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Directors and Office Bearers

Patron
Her Excellency The Governor of Western Australia
Kerry Sanderson AO

Board of Directors

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

Vice President
Ms E Frankish BAgrSc (Hons) FAIFST MASM MIAFP
Mr I Rowe MA (Hons) Psychology (from April 2014)

Honorary Treasurer
Mr G Robson BCom MEc ACA FFSIA ATIA

Honorary Secretary
Mr J Busch PSM BA (Hons) MArts Dip Prof Coaching FAIM (to April 2014)
Mr A Raiter B Juris, LLB, GAICD (from June 2014)

Other Directors appointed by Members
Dr M Ammerer MBBS FRACP
Mr W Ford
Ms L Nelson BCom, MAppEp
Prof I Puddey MBBS FRACP MD
Dr R Weerasooriya MBBS BMedSc FRACP
Dr L Wood BCom (Hons) PGradDip Health Promotion PhD

Directors appointed by the Cardiac Society of Australia and New Zealand
Dr J O’Shea MBBS (WA), MRCP (UK), FRACP
Dr R Weerasooriya MBBS BMedSc FRACP

Senior Staff

Chief Executive
Mr M Swanson BSc GradDip Nutrition & Dietetics GradDipHlthSci MPH

Director, Cardiovascular Health Programs
Mr T Shilton BEd GradDipHlthSci MHP FAHPA

Director, Finance, HR and Administration
Ms J Bolton BCom MBA (Dist) CPA MAICD

Director, Fundraising
Ms W Mathews BBus EMFIA

Solicitors
Norton Rose

Auditors
KPMG Australia

Registered Office
334 Rokeby Road, Subiaco WA 6008

Preferred Postal Address
PO Box 1133, Subiaco WA 6904
The directors present their report together with the financial report of National Heart Foundation of Australia (Western Australian Division) (“the Foundation”) for the year ended 31 December 2014 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:

<table>
<thead>
<tr>
<th>Name and qualifications</th>
<th>Experience and special responsibilities</th>
<th>Meetings held and attended #</th>
<th>Appointment and resignation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr M Ammerer MBBS FRACP</td>
<td>General and Interventional Cardiologist with Western Cardiology. Extensive experience in acute coronary care, outpatient cardiology management and cardiac rehabilitation. Fellowships with the Brigham and Women’s Hospital (Harvard Medical School) and the Royal Australasian College of Physicians.</td>
<td>6 held 3 attended</td>
<td>Appointed June 2005</td>
</tr>
<tr>
<td>Mr J Busch PCC PSM BA (Hons) MArts FAIM</td>
<td>Leadership Coach and retired Public Servant with over 30 years experience in the WA Public Sector. Wide experience as a member of Government, not for profit and community Boards and Committees.</td>
<td>2 held 1 attended</td>
<td>Appointed June 1998 Resigned April 2014</td>
</tr>
<tr>
<td>Ms E Frankish BAgrSc (Hons) FAIFST MASM MIAFP</td>
<td>Consultant Food Microbiologist with 30 years experience in broad range of food science and environmental microbiology in government and private enterprise in Tasmania, NSW and Western Australia. Twelve years managing own diagnostic consulting laboratory. Wide committee experience including executive positions.</td>
<td>6 held 4 attended</td>
<td>Appointed December 2009</td>
</tr>
<tr>
<td>Dr J O’Shea MBBS (WA) MRCP (UK) FRACP</td>
<td>Consultant Cardiologist at Fremantle Hospital and in private practice at St John of God Hospital, Murdoch. Broad interest in diagnosis and management of heart disease.</td>
<td>6 held 6 attended</td>
<td>Appointed August 2002</td>
</tr>
<tr>
<td>Prof Ian Puddey MBBS FRACP MD</td>
<td>Winthrop Professor, Dean of the Faculty of Medicine and Dentistry, University of Western Australia from 2005 to present. Graduated from the Medical School of UWA in 1975. Doctorate in Medicine in 1985. Senior Lecturer in Medicine at UWA in 1990. Worked for Johns Hopkins University in Baltimore in 1996 pursuing his cardiovascular research interests. Inaugural Head of the School of Medicine and Pharmacology at the University of Western Australia from 2002 to 2004.</td>
<td>6 held 3 attended</td>
<td>Appointed April 2011</td>
</tr>
<tr>
<td>Mr Andrew Raiter B Juris, LLB, GAICD</td>
<td>Group Legal Counsel at HBF with 26 years experience as a lawyer in both private practice and in house roles, in commerce, banking and finance. Expertise in board support and secretarial functions in not for profit organisations and a graduate of the AICD.</td>
<td>6 held 5 attended</td>
<td>Appointed June 2011</td>
</tr>
<tr>
<td>Mr G Robson BCom MEc FACA FFSIA</td>
<td>Partner in Sharyn Long Chartered Accountants. Lectured in accounting and finance for the University of Western Australia, RMIT and the Financial Services Institute of Australasia. Held senior executive positions in banking institutions and public companies. Chairman of the Heart Foundation's Investment Committee since 2009.</td>
<td>6 held 5 attended</td>
<td>Appointed June 2005</td>
</tr>
<tr>
<td>Mr Iain Rowe MA (Hons) Psychology</td>
<td>Marketing Consultant, having held a number of senior executive roles in leading Perth Advertising Agencies. Extensive experience in Health and other social marketing campaigns. Member of the National Heart Foundation Marketing Advisory Panel.</td>
<td>6 held 6 attended</td>
<td>Appointed April 2010</td>
</tr>
</tbody>
</table>
### Directors' Report (continued)

