td>
<td>Appointed September 2004</td>
</tr>
<tr>
<td>Mr Todd Roberts FCA, IPA, MAICD, SAFIN, FGLF</td>
<td>A Corporate banker with the Commonwealth Bank of Australia and has been a Chartered Accountant for over 14 years. Holds a number of Community positions and sits on the National Heart Foundation of Australia Board as Treasurer.</td>
<td>6/6</td>
<td>Appointed May 2010</td>
</tr>
<tr>
<td>Ms Megan Field CA, BBus</td>
<td>A partner in Deloitte Tax Services with over 20 years business experience. Her corporate tax experience includes advising Australian Subsidiaries of multinationals, listed Australian corporations, as well as family-owned organisations.</td>
<td>4/6</td>
<td>Appointed May 2010</td>
</tr>
<tr>
<td>Dr Margaret Arstall MBBS, PhD, FRACP, FCSANZ</td>
<td>Director of Cardiology at the Northern Adelaide Local Health Network and Associate Professor with the University of Adelaide. Established an academic cardiology unit at NALHN with a strong emphasis on evidence-based systems of care, teaching and research. Her research interests include heart disease in women and heart failure management.</td>
<td>3/6</td>
<td>Appointed May 2003</td>
</tr>
<tr>
<td>Associate Professor John Knight, FRACS, FRCSC(C), FACS</td>
<td>A cardiothoracic surgeon and previous head of Cardiothoracic Surgery and Cardiac Services, Flinders Medical Centre. Widely published regarding a variety of cardiac surgical issues, he is a past president of the Australasian Society of Cardiothoracic Surgery, and International Society for Minimally Invasive Cardiothoracic Surgery.</td>
<td>5/6</td>
<td>Appointed May 2000</td>
</tr>
<tr>
<td>Corinne Nambard</td>
<td>Investment Banking and Private Equity background, CEO of Infra &amp; P.E Advisory. Member of UNISA Council. Former Chair of the UN PPP Alliance, Expert on Infrastructure Finance for the European Commission. Former Board Member of Flinders Ports, Qantas Airways, Codan Ltd and South Australian Economic Development Board.</td>
<td>4/6</td>
<td>Appointed July 2013</td>
</tr>
<tr>
<td>Associate Professor Matthew Worthley, MBSS, FRACP, PhD, FCSANZ, FACC</td>
<td>Interventional Cardiologist at the Royal Adelaide Hospital and The University of Adelaide. Currently holds a 5 year practitioner fellowship administered by the South Australian government and supervises many research students in the area of vascular dynamic function.</td>
<td>5/6</td>
<td>Appointed May 2011</td>
</tr>
</tbody>
</table>

The notes on pages 14-27 are an integral part of these financial statements
Directors' Report (continued)
for the year ended 31 December 2014

Corporate Governance Statement
The Foundation is an incorporated association under the Associations Incorporations Act 1985. Ultimate responsibility for the governance of the Foundation 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 base.

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

Specific responsibilities of the Board
The Board fulfills 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 all relevant legislation and regulations
- Acting as an advocate for the Foundation whenever and wherever necessary
These responsibilities are set out in a Corporate Governance Framework, including a Board Charter.

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

Board members
All Board members are independent, non-executive directors and act in an honorary capacity. The Rules of the Foundation specify that the Board consists of no more than 12 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. 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.

The notes on pages 14-27 are an integral part of these financial statements
Directors' Report (continued)
for the year ended 31 December 2014

PRINCIPAL ACTIVITIES AND ACHIEVEMENT OF OBJECTIVES

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

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan “For All Hearts”

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

> Healthy hearts
> Heart care
> Health equity
> Research

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

Performance Measures and Key Achievements in 2014

The Foundation has a process for measuring its performance and regular reports are provided to the Board on the following key results areas:
> Finance and Operations
> Fundraising and Donor Engagement
> Research
> Community Engagement and Awareness

Some key achievements against some of these performance measures included significant increases in:
> personal relevance of the 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.

Our Business Development work included:
- Launching the highly successful new initiative “Lock in the Love” - a 10 metre art installation that encouraged members of the public to lock a message on the installation and share the images with friends via social media. Results have been extremely positive with donations, sponsorship and in-kind support exceeding $200,000,000 income plus a record media and social media audience.
- Development of a new Major Giving project called “One Percent for Heart” enabling individuals to donate one percent of their salary annually with 100% of the donation going solely to heart research and education.
- Successful donor and community relations regional events in Mount Gambier, Port Lincoln and the Barossa promoting warning signs of a heart attack and a presentation on the latest heart research from a leading South Australian Cardiologist and Researcher.
- Engaging the research and corporate sectors through the Paint the Town Red Ball.
- Receiving over $3.5 million in bequests from many wonderful South Australian supporters.
- The generosity of our wonderful South Australian donors delivered over $2.4 million in non-bequest income, through a range of initiatives.

Our life-saving Cardiovascular Health work included:
- Undertaking partnership activities with nine key organisations, positioned to lead change in the primary care sector.
- Absolute Risk of Cardiovascular Disease assessment was a focus in 2014 with 1,100 assessments undertaken including the engagement of an Influential Absolute Risk GP Ambassador.
- Educating the community with 15 heart education events, developing and distributing 15 articles, reports and communiques.
- Engaging our Ambassador network of 1,231 primary care professionals.
- Over 9,124 heart patients received our Heart Foundation ‘My Heart My Life’ education books following their heart event.
- Award winning reports – ‘Healthy By Design SA’ received a UCIA National Award. We also launched and disseminated a Heart Foundation NSW/SA collaboration report – “Does Density Matter”.
- Leading SA Researchers received $1.2 million in Heart Foundation funding across 17 research projects.
- Our Reconciliation Action Plan (RAP) was launched August.