**for the year ended 31 December 2014**

<table>
<thead>
<tr>
<th>Director Name</th>
<th>Role and Experience</th>
<th>Meetings Held</th>
<th>Appointed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr R Weerasooriya MBBS BMedSc FRACP GAICD</td>
<td>Consultant Cardiologist and Cardiac Electrophysiologist at Royal Perth Hospital since 2003. Clinical Professor of Medicine at the University of Western Australia. Board member of RPH Medical Research Foundation.</td>
<td>6 held 3 attended</td>
<td>February 2007</td>
</tr>
<tr>
<td>Dr L Wood BCom (Hons) GradDip Health Promotion PhD</td>
<td>Research Fellow with the Centre for the Built Environment and Health, School of Population Health, The University of Western Australia; health promotion consultant. Commenced as Chair of the Heart Foundation (WA) Cardiovascular Health Program Committee in October 2007.</td>
<td>6 held 4 attended</td>
<td>August 2007</td>
</tr>
<tr>
<td>Ms L Nelson BCom, MAppEp</td>
<td>Director of Indigenous Banking Solution for WA with Westpac Bank. Lesley has over 25 years experience in Aboriginal health. Current member on the Cardiovascular Health Network Executive Advisory group.</td>
<td>6 held 2 attended</td>
<td>October 2012</td>
</tr>
<tr>
<td>Mr Warren Ford</td>
<td>Warren Ford is the Deputy Managing Director &amp; Director of Projects for Apache Energy Limited, an Australian subsidiary of Houston based Apache Corporation. Mr Ford is a Board Member of the Australian Petroleum Production and Exploration Association (APPEA), the peak national body representing Australia’s oil and gas exploration and production industry. Mr Ford is a member of the Society of Petroleum Engineers, Petroleum Club of WA and the Australian Institute of Company Directors.</td>
<td>6 held 4 attended</td>
<td>December 2013</td>
</tr>
</tbody>
</table>

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

### Meetings of Board Committees

There were five Executive Committee Meetings held in 2014.
Directors’ Report (continued)  
for the year ended 31 December 2014

Corporate Governance Statement

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

Role of the Board

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

Federation Agreement

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

Oversight by the Board

The Board oversees and monitors the performance of management by:
- Meeting six times during the year
- Receiving detailed financial and other reports from management at those meetings
- Receiving additional information and input from management when necessary
- Assigning to the Cardiovascular Health Advisory Committee; the National Finance Advisory Committee; and the Audit, Governance and Ethics Committee responsibility to oversee particular aspects of the operations and administration of the Foundation.

Specific responsibilities of the Board

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

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

Responsibilities of management

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

Board members

All Board members are independent, non-executive directors and act in an honorary capacity. The Constitution of the Foundation specifies:
- There must be no less than six and no more than 13 directors, of whom up to four may be appointed by the Cardiac Society of Australia and New Zealand (WA branch) - (“CSANZ”)
- No employees of the Foundation, including the Chief Executive, can be a director of the Foundation
- Directors, other than those appointed by CSANZ, are re-appointed annually

Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board’s qualifications, skills, experience and responsibilities appear on page 4 and 5.

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

Risk management

The Board oversees the establishment, implementation and regular review of the risk management system of the Foundation, which is designed to protect its reputation and manage those risks that might preclude it from achieving its mission. Management is responsible for establishing and implementing the risk management system which assesses, monitors and manages operational, financial reporting and compliance risks. The financial statements of the Foundation are subject to independent, external audit. Guidelines for internal controls have been adopted and compliance is reviewed every second year by independent staff from another Division.
Ethical standards and code of conduct
Board members, all staff and volunteers are expected to comply with relevant laws and codes of conduct of relevant professional bodies, and to act with integrity, compassion, fairness and honesty at all times when dealing with colleagues and any stakeholders in the mission of the Foundation. Board members, all staff and volunteers are provided with a copy of the Foundation's Code of Conduct policy during their induction to the organisation.

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

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

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

> Healthy hearts
> Heart care
> Health equity
> Research

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

Performance Measures and Key Achievements in 2014
The Foundation has a process for measuring its performance and regular reports are provided to the Board on the following key results areas:

> Finance and Operations
> Fundraising and Donor Engagement
> Research
> Community Engagement and Awareness

Some key achievements against some of these performance measures included significant increases in:

> personal relevance of the Heart Foundation to Australians aged 30 - 65
> the Foundation’s effectiveness in raising the community’s awareness/knowledge of heart health;
> awareness of heart disease as a leading cause of death for Australian women;
> unprompted awareness of the Tick brand;
> awareness of risk factors by women; and
> awareness of atypical heart attack symptoms.

Review of Results and Operations for Current Year
Total revenue from operating activities was 6.3% lower ($881,537) compared to last year. Revenue from fundraising activities was 26% lower than last year due to decreases in bequest income and direct mail income received. Bequest income was below the historical average annual donation, and this source of income continues to vary from year to year as evident between 2013 ($2,260,537) and 2014 ($799,029). Revenue from other operating activities was 15% higher than last year due to receiving further funding grants from Department of Health to conduct the Healthy Lifestyle Promotion Service and the Healthier Workplace Support Service.

Total operating expenditure was 4% higher ($501,401) compared to last year due to activity conducted on the Healthy Lifestyle Promotion Service and the Healthier Workplace Support Service campaigns.

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

A comprehensive discussion about the activities of the Foundation and the Federation can be found in the 2014 Annual Review.
Review of Results and Operations for Past Five Years