Reputation and Relevance results
- SA contributed 13% of the total media reach nationally for 2014.
- Brand continues to be strong and relevant to the community of South Australia

The notes on pages 14-27 are an integral part of these financial statements
Directors’ Report (continued)
for the year ended 31 December 2014

Review of Results and Operations for Current Year
Set out below is a comparative table of income and expenditure and assets and liabilities including relevant ratios.
Revenue from fundraising was $6,081 million, 12% higher than 2013. Bequest income in 2014 was $3,509 million, 35% higher than 2013. Non bequest income was $2,572 million, 9% down on 2013. Grants made to the National Heart Foundation of Australia (National) entity totalled $2,650 million, 44% up on 2013. This was after a net surplus before transfers of $5,096 million, up 25% on 2013. Our fundraising expenditure as a percentage of income was 32% which was a decrease on prior year. Total expenditure on health programs and research was 23%, up significantly on 2013.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable support - bequests</td>
<td>3,509</td>
<td>2,598</td>
<td>2,627</td>
<td>3,709</td>
<td>3,196</td>
</tr>
<tr>
<td>Charitable support - non-bequests</td>
<td>2,572</td>
<td>2,844</td>
<td>2,465</td>
<td>2,471</td>
<td>2,380</td>
</tr>
<tr>
<td><strong>Fundraising income</strong></td>
<td>6,081</td>
<td>5,442</td>
<td>5,092</td>
<td>6,180</td>
<td>5,576</td>
</tr>
<tr>
<td>Grants for specific health programs</td>
<td>666</td>
<td>610</td>
<td>834</td>
<td>699</td>
<td>280</td>
</tr>
<tr>
<td>Other income</td>
<td>771</td>
<td>691</td>
<td>648</td>
<td>749</td>
<td>509</td>
</tr>
<tr>
<td><strong>Total cash income</strong></td>
<td>7,518</td>
<td>6,643</td>
<td>6,574</td>
<td>7,628</td>
<td>6,365</td>
</tr>
<tr>
<td>Restatement of investments to fair value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>7,518</td>
<td>6,643</td>
<td>6,574</td>
<td>7,628</td>
<td>6,365</td>
</tr>
<tr>
<td>Less: Fundraising expenditure</td>
<td>(1,819)</td>
<td>(2,124)</td>
<td>(2,001)</td>
<td>(1,815)</td>
<td>(1,875)</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(4)</td>
<td>(8)</td>
<td>(285)</td>
<td>(248)</td>
<td>(245)</td>
</tr>
<tr>
<td>Communications &amp; administration</td>
<td>(499)</td>
<td>(450)</td>
<td>(489)</td>
<td>(412)</td>
<td>(441)</td>
</tr>
<tr>
<td><strong>Surplus available for health programs &amp; research</strong></td>
<td>5,096</td>
<td>4,061</td>
<td>3,829</td>
<td>5,053</td>
<td>4,004</td>
</tr>
<tr>
<td>Health programs conducted locally</td>
<td>(2,405)</td>
<td>(2,292)</td>
<td>(2,301)</td>
<td>(2,245)</td>
<td>(1,520)</td>
</tr>
<tr>
<td>Contributions to National health programs &amp; research</td>
<td>(2,650)</td>
<td>(1,833)</td>
<td>(1,482)</td>
<td>(2,812)</td>
<td>(2,536)</td>
</tr>
<tr>
<td><strong>Balance added to (deducted from) equity</strong></td>
<td>41</td>
<td>64</td>
<td>46</td>
<td>4</td>
<td>(54)</td>
</tr>
<tr>
<td>Ratios:</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Fundraising expenditure to fundraising income</td>
<td>32%</td>
<td>33%</td>
<td>39%</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>Surplus from fundraising to fundraising income</td>
<td>68%</td>
<td>61%</td>
<td>61%</td>
<td>69%</td>
<td>70%</td>
</tr>
<tr>
<td>Surplus available for health programs &amp; research to total income</td>
<td>68%</td>
<td>61%</td>
<td>58%</td>
<td>66%</td>
<td>63%</td>
</tr>
<tr>
<td>Expenditure on health programs and research to total income</td>
<td>67%</td>
<td>62%</td>
<td>58%</td>
<td>66%</td>
<td>64%</td>
</tr>
<tr>
<td>Expenditure on health programs and research to total expenditure</td>
<td>68%</td>
<td>62%</td>
<td>58%</td>
<td>66%</td>
<td>63%</td>
</tr>
<tr>
<td>Annual increase in expenditure on health programs &amp; research</td>
<td>23%</td>
<td>9%</td>
<td>(29%)</td>
<td>25%</td>
<td>29%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets &amp; Liabilities</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Investments</strong></td>
<td>1,049</td>
<td>1,340</td>
<td>1,148</td>
<td>858</td>
<td>551</td>
</tr>
<tr>
<td>Computers, cars &amp; equipment</td>
<td>106</td>
<td>113</td>
<td>142</td>
<td>196</td>
<td>220</td>
</tr>
<tr>
<td>Other assets</td>
<td>111</td>
<td>150</td>
<td>583</td>
<td>240</td>
<td>480</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,266</td>
<td>1,603</td>
<td>1,873</td>
<td>1,294</td>
<td>1,251</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>(770)</td>
<td>(1,147)</td>
<td>(1,354)</td>
<td>(821)</td>
<td>(774)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>496</td>
<td>456</td>
<td>519</td>
<td>473</td>
<td>477</td>
</tr>
</tbody>
</table>

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 Entity.

Environmental Regulation
The Foundation’s operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However the Directors believe that the Foundation has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Foundation.

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

The notes on pages 14-27 are an integral part of these financial statements
Directors’ Report (continued)
for the year ended 31 December 2014

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 declaration
The lead auditor’s independence declaration is set out on page 8 and forms part of the directors’ report for financial year 2014.