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

Charitable support from the general public continued to be strong in 2014 although bequest income fluctuates from year to year. Income from non-bequest fundraising is obtained in an increasingly competitive charity climate. Fluctuations in the fundraising costs can sometimes occur when new funding initiatives are at a development stage and the benefits only become evident in the following year.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable support - bequests</td>
<td>799,029</td>
<td>2,260,537</td>
<td>1,162,616</td>
<td>1,209,698</td>
<td>364,447</td>
</tr>
<tr>
<td>Charitable support - non-bequests</td>
<td>4,572,939</td>
<td>5,007,363</td>
<td>4,678,045</td>
<td>4,704,437</td>
<td>2,985,035</td>
</tr>
<tr>
<td>Fundraising income</td>
<td>5,371,968</td>
<td>7,267,901</td>
<td>5,840,661</td>
<td>5,914,135</td>
<td>3,349,482</td>
</tr>
<tr>
<td>Investment income</td>
<td>69,209</td>
<td>68,411</td>
<td>55,321</td>
<td>33,401</td>
<td>27,426</td>
</tr>
<tr>
<td>Grants for specific health programs</td>
<td>7,767,438</td>
<td>6,727,612</td>
<td>4,781,526</td>
<td>3,470,228</td>
<td>3,951,356</td>
</tr>
<tr>
<td>Other income</td>
<td>16,191</td>
<td>41,621</td>
<td>4,101</td>
<td>541</td>
<td>51,930</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>13,224,806</td>
<td>14,105,545</td>
<td>10,681,609</td>
<td>9,418,305</td>
<td>7,380,194</td>
</tr>
<tr>
<td><strong>Less: Fundraising expenditure</strong></td>
<td>(2,855,188)</td>
<td>(3,179,504)</td>
<td>(3,026,312)</td>
<td>(3,012,868)</td>
<td>(1,994,654)</td>
</tr>
<tr>
<td>Communications &amp; administration</td>
<td>(102,280)</td>
<td>(275,198)</td>
<td>(291,710)</td>
<td>(326,453)</td>
<td>(123,741)</td>
</tr>
<tr>
<td><strong>Surplus available for health programs &amp; research</strong></td>
<td>10,267,338</td>
<td>10,650,843</td>
<td>7,363,587</td>
<td>6,078,984</td>
<td>5,261,799</td>
</tr>
<tr>
<td>Health programs conducted locally</td>
<td>(9,016,335)</td>
<td>(8,017,699)</td>
<td>(6,360,833)</td>
<td>(4,885,994)</td>
<td>(5,628,341)</td>
</tr>
<tr>
<td>Contributions to National health programs &amp; research</td>
<td>(1,380,225)</td>
<td>(2,509,544)</td>
<td>(1,065,229)</td>
<td>(1,255,486)</td>
<td>(184,410)</td>
</tr>
<tr>
<td><strong>Balance added to/(deducted from) equity</strong></td>
<td>(129,222)</td>
<td>123,599</td>
<td>62,475</td>
<td>62,496</td>
<td>182,132</td>
</tr>
<tr>
<td><strong>Ratios:</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Fundraising expenditure to fundraising income</td>
<td>53%</td>
<td>44%</td>
<td>52%</td>
<td>51%</td>
<td>60%</td>
</tr>
<tr>
<td>Surplus from fundraising to fundraising income</td>
<td>47%</td>
<td>56%</td>
<td>48%</td>
<td>49%</td>
<td>40%</td>
</tr>
<tr>
<td>Surplus available for health programs &amp; research to total income</td>
<td>78%</td>
<td>76%</td>
<td>69%</td>
<td>65%</td>
<td>71%</td>
</tr>
<tr>
<td>Expenditure on health programs and research to total income</td>
<td>79%</td>
<td>75%</td>
<td>70%</td>
<td>65%</td>
<td>74%</td>
</tr>
<tr>
<td>Expenditure on health programs and research to total expenditure</td>
<td>78%</td>
<td>75%</td>
<td>69%</td>
<td>65%</td>
<td>72%</td>
</tr>
<tr>
<td>Annual increase in expenditure on health programs &amp; research</td>
<td>(1%)</td>
<td>42%</td>
<td>21%</td>
<td>13%</td>
<td>(12%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; investments</td>
<td>4,620,747</td>
<td>3,980,586</td>
<td>3,409,527</td>
<td>3,743,008</td>
<td>1,951,418</td>
</tr>
<tr>
<td>Freehold Land &amp; Properties</td>
<td>1,636,007</td>
<td>1,653,257</td>
<td>1,670,509</td>
<td>1,687,758</td>
<td>1,705,007</td>
</tr>
<tr>
<td>Computers, cars &amp; equipment</td>
<td>483,550</td>
<td>563,607</td>
<td>679,905</td>
<td>779,584</td>
<td>883,319</td>
</tr>
<tr>
<td>Other assets</td>
<td>310,962</td>
<td>181,900</td>
<td>1,174,761</td>
<td>504,451</td>
<td>834,550</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>7,051,266</td>
<td>6,379,350</td>
<td>6,934,702</td>
<td>6,714,801</td>
<td>5,374,294</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>(4,333,157)</td>
<td>(3,532,020)</td>
<td>(4,210,970)</td>
<td>(4,078,594)</td>
<td>(2,675,591)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>2,718,109</td>
<td>2,847,330</td>
<td>2,723,732</td>
<td>2,636,207</td>
<td>2,698,703</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 Foundation.

Environmental Regulation

The Foundation’s operations are not subject to any significant environmental regulations under both Commonwealth and State legislation. However the Directors believe that the Foundation has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Foundation.
Directors’ Report (continued)
for the year ended 31 December 2014

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

The insurance premiums relate to:

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

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

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

Lead auditor’s Independence
The lead auditor’s independence is set out on page 32 and forms part of the auditor’s report for financial year 2014.

Dated at Perth this 20th day of February 2015
Signed in accordance with a resolution of the Directors.

Dr J O’Shea
President
Directors’ Declaration
for the year ended 31 December 2014

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

(a) the Foundation is not publicly accountable;

(b) the financial statements and notes, set out on pages 11 to 29, are in accordance with the Associations Incorporations Act 1987 and the Australian Charities and Not-For-Profits Commission Act 2012, including:
   (i) giving a true and fair view of the financial position of the Foundation as at 31 December 2014 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
   (ii) complying with Accounting Standards in Australia and the Australian Charities and Not-For-Profits Regulations 2013; and

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

Dated at Perth this 20th day of February 2015
Signed in accordance with a resolution of the Directors.

[Signature]

Dr J O’Shea
President
Statement of surplus or deficit and comprehensive income
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from operating activities</td>
<td>13,155,597</td>
<td>14,037,134</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>13,155,597</td>
<td>14,037,134</td>
</tr>
<tr>
<td>Net gain on sale of property, plant and equipment</td>
<td>6,291</td>
<td>3,832</td>
</tr>
<tr>
<td>Health programs (including those funded by grants)</td>
<td>(9,016,335)</td>
<td>(8,017,699)</td>
</tr>
<tr>
<td>Fundraising</td>
<td>(2,854,172)</td>
<td>(3,173,199)</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(1,016)</td>
<td>(6,305)</td>
</tr>
<tr>
<td>Communications and publicity</td>
<td>(171,559)</td>
<td>(142,163)</td>
</tr>
<tr>
<td>Administration, net of recoveries</td>
<td>62,988</td>
<td>(136,868)</td>
</tr>
<tr>
<td><strong>Results from Operating activities</strong></td>
<td>1,181,794</td>
<td>2,564,732</td>
</tr>
<tr>
<td>Finance income</td>
<td>69,209</td>
<td>68,411</td>
</tr>
<tr>
<td><strong>Net Surplus</strong></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Net Finance income</td>
<td>69,209</td>
<td>68,411</td>
</tr>
<tr>
<td>Net Surplus</td>
<td>1,251,003</td>
<td>2,633,143</td>
</tr>
<tr>
<td>Net Grants to National Heart Foundation of Australia</td>
<td>(1,380,225)</td>
<td>(2,509,544)</td>
</tr>
<tr>
<td><strong>(Deficit)/surplus for the year</strong></td>
<td>(129,222)</td>
<td>123,599</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>(Deficit)/surplus for the year</strong></td>
<td>(129,222)</td>
<td>123,599</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may not be reclassified to surplus or deficit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds to be added to reserves</td>
<td>0</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td>0</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>(129,222)</td>
<td>(76,401)</td>
</tr>
</tbody>
</table>
# Statement of Financial Position

as at 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><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7a</td>
<td>4,170,747</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>8</td>
<td>310,962</td>
</tr>
<tr>
<td>Investments</td>
<td>9</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>4,931,709</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, equipment and vehicles</td>
<td>10</td>
<td>2,119,556</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>2,119,556</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>7,051,265</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11</td>
<td>891,886</td>
</tr>
<tr>
<td>Grants income deferred</td>
<td>12</td>
<td>3,032,626</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>13</td>
<td>363,105</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>4,287,617</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>13</td>
<td>45,540</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>45,540</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>4,333,157</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>2,718,108</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>450,000</td>
</tr>
<tr>
<td>Accumulated reserves</td>
<td></td>
<td>2,268,109</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>14</td>
<td>2,718,109</td>
</tr>
</tbody>
</table>

The notes on pages 15 to 29 are an integral part of these financial statements
Statement of Changes in Equity
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Reserves</th>
<th>Reserves</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2013</td>
<td>2,473,731</td>
<td>250,000</td>
<td>2,723,731</td>
</tr>
<tr>
<td>Transfer (from)/to reserve</td>
<td>(200,000)</td>
<td>200,000</td>
<td>0</td>
</tr>
<tr>
<td>Surplus for the period</td>
<td>123,599</td>
<td>-</td>
<td>123,599</td>
</tr>
<tr>
<td>Balance at 1 January 2014</td>
<td>2,397,330</td>
<td>450,000</td>
<td>2,847,330</td>
</tr>
<tr>
<td>(Deficit) for the period</td>
<td>(129,221)</td>
<td>-</td>
<td>(129,221)</td>
</tr>
<tr>
<td>Balance at 31 December 2014</td>
<td>2,268,109</td>
<td>450,000</td>
<td>2,718,109</td>
</tr>
</tbody>
</table>

The notes on pages 15 to 29 are an integral part of these financial statements.
Statement of Cash Flows  
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>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts in the course of operations</td>
<td>14,285,098</td>
<td>14,671,916</td>
</tr>
<tr>
<td>Cash payments in the course of operations</td>
<td>(12,273,607)</td>
<td>(11,620,877)</td>
</tr>
<tr>
<td>Net grants made to National Heart Foundation of Australia</td>
<td>(1,380,226)</td>
<td>(2,509,544)</td>
</tr>
<tr>
<td>Net financial income</td>
<td>72,683</td>
<td>68,411</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td><strong>7b</strong></td>
<td><strong>703,948</strong></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property, equipment and vehicles</td>
<td>46,594</td>
<td>29,300</td>
</tr>
<tr>
<td>Acquisition of property, equipment, vehicles and computer software</td>
<td>(110,380)</td>
<td>(68,147)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>506,898</td>
<td>0</td>
</tr>
<tr>
<td>Acquisition of investments</td>
<td>(450,000)</td>
<td>(212,158)</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td><strong>(6,888)</strong></td>
<td><strong>(251,005)</strong></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>697,059</td>
<td>358,901</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>3,473,688</td>
<td>3,114,787</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 31 December</strong></td>
<td><strong>7a</strong></td>
<td><strong>4,170,747</strong></td>
</tr>
</tbody>
</table>

The notes on pages 15 to 29 are an integral part of these financial statements.
1 Reporting entity
The National Heart Foundation of Australia (WA Division) (the "Foundation") (ABN: 99 968 863 377) is an incorporated association domiciled in Australia. The address of the Foundation's registered office is 334 Rokeby Road, Subiaco WA 6053. The Foundation is a not for profit charity, 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 Incorporation Act 1987 and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the directors on 20 February 2015.