Signed in accordance with a resolution of the Directors

Mr Frank Lancione
President

Mr Todd Roberts
Vice President/Treasurer

Dated at Adelaide this 13th day of April 2015
Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of the National Heart Foundation of Australia (South Australian Division) Incorporated.

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

(i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

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

KPMG

Darren Ball
Partner

Adelaide

12th April 2015
Directors' Declaration
for the year ended 31 December 2014

In the opinion of the directors of National Heart Foundation of Australia (South Australian Division) Inc. ("the Foundation"):

(a) The financial statements and Notes, set out on pages 14-27, are in accordance with the Associations Incorporation Act 1985 (as amended) and the Australian Charities and Not-For-Profits Commission Act 2012, including:

(i) presents fairly the Foundation's financial position as at 31 December 2014 and of their performance for the financial year ended on that date; and
(ii) complying with Australian Accounting Standards, the Associations Incorporation Act 1985 (as amended) and the Australian Charities and Not-For-Profits Regulations 2013; and

(b) There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Mr Frank Lancione
President

Mr Todd Roberts
Vice President/Treasurer

Dated at Adelaide this 13th day of April 2015
Bequests
for the year ended 31 December 2014

Ruby Anderson
Candido Artini
Nellie Bagshaw
C J Barnard
William H Blake
Max Bohm
William Bramall
Eirene Bridgman
Kathleen Builder
Gwendoline A Carter
Briony Carter
F M Colmer
Vida Curtin
Anna Damjanovic
M N Edwards
Nellie Elvey
Brian Ewart
Judith Fisher
Betty Fry
Anne Guayas
Roma Grant
Jean Guiver
Ida Maud Hann
J A Harris
Yvonne Hazell
Kewn Hennig
John Hindes
E M Hooper
Sheila Hope
Roger Jones
Fay Kinnear
Shirley Lane
Max Lawton
Tom Liddemore
Marjorie Lines
Colin McBean
Dulcie McCracken
Kathleen McGrath
Marjorie Michael
Alice Michaelides
B & E Miers
Dorothy Money
Graham Nancarrow
Muriel Pearce
Stella Raymond
Robert Reid
Hazel Sambell
James Shackleford
Erna Sharp
Herta Simonitsch
Mabel Todd
Wynice Turk
Franciscus Van Brakel
Archibald Whitman
Erica Williams
Glen Williams
Haydn Wills
T C Wollaston

The notes on pages 14-27 are an integral part of these financial statements
Sponsorships
for the year ended 31 December 2014

The Heart Foundation gratefully acknowledges the following sponsors:

MAJOR SPONSORS
Ahrens Group Pty Ltd
Aurizon
BUPA
Curves
Goodlife Health Clubs
Medibank Community Fund
Napoleon Perdis
Rebel Sport

SPONSORS
Adelaide Cardiology
BankSA & Staff Charitable Fund
Beach Energy
Dr Jones & Partners Medical Imaging
Federation Centres - Colonnades
Finlaysons
Gerard McCabe
Giant Cycles
Heart & Vascular Institute Flinders Cardiac
Langmeil Barossa Winery
National Pharmacies
Nikon
Northern Adelaide Medicare Local
SAFM
SA Heart
SA Power Networks
Sandisk
Stratco
Telstra
The Advertiser/Sunday Mail

MAJOR SUPPORTERS
Adelaide Bite
Adelaide Oval
Auslec Electrical
Blackwell Funerals
City of Holdfast Bay
Commonwealth Bank
Corporate Traveller
Deloitte
Diamonds Camera Video and Digital
Duxton Asset Management
Garden of Unearthly Delights
Hon John Olsen AO
Lietzke Doors
Lyell McEwIn Hospital Cardiac Unit
National Australia Bank
Ed and Julie Peter
Piper Alderman
Premium Fulfilment
Rodd & Gunn Clothing
SKYCITY
Rundle Mall Management
SAB Video Productions
Staging Connections
VELO City Global 2014
VIP Home Services
Viterra – Glencore Grain

The notes on pages 14-27 are an integral part of these financial statements

11
Statement of Surplus or Deficit and Other Comprehensive Income
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from operating activities</td>
<td>7,482,382</td>
<td>6,604,935</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td>7,482,382</td>
<td>6,604,935</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain/(loss) on sale of property, plant and equipment</td>
<td>1,421</td>
<td>0</td>
</tr>
<tr>
<td>Research</td>
<td>(1,241,622)</td>
<td>(1,009,864)</td>
</tr>
<tr>
<td>Health programs (including those funded by grants)</td>
<td>(1,163,207)</td>
<td>(1,282,023)</td>
</tr>
<tr>
<td>Fundraising</td>
<td>(1,919,562)</td>
<td>(2,123,874)</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(3,620)</td>
<td>(8,618)</td>
</tr>
<tr>
<td>Communications and publicity</td>
<td>(280,111)</td>
<td>(247,742)</td>
</tr>
<tr>
<td>Administration</td>
<td>(220,849)</td>
<td>(201,803)</td>
</tr>
<tr>
<td>Results from Operating activities</td>
<td>2,654,732</td>
<td>1,731,011</td>
</tr>
<tr>
<td>Finance income</td>
<td>36,460</td>
<td>38,139</td>
</tr>
<tr>
<td>Finance costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Finance income/(cost)</td>
<td>36,460</td>
<td>38,139</td>
</tr>
<tr>
<td>Net Surplus/(deficit)</td>
<td>2,691,192</td>
<td>1,769,150</td>
</tr>
<tr>
<td>Net Grants to National Heart Foundation of Australia</td>
<td>(2,650,630)</td>
<td>(1,832,913)</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year before tax</td>
<td>40,562</td>
<td>(63,763)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year after tax</td>
<td>40,562</td>
<td>(63,763)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>40,562</td>
<td>(63,763)</td>
</tr>
</tbody>
</table>