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

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

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

(e) Change of accounting policy
Except for the changes below, the Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.
The Foundation has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 2011.

- AASB 9 Financial Instruments (2011)
The nature and effects of the changes are explained below:

AASB 9 Financial Instruments (2011)
The Foundation early adopted AASB 9 Financial Instruments with a date of initial application of 1 January 2011. 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 IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets. AASB 9 (2013) introduces new requirements for hedge accounting.

The impact of the adoption of this standard is not considered to be material to the financial statements.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

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

(a) Revenue recognition
(i) Charitable support
Revenue is received from appeals, donations, fundraising events and bequests and is brought to account on a cash received basis. When assets, such as investments or properties, are received from a bequest or donation, an asset is recognised, at fair value, when the Foundation gains control of such assets and the value of the asset can be reliably measured.
(ii) Interest revenue
Interest revenue is recognised as it accrues on a daily basis.
(iii) Grants for health programs and research (deferred income)
Grants received for specific health programs or research are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as grants income deferred as recognised in note 12. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body.
(iv) Sale of goods
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.
(v) Services of volunteers
A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. The Foundation's big heart doorknock appeal successfully recruited over 15,002 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 fall under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

(d) Property, equipment and vehicles
(i) Recognition and measurement
Items of property, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to note 3g(iii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, equipment and vehicles and are recognised on a net basis in the statement of surplus or deficit and comprehensive income.
(ii) Depreciation
Depreciation is charged to the statement of surplus or deficit and comprehensive income on a straight-line basis over the estimated useful lives of each item of property, equipment and vehicles from the date they are
3 Significant accounting policies (continued)

(ii) Depreciation (continued)
acquired and are ready for use. Land is not depreciated. The estimated useful lives in the current and
comparative periods are as follows:
> buildings 40 years
> leasehold improvements 5 - 10 years
> office furniture and equipment 3 - 10 years
> motor vehicles 6 - 7 years

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

(e) Non-derivative financial assets
The Foundation early adopted AASB9 Financial Instruments with a date of initial application of 1 January
2011. Financial assets are initially measured at fair value. If the financial asset is not subsequently measured
at fair value through Surplus or Deficit then the initial measurement includes transaction costs that are directly
attributable to the asset’s acquisition or origination. The Foundation subsequently measures financial assets at
either amortised cost or fair value.
The Foundation derecognises a financial asset when it transfers the rights to receive the contractual cash
flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are
transferred. Any interest in such transferred financial assets that is created or retained by the Foundation is
recognised as a separate asset or liability.
Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position
when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle them
on a net basis or to realise the asset and settle the liability simultaneously.
On initial recognition, the Foundation classifies its financial assets as subsequently measured at either
amortised cost or fair value, depending on its business model for managing the financial assets and the
contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of
AASB9 (2011) which the Foundation early adopted on 1 January 2011, the classification of financial assets
that the Foundation held at the date of initial application was based on the facts and circumstances of the
business model in which the financial assets were held at that date.
(i) Other financial instruments
A financial instrument is recognised on the date the Foundation becomes party to the contractual provisions of
the instrument. Financial assets are derecognised if the Foundation’s contractual rights to the cashflows from
the financial assets expire. Purchases and sales of financial assets are accounted for at trade date.
Accounting for finance income and finance cost is discussed in note 3(k). Other non-derivative financial
instruments are measured at amortised costs using effective interest method, less any impairment losses.
(ii) Investments
The monies held in investments relate to a gift from a trust and cannot be used for any other purpose. Term
deposits have maturities ranging from 6 to 9 months.
Cash and cash equivalents
Cash and cash equivalents comprise cash, bank accounts and short term deposits maturing within 90 days
and are stated at fair value. Term deposits maturing beyond 90 days are classified as investments.
Trade and other receivables
Trade and other receivables are stated at cost less impairment losses, this being equivalent to fair value.
Refer to note 3g(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.
3 Significant accounting policies (continued)

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

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

(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 undiscounted amounts 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: 2.5%)
> discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2014: 2.81% (2013: 3.32%)
3 Significant accounting policies (continued)

(h) Employee Benefits (continued)
   > expected settlement dates 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 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) Provisions
   A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessment of the true value of money and risks specific to the liability.