Statement of Financial Position
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>972,014</td>
<td>1,339,807</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>111,244</td>
<td>149,968</td>
</tr>
<tr>
<td>Investments</td>
<td>76,994</td>
<td>0</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,160,252</td>
<td>1,489,775</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant, equipment and vehicles</td>
<td>105,856</td>
<td>113,124</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>105,856</td>
<td>113,124</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,266,108</td>
<td>1,602,899</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>176,315</td>
<td>453,462</td>
</tr>
<tr>
<td>Grants income deferred</td>
<td>307,871</td>
<td>366,890</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>276,196</td>
<td>325,850</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>760,382</td>
<td>1,136,202</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>9,575</td>
<td>11,108</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>9,575</td>
<td>11,108</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>769,957</td>
<td>1,147,310</td>
</tr>
<tr>
<td>Net assets</td>
<td>496,151</td>
<td>455,589</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>496,151</td>
<td>455,589</td>
</tr>
<tr>
<td>Total equity</td>
<td>496,151</td>
<td>455,589</td>
</tr>
</tbody>
</table>

The notes on pages 14-27 are an integral part of these financial statements
Statement of Changes in Equity
as at 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of Equity as at 1 January</td>
<td>$455,589</td>
<td>$519,352</td>
</tr>
<tr>
<td>Comprehensive income for the period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$40,562</td>
<td>($63,763)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>$40,562</td>
<td>$455,589</td>
</tr>
<tr>
<td>Balance of Equity as at 31 December</td>
<td>$496,151</td>
<td>$455,589</td>
</tr>
</tbody>
</table>

Statement of Cash Flows
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts in the course of operations</td>
<td>5,719,905</td>
<td>7,112,115</td>
</tr>
<tr>
<td>Cash payments in the course of operations</td>
<td>(3,821,994)</td>
<td>(5,333,113)</td>
</tr>
<tr>
<td>Net grants made to National Heart Foundation of Australia</td>
<td>(2,278,436)</td>
<td>(1,640,032)</td>
</tr>
<tr>
<td>Net financial income</td>
<td>36,460</td>
<td>38,685</td>
</tr>
<tr>
<td>Net cash from/(used in) operating activities</td>
<td>(344,065)</td>
<td>177,655</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of equipment and vehicles</td>
<td>16,250</td>
<td>0</td>
</tr>
<tr>
<td>Acquisition of equipment and vehicles</td>
<td>(39,978)</td>
<td>(5,508)</td>
</tr>
<tr>
<td>Acquisition of investments</td>
<td>0</td>
<td>20,000</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>(23,728)</td>
<td>14,492</td>
</tr>
</tbody>
</table>

| Net cash from financing activities   | 0      | 0      |
| Net increase in cash and cash equivalents | (367,793) | 192,147 |
| Cash and cash equivalents at 1 January | 1,339,807 | 1,147,660 |
| Cash and cash equivalents at 31 December | $972,014 | $1,339,807 |

The notes on pages 14-27 are an integral part of these financial statements
Notes to the Financial Statements
for the year ended 31 December 2014

1 Reporting entity
The National Heart Foundation of Australia (South Australian Division) Inc (the "Foundation") (ABN: 70 140 886 652) is an association domiciled and incorporated in Australia. The address of the Foundation's registered office is 155 Hutt Street, Adelaide, 5000. The Foundation is a not for profit charity, registered under the Australian Charities and Not-For-Profits Commission, devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

2 Basis of preparation
(a) Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB’s) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Associations Incorporations Act 1985 (as amended), and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the directors on 13 April 2015.

(b) Basis of measurement
The financial report is prepared on the historical cost basis except for any equity instruments the Foundation may hold which will be measured at fair value.

(c) Functional and presentation currency
The financial report is presented in Australian dollars, which is the Foundation's functional currency.

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

Significant accounting judgments
(i) 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(h). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to Note 13.

(ii) Valuation of investments
Investments in any listed securities are classified as fair value through other comprehensive income and movements in fair value are recognised directly in equity. The fair value of listed securities has been determined by reference to published price quotations in an active market.

(e) Changes in accounting policies
Except for the changes below, the Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.
The Foundation has early adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 2014.

The Foundation early adopted AASB 9 Financial Instruments with a date of initial application of 1 January 2014. AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The impact of the adoption of this standard is not considered to be material to the financial statements.
3 Significant accounting policies
The accounting policies set out below have been applied consistently to all periods presented in this financial report.

(a) Revenue recognition
(i) Charitable support
Revenue is received from appeals, donations, fundraising events and bequests and is brought to account on a cash received basis. When assets, such as investments or properties, are received from a bequest or donation, an asset is recognised, at fair value, when the Foundation gains control of such assets and the value of the asset can be reliably measured.
(ii) Interest and dividend revenue
Interest revenue is recognised as it accrues on a daily basis. Dividend revenue is recognised when the right to receive payment is established. Where dividends are franked the dividend is recognised inclusive of imputation credits, which are refunded by the ATO.
(iii) Grants for health programs and research (deferred income)
Grants received for specific health programs or research are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as grant income deferred as recognised in Note 12. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body. Where the terms of the grant do not stipulate that unexpended funds are to be returned to the funding body they are recognised as revenue once all agreed project outcomes and specified work has been completed.
(iv) Sale of goods
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Revenue from the sale of goods is recognised when control of the goods passes to the customer.
(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 South Australia also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. The Foundation's door knock program successfully recruited many volunteers to collect funds in 2014. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(b) 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 falls under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.
3 Significant accounting policies (continued)

(d) Equipment and vehicles
(i) Recognition and measurement
Items of equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to Note 3(g)(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 equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive income.
(ii) Depreciation
Depreciation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of property, equipment and vehicles from the date they are acquired and are ready for use. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

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

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

(e) Non-derivative financial assets
The Foundation's investments in equity securities are classified as financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised as a separate component of equity. Fair value is determined based on quoted market prices of equity securities. When an investment is derecognised or impaired, the cumulative gain or loss in equity is never reclassified to surplus or deficit. Dividends earned from such investments are recognised in surplus or deficit unless the dividends clearly represent a repayment for part of the costs of the investment.

Cash and cash equivalents
Cash and cash equivalents comprise cash, bank accounts and short term deposits maturing within 90 days. 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 3(g)(i).

(f) Non-derivative financial liabilities
Financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Foundation classifies all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise trade and other payables that are stated at cost, this being equivalent to fair value.

(g) 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 by the Foundation on terms that the Foundation 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 or Deficit. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

3 Significant accounting policies (continued)

(g) Impairment
(ii) Non-financial assets
The carrying amounts of non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any objective evidence that they are impaired. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss for an individual asset measured under the cost model is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income, whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income to the extent that an impairment loss was previously recognised in the Statement of Surplus or Deficit and Other Comprehensive Income. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). Impairment losses are recognised in Surplus or Deficit. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.
(iii) Calculation of recoverable amount
The recoverable amount of assets is the greater of their net selling price and value in use. As the future economic benefits of the asset are not primarily dependent on the asset’s ability to generate cash inflows, value in use is the depreciated replacement cost of the asset concerned.

(h) Employee Benefits
(i) Short term benefits
The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees’ services provided up to reporting date, that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at discounted amounts, for those not expected to be settled within 12 months, based on wage and salary rates, including related on-costs, which the Foundation expects to pay at each reporting date.
(ii) Long term benefits
The provision for employee entitlements to annual leave and long service leave represent obligations resulting from employees’ services provided up to reporting date, that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at actuarial present values based on wage and salary rates, including related on-costs, which the Foundation expects to pay at each reporting date using:
> assumed rate of future increases in wage and salary rates: 2014: 2.0% (2013: 2.0%)
> discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2014: 3.32% (2013: 4.23%)
> expected settlement dates for annual leave: 2014: 2 years (2013: 2 years)
> expected settlement dates for long service leave based on turnover history: 2014: 15 years (2013: 15 years)
(iii) Defined contribution plans
A defined contribution superannuation plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Superannuation contributions are made by the Foundation in respect of all employees to provide accumulation style benefits only. Obligations for contributions to defined contribution superannuation plans are recognised as a personnel expense in the Statement of Surplus or Deficit and Other 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.

(i) Segment reporting
The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment South Australia.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

3 Significant accounting policies (continued)

(j) Finance income
Finance income comprises interest income, recognised as it accrues on a daily basis.

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

Capital management
The Board's policy is to maintain a strong capital base so as to maintain supporter, donor, creditor and market confidence and to sustain future development of the 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
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 Foundation 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 2014, and have not been applied in preparing these financial statements. The standards and interpretations relevant to the Foundation that have not been early adopted are:
> AASB 15 Revenue from Contracts with Customers – applicable for annual reporting periods on or after 1 July 2017
The Foundation expects to adopt these standards and interpretations in subsequent financial years, however, the Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(m) Determination of fair values
A number of the Foundation's accounting policies and disclosures required the determination of fair value. Fair Values have been determined for measurement and/or disclosure purposes based on the following methods:
(i) Equity and debt securities
The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th>4 Revenue from operating activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable support - bequests</td>
<td>3,509,010</td>
<td>2,598,331</td>
</tr>
<tr>
<td>Charitable support - non-bequests</td>
<td>2,564,525</td>
<td>2,843,558</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>7,368</td>
<td>15,914</td>
</tr>
<tr>
<td><strong>Total revenue from fundraising activities</strong></td>
<td>6,080,903</td>
<td>5,457,803</td>
</tr>
<tr>
<td>Grants for specific health programs - Government</td>
<td>664,424</td>
<td>609,423</td>
</tr>
<tr>
<td>Grants for specific health programs and research - other</td>
<td>2,000</td>
<td>17,687</td>
</tr>
<tr>
<td>Other</td>
<td>735,055</td>
<td>520,022</td>
</tr>
<tr>
<td><strong>Total revenue from other operating activities</strong></td>
<td>1,401,479</td>
<td>1,147,132</td>
</tr>
<tr>
<td><strong>Total revenue from operating activities</strong></td>
<td>7,482,382</td>
<td>6,604,935</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5 Auditors' remuneration</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG Australia: Audit services</td>
<td>21,700</td>
<td>17,400</td>
</tr>
<tr>
<td>KPMG Australia: Other services</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,700</td>
<td>17,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6 Finance income and costs</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recognised in Surplus/(Deficit)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>36,460</td>
<td>38,139</td>
</tr>
<tr>
<td>Finance Income</td>
<td>36,460</td>
<td>38,139</td>
</tr>
<tr>
<td>Impairment/ realised loss on trade receivables</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Finance costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net finance income and costs recognised in Surplus/(Deficit)</td>
<td>36,460</td>
<td>38,139</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7a Cash and cash equivalents</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.03% to 3.26% (2013: 0.03% to 3.81%)</td>
<td>972,014</td>
<td>1,339,807</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>972,014</td>
<td>1,339,807</td>
</tr>
</tbody>
</table>