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

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

(l) Financial risk management
   The Foundation has exposure to the following risks from their use of financial instruments: Financial instruments
   > credit risk
   > liquidity risk
   > market risk
   > operational risk
   Further details in respect of each of these risks are set out in note 19 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the 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 Foundations approach to capital management during the year. The Foundation is not subject to externally imposed capital requirements.
   Economic dependency
   The National Heart Foundation of Australia ("National") and the state and territory Divisions operate as a co-operative federation. Virtually all revenue from charitable support is received by the Divisions; however most expenditure on research and certain health programs is spent by the National Foundation. The National Heart Foundation of Australia ("National") relies on the distribution of net grants from the Divisions to fund its commitments. Such grants are receivable under the terms of a Federation agreement between the National Foundation and each of the Divisions. The Federation agreement also provides funding to the Foundation in the event that there are insufficient funds internally generated to support an adequate level of working capital to deliver the business plan approved by the Board.

(m) 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 are expected to have a significant effect on the financial statements.
3 Significant accounting policies (continued)

(n) Determination of fair values
A number of the Foundations’ accounting policies and disclosures required the determination of fair value. Fair Values have been determined for measurement and/or disclosure purposes based on the following methods:
(i) Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.
(ii) Property, plant and equipment
The fair value of items of plant, equipment, fixtures and fittings is based on replacement cost. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(o) Reserve
The reserve represents monies received from a trust for a travel scholarship. The monies gifted are accounted for as income in the current period and transferred to the reserve from accumulated reserves as the use of the monies is restricted to providing a travel scholarship to a medical research awardee.
## Notes to the Financial Statements (continued)
for the year ended 31 December 2014

### 4 Revenue from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable support - bequests</td>
<td>799,029</td>
<td>2,260,537</td>
</tr>
<tr>
<td>Charitable support - non-bequests</td>
<td>4,568,937</td>
<td>4,993,922</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>4,002</td>
<td>13,442</td>
</tr>
<tr>
<td><strong>Total revenue from fundraising activities</strong></td>
<td>5,371,968</td>
<td>7,267,901</td>
</tr>
<tr>
<td>Grants for specific health programs - Government</td>
<td>7,424,059</td>
<td>6,534,069</td>
</tr>
<tr>
<td>Grants for specific health programs and research - other</td>
<td>343,379</td>
<td>193,543</td>
</tr>
<tr>
<td>Other</td>
<td>16,191</td>
<td>41,621</td>
</tr>
<tr>
<td><strong>Total revenue from other operating activities</strong></td>
<td>7,783,629</td>
<td>6,769,233</td>
</tr>
<tr>
<td><strong>Total revenue from operating activities</strong></td>
<td>13,155,597</td>
<td>14,037,134</td>
</tr>
</tbody>
</table>

### 5 Auditors' remuneration

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG Australia: Audit services</td>
<td>27,600</td>
<td>30,767</td>
</tr>
<tr>
<td>KPMG Australia: Other services</td>
<td>19,100</td>
<td>24,957</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>46,700</td>
<td>55,724</td>
</tr>
</tbody>
</table>

### 6 Finance income and costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognised in Surplus/(Deficit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>69,209</td>
<td>68,411</td>
</tr>
<tr>
<td><strong>Net finance income and costs recognised in Surplus/(Deficit)</strong></td>
<td>69,209</td>
<td>68,411</td>
</tr>
</tbody>
</table>

### 7a Cash and cash equivalents

Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.01% to 3.39% (2013: 0.01% to 3.5%)

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,170,747</td>
<td>3,473,688</td>
</tr>
</tbody>
</table>

The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 19. The carrying value of cash and cash equivalents is equal to fair value.
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th>7b Reconciliation of cash flows from operating activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (deficit) / surplus from ordinary activities</td>
</tr>
<tr>
<td>(129,222)</td>
</tr>
<tr>
<td>Adjustments for:-</td>
</tr>
<tr>
<td>Depreciation/Amortisation</td>
</tr>
<tr>
<td>167,385</td>
</tr>
<tr>
<td>Net (gain) on disposal of property, equipment and vehicles</td>
</tr>
<tr>
<td>(6,291)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2014 2013</td>
</tr>
<tr>
<td>$       $</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>31,873 295,993</td>
</tr>
</tbody>
</table>