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 18.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7b Reconciliation of cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net surplus / (deficit) from ordinary activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net surplus / (deficit) from ordinary activities</td>
<td>40,562</td>
<td>1,769,150</td>
</tr>
<tr>
<td>Adjustments for:-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation/Amortisation</td>
<td>32,418</td>
<td>33,865</td>
</tr>
<tr>
<td>Investments acquired for nil consideration via bequests</td>
<td>(76,994)</td>
<td>(191,824)</td>
</tr>
<tr>
<td>Net loss/(gain) on investment inequity accounted</td>
<td>0</td>
<td>10,600</td>
</tr>
<tr>
<td>joint venture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss/(gain) on disposal of equipment and vehicles</td>
<td>(1,421)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net cash from operating activities before changes in working capital and provisions</strong></td>
<td>(5,434)</td>
<td>1,621,791</td>
</tr>
<tr>
<td>(Increase)/decrease in receivables</td>
<td>38,722</td>
<td>369,654</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>0</td>
<td>32,638</td>
</tr>
<tr>
<td>Increase/(decrease) in payables</td>
<td>(287,147)</td>
<td>(214,070)</td>
</tr>
<tr>
<td>Increase/(decrease) in grants income deferred</td>
<td>(39,019)</td>
<td>137,526</td>
</tr>
<tr>
<td>Increase/(decrease) in employee benefits</td>
<td>(51,186)</td>
<td>(129,852)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>(344,065)</td>
<td>1,817,687</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8 Trade and other receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables owing by other National Heart Foundation divisions</td>
<td>46,033</td>
<td>97,875</td>
</tr>
<tr>
<td>Trade receivables owing by National Heart Foundation of Australia (National)</td>
<td>3,410</td>
<td>4,117</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
<td>61,801</td>
<td>47,976</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111,244</td>
<td>149,968</td>
</tr>
</tbody>
</table>

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 are disclosed in Note 18.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9 Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholdings</td>
<td>76,994</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>76,994</td>
<td>0</td>
</tr>
</tbody>
</table>

The carrying value of investments is equal to fair value. The Foundation's exposure to interest rate risk and equity price risk are disclosed in note 18.
## Notes to the Financial Statements (continued)

for the year ended 31 December 2014

### 10 Property, equipment and vehicles

<table>
<thead>
<tr>
<th></th>
<th>Leasedhold improvements</th>
<th>Office furniture &amp; equipment</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2013</td>
<td>66,118</td>
<td>248,206</td>
<td>48,340</td>
<td>362,664</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>0</td>
<td>5,387</td>
<td>0</td>
<td>5,387</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>(6,167)</td>
<td>0</td>
<td>(6,167)</td>
</tr>
<tr>
<td>Balance at 31 December 2013</td>
<td>66,118</td>
<td>247,425</td>
<td>48,340</td>
<td>361,883</td>
</tr>
<tr>
<td>Balance at 1 January 2014</td>
<td>66,118</td>
<td>247,425</td>
<td>48,340</td>
<td>361,883</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>0</td>
<td>39,978</td>
<td>0</td>
<td>39,978</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>(630)</td>
<td>(27,922)</td>
<td>(28,552)</td>
</tr>
<tr>
<td>Balance at 31 December 2014</td>
<td>66,118</td>
<td>286,773</td>
<td>20,418</td>
<td>373,309</td>
</tr>
</tbody>
</table>

### Depreciation & Impairment losses

<table>
<thead>
<tr>
<th></th>
<th>Leasedhold improvements</th>
<th>Office furniture &amp; equipment</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2013</td>
<td>58,855</td>
<td>144,141</td>
<td>17,131</td>
<td>220,127</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>2,001</td>
<td>24,587</td>
<td>7,277</td>
<td>33,865</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>(5,233)</td>
<td>0</td>
<td>(5,233)</td>
</tr>
<tr>
<td>Balance at 31 December 2013</td>
<td>60,856</td>
<td>163,495</td>
<td>24,408</td>
<td>248,759</td>
</tr>
<tr>
<td>Balance at 1 January 2014</td>
<td>60,856</td>
<td>163,495</td>
<td>24,408</td>
<td>248,759</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>1,275</td>
<td>27,055</td>
<td>4,090</td>
<td>32,420</td>
</tr>
<tr>
<td>Disposals</td>
<td>0</td>
<td>(630)</td>
<td>(13,093)</td>
<td>(13,723)</td>
</tr>
<tr>
<td>Balance at 31 December 2014</td>
<td>62,131</td>
<td>189,920</td>
<td>15,405</td>
<td>267,456</td>
</tr>
</tbody>
</table>

### Carrying amounts

<table>
<thead>
<tr>
<th></th>
<th>Leasedhold improvements</th>
<th>Office furniture &amp; equipment</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2013</td>
<td>7,263</td>
<td>104,065</td>
<td>31,209</td>
<td>142,537</td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>5,262</td>
<td>83,930</td>
<td>23,932</td>
<td>113,124</td>
</tr>
<tr>
<td>At 1 January 2014</td>
<td>5,262</td>
<td>83,930</td>
<td>23,932</td>
<td>113,124</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>3,987</td>
<td>96,853</td>
<td>5,013</td>
<td>105,853</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements (continued)
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>11 Trade and other payables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables to National Heart Foundation of Australia</td>
<td>92,070</td>
<td>313,384</td>
</tr>
<tr>
<td>Trade payables to other National Heart Foundation divisions</td>
<td>0</td>
<td>35,146</td>
</tr>
<tr>
<td>Other payables and accrued expenses</td>
<td>84,245</td>
<td>104,932</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>178,315</td>
<td>453,462</td>
</tr>
</tbody>
</table>

The carrying value of trade and other payables is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relates to trade and other payables is disclosed in note 18.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12 Grants income deferred</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 January</td>
<td>356,890</td>
<td>219,364</td>
</tr>
<tr>
<td>Amounts received</td>
<td>617,405</td>
<td>764,772</td>
</tr>
<tr>
<td>Income taken to revenue</td>
<td>(666,424)</td>
<td>(627,246)</td>
</tr>
<tr>
<td><strong>Balance at 31 December</strong></td>
<td>307,871</td>
<td>356,890</td>
</tr>
</tbody>
</table>

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 18.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>13 Employee benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregate liability for employee benefits including oncosts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current - long service leave and annual leave</td>
<td>276,196</td>
<td>325,850</td>
</tr>
<tr>
<td>Non-current - long service leave</td>
<td>9,575</td>
<td>11,108</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td>285,771</td>
<td>336,958</td>
</tr>
<tr>
<td><strong>Personnel expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>1,378,145</td>
<td>1,360,712</td>
</tr>
<tr>
<td>Contributions to superannuation plans</td>
<td>140,002</td>
<td>130,851</td>
</tr>
<tr>
<td><strong>Total personnel expenses</strong></td>
<td>1,518,147</td>
<td>1,491,563</td>
</tr>
<tr>
<td>Number of employees at year end (full time equivalents)</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>14 Reserves and Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained Earnings at beginning of year</td>
<td>455,589</td>
<td>519,351</td>
</tr>
<tr>
<td><strong>Total Equity at beginning of year</strong></td>
<td>455,589</td>
<td>519,351</td>
</tr>
<tr>
<td>Operating Surplus/(deficit)</td>
<td>2,691,192</td>
<td>1,769,151</td>
</tr>
<tr>
<td>Net Grants to National Heart Foundation of Australia</td>
<td>(2,650,630)</td>
<td>(1,832,913)</td>
</tr>
<tr>
<td><strong>Total Equity at end of year</strong></td>
<td>496,151</td>
<td>455,589</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

Nature and purpose of reserves

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

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

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

Assets held in trust

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances brought forward</td>
<td>$233,782</td>
<td>$226,136</td>
</tr>
<tr>
<td>Interest and capital sums received</td>
<td>$80,660</td>
<td>$13,646</td>
</tr>
<tr>
<td>Expenditure</td>
<td>$(54,471)</td>
<td>$(6,000)</td>
</tr>
<tr>
<td>Balances carried forward</td>
<td>$259,971</td>
<td>$233,782</td>
</tr>
</tbody>
</table>

16 Related parties

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

Non executive directors
Dr M Arstall, MBBS, PhD, FRACP, FCSAZ
Ms M Field, CA, BBus
Associate Professor J Knight, FRACS, FRCS(C), FACS
Mr F Lancione LLM, LLB, BA, GDLP
Mrs Corinne Namblard
Hon J Olsen, AO (to May 2014)
Mr T M Roberts FCA, IPAA, FAICD, SAFIN, FGLF
Associate Professor M Worthley, MBBS, FRACP, PhD

Non executive directors did not receive any remuneration from the Foundation during the current financial year. Apart from details disclosed in this Note, no director has entered into a material contract with the Foundation or any Division since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

Executive Staff
Dr A Rischbieth – Chief Executive
Ms A Denton – Director Business Management
Mr S Mosen – Director Marketing and Business Development
Mrs W Keech – Director Cardiovascular Health (to May 2014)
Ms R McKay – Director of Health (from November 2014)

The compensation of key management personnel
was as follows:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term employee benefits</td>
<td>555,394</td>
<td>610,552</td>
</tr>
<tr>
<td>Other long term benefits</td>
<td>6,172</td>
<td>9,578</td>
</tr>
<tr>
<td>Total</td>
<td>561,566</td>
<td>620,130</td>
</tr>
</tbody>
</table>

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 the National Heart Foundation of Australia ("National") to the Foundation. Net Grants made by the Foundation to National were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Surplus/(Deficit)</td>
<td>$40,562</td>
<td>($63,763)</td>
</tr>
<tr>
<td>Contributions received from sale of services</td>
<td>1,359,720</td>
<td>1,172,637</td>
</tr>
<tr>
<td>Contributions paid for purchase of services</td>
<td>2,610,692</td>
<td>(3,173,555)</td>
</tr>
<tr>
<td>Grants for research and other national initiatives</td>
<td>(2,650,630)</td>
<td>(1,832,913)</td>
</tr>
</tbody>
</table>

Amounts receivable and payable to non-director related parties are shown in note 11.

17 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.

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

Credit risk
Credit risk is the risk of financial loss to the Foundation and/or Divisions if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's

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

18 Financial instruments (continued)

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

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

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Notes</th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash *</td>
<td></td>
<td>272,050</td>
<td>564,477</td>
</tr>
<tr>
<td>Short term deposits</td>
<td></td>
<td>699,964</td>
<td>775,330</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>7a</td>
<td>972,014</td>
<td>1,339,807</td>
</tr>
<tr>
<td>Trade and other receivables *</td>
<td>8</td>
<td>111,244</td>
<td>149,968</td>
</tr>
<tr>
<td>Investments - listed shares *</td>
<td>9</td>
<td>76,994</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,160,252</td>
<td>1,489,775</td>
</tr>
</tbody>
</table>

* Financial assets held at cost/amortised cost
Financial assets held at fair value through other comprehensive income

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not past due</td>
<td>111,244</td>
<td>-</td>
<td>52,382</td>
<td>-</td>
</tr>
<tr>
<td>Past due 0-30 days</td>
<td>-</td>
<td>-</td>
<td>77,298</td>
<td>-</td>
</tr>
<tr>
<td>Past due 31-120 days</td>
<td>-</td>
<td>-</td>
<td>20,288</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>111,244</td>
<td>-</td>
<td>149,968</td>
<td>-</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Non derivative financial liabilities</th>
<th>Notes</th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>11</td>
<td>176,315</td>
<td>453,462</td>
</tr>
<tr>
<td>Grants income deferred</td>
<td>12</td>
<td>307,971</td>
<td>356,890</td>
</tr>
<tr>
<td></td>
<td></td>
<td>484,286</td>
<td>810,352</td>
</tr>
</tbody>
</table>

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

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

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 27.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

18 Financial instruments (continued)

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 27. The analysis is performed on the same basis as that used in 2013.

Cash flow sensitivity analysis for variable rate instruments
A change of 1% in interest rates at the reporting date would have increased/(decreased) equity and surplus/(deficit) by the amounts shown in the Sensitivity Analysis Disclosure. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2013.

Other market price risk
Equity price risk arises from any fair value equity securities held by the Foundation as part of managing the investment of available funds. Equity securities are designated at fair value through other comprehensive income and their performance is actively monitored and managed on a fair value basis. There would be no impact on surplus/(deficit) due to valuation changes as the resultant gain or loss is recognised directly in other comprehensive income.

Fair value sensitivity analysis - listed shares
A change of 10% in market price at the reporting date would have increased/(decreased) equity by the amounts shown below in the Sensitivity Analysis Disclosure on page 27. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2013.

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

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

The Foundation’s objective is to manage operational risk so as to prevent financial losses and damage to the Foundation’s reputation. The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management of the Foundation. This responsibility is supported by the development of overall guidelines for the management of risk in the following areas:
- requirements for appropriate segregation of duties including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced and adequacy of controls and procedures
- to address the risks identified
- development of contingency plans
- ethical and high level business standards
- risk mitigation including insurance

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

Sensitivity Analysis Disclosure
The Foundation’s financial instruments subject to changes in market prices include cash and cash equivalents, comprising of cash at bank, cash call accounts and term deposits. Based on historic movements and volatilities in these market variables, and management’s knowledge and experience of the financial markets, the Foundation believes the following movements are ‘reasonably possible’ over a 12 month period:
- A parallel shift of +1%/−1% in market interest rates (AUD) from year end rates of 3%
- Proportional other market price risk movement of equity securities listed on the ASX index of +10%−10%
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

18 Financial instruments (continued)

<table>
<thead>
<tr>
<th>Interest rate risk</th>
<th>Carrying Amount/ Face Value</th>
<th>Surplus/ (Deficit)</th>
<th>Surplus/ (Deficit)</th>
<th>Carrying Amount/ Market Price</th>
<th>Surplus/ (Deficit)</th>
<th>Surplus/ (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td>2014</td>
<td>2013</td>
<td>-1%</td>
<td>+1%</td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td></td>
<td>Surplus/ (Deficit)</td>
<td>Equity</td>
<td>Surplus/ (Deficit)</td>
<td>Equity</td>
<td>Surplus/ (Deficit)</td>
<td>Equity</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>272,050</td>
<td>(2,721)</td>
<td>2,721</td>
<td>564,477</td>
<td>(5,645)</td>
<td>5,645</td>
</tr>
<tr>
<td>Short term deposits</td>
<td>699,964</td>
<td>(7,000)</td>
<td>7,000</td>
<td>775,330</td>
<td>(7,753)</td>
<td>7,753</td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>(9,721)</td>
<td>(9,721)</td>
<td>9,721</td>
<td>9,721</td>
<td>(13,398)</td>
<td>(13,398)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other market price risk</th>
<th>Carrying Amount/ Face Value</th>
<th>Surplus/ (Deficit)</th>
<th>Surplus/ (Deficit)</th>
<th>Carrying Amount/ Market Price</th>
<th>Surplus/ (Deficit)</th>
<th>Surplus/ (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td>2013</td>
<td>-10%</td>
<td>+10%</td>
<td>-10%</td>
<td>+1%</td>
<td></td>
</tr>
<tr>
<td>Investments - listed shares</td>
<td>76,994</td>
<td>0</td>
<td>(7,699)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>0</td>
<td>(7,699)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as:
- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

<table>
<thead>
<tr>
<th>Date</th>
<th>Notes</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-December-2013</td>
<td>Fair Value</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>31-December-2014</td>
<td>Fair Value</td>
<td>76,995</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>76,995</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Independent auditor’s report to the members of the National Heart Foundation of Australia (South Australian Division) Incorporated

We have audited the accompanying financial report of the National Heart Foundation of Australia (South Australian Division) Incorporated ("the Association"), which comprises the Statement of Financial Position as at 31 December 2014, the Statement of Surplus or Deficit and Other 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 of the Association.

This audit report has also been prepared for the members of the Association in pursuant to Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC) and the Associations Incorporation Act 1985 (as amended).

Directors’ responsibility for the financial report

The Directors of the Association are responsible for the preparation of the financial report that presents fairly in accordance with Australian Accounting Standards, the ACNC and the Associations Incorporation Act 1985 (as amended). The Directors’ responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that is fairly presented and 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 of the financial report that is fairly presented 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 Australian Accounting Standards, the ACNC and the Associations Incorporation Act 1985 (as amended), 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 qualified audit opinion.
Independence

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Basis for qualified auditor's opinion

Charitable support (non-bequest) revenue is a significant source of fundraising revenue for the National Heart Foundation of Australia (South Australian Division) Incorporated. The National Heart Foundation of Australia (South Australian Division) Incorporated has determined that it is impracticable 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 fundraising revenue from this source was limited, our audit procedures with respect to charitable support (non-bequest) revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable support (non-bequest) revenue that the National Heart Foundation of Australia (South Australian Division) Incorporated reported in the accompanying financial report is complete.

Auditor's opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of the National Heart Foundation of Australia (South Australian Division) Incorporated is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 1985 (as amended) including:

(a) presents fairly in all material respects the Association’s financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.

KPMG

Darren Ball
Partner

Adelaide

13th April 2015