Net cash from operating activities before changes in working capital and provisions

| (Increase)/decrease in receivables                     |
| (129,062)                                              |
| Increase/(decrease) in payables                        |
| 471,454                                                |
| Increase/(decrease) in grants income deferred          |
| 321,779                                                |
| Increase in employee benefits                          |
| 7,904                                                  |
| Net cash from operating activities                     |
| 703,948                                                |

<table>
<thead>
<tr>
<th>8 Trade and other receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables owing by other National Heart Foundation divisions</td>
</tr>
<tr>
<td>43,344</td>
</tr>
<tr>
<td>Trade receivables owing by National Heart Foundation of Australia (National)</td>
</tr>
<tr>
<td>175,491</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
</tr>
<tr>
<td>92,127</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2014 2013</td>
</tr>
<tr>
<td>$       $</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>310,962 181,900</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 is disclosed in note 19.

<table>
<thead>
<tr>
<th>9 Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current investments</td>
</tr>
<tr>
<td>Term Deposits maturing over 90 days</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>Restricted Cash</td>
</tr>
<tr>
<td>450,000</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2014 2013</td>
</tr>
<tr>
<td>$       $</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>450,000 506,898</td>
</tr>
</tbody>
</table>

Investments include term deposits with maturity larger than 90 days and restricted cash received as a gift from a trust to be used for a travel scholarship.

The carrying value of investments is equal to fair value. The Foundation’s exposure to interest rate risk and equity price risk are disclosed in note 19.
## 10 Property, equipment and vehicles

<table>
<thead>
<tr>
<th></th>
<th>Freehold land</th>
<th>Buildings</th>
<th>Office furniture &amp; equipment</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
</tr>
<tr>
<td><strong>Balance at 1 January 2013</strong></td>
<td>1,110,000</td>
<td>690,000</td>
<td>1,573,374</td>
<td>104,028</td>
<td>3,477,402</td>
</tr>
<tr>
<td><strong>Acquisitions</strong></td>
<td>0</td>
<td>0</td>
<td>30,178</td>
<td>37,970</td>
<td>68,147</td>
</tr>
<tr>
<td><strong>Disposals</strong></td>
<td>0</td>
<td>0</td>
<td>(21,938)</td>
<td>(43,355)</td>
<td>(65,293)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2013</strong></td>
<td>1,110,000</td>
<td>690,000</td>
<td>1,581,614</td>
<td>98,643</td>
<td>3,480,256</td>
</tr>
<tr>
<td><strong>Balance at 1 January 2014</strong></td>
<td>1,110,000</td>
<td>690,000</td>
<td>1,581,614</td>
<td>98,643</td>
<td>3,480,256</td>
</tr>
<tr>
<td><strong>Acquisitions</strong></td>
<td>0</td>
<td>0</td>
<td>58,220</td>
<td>52,160</td>
<td>110,380</td>
</tr>
<tr>
<td><strong>Disposals</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(60,674)</td>
<td>(60,674)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2014</strong></td>
<td>1,110,000</td>
<td>690,000</td>
<td>1,639,834</td>
<td>90,129</td>
<td>3,529,962</td>
</tr>
</tbody>
</table>

### Depreciation & Impairment losses

<table>
<thead>
<tr>
<th></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 January 2013</strong></td>
<td>0</td>
<td>129,493</td>
<td>984,664</td>
<td>12,833</td>
<td>1,126,990</td>
</tr>
<tr>
<td><strong>Depreciation charge for the year</strong></td>
<td>0</td>
<td>17,250</td>
<td>131,763</td>
<td>27,139</td>
<td>176,152</td>
</tr>
<tr>
<td><strong>Disposals</strong></td>
<td>0</td>
<td>0</td>
<td>(21,938)</td>
<td>(17,812)</td>
<td>(39,750)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2013</strong></td>
<td>0</td>
<td>146,743</td>
<td>1,094,489</td>
<td>22,160</td>
<td>1,263,392</td>
</tr>
<tr>
<td><strong>Balance at 1 January 2014</strong></td>
<td>0</td>
<td>146,743</td>
<td>1,094,489</td>
<td>22,160</td>
<td>1,263,392</td>
</tr>
<tr>
<td><strong>Depreciation charge for the year</strong></td>
<td>0</td>
<td>17,250</td>
<td>128,246</td>
<td>21,889</td>
<td>167,385</td>
</tr>
<tr>
<td><strong>Disposals</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(20,370)</td>
<td>(20,370)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2014</strong></td>
<td>0</td>
<td>163,993</td>
<td>1,222,735</td>
<td>23,679</td>
<td>1,410,407</td>
</tr>
</tbody>
</table>

### Carrying amounts

<table>
<thead>
<tr>
<th></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
<th><strong>$</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2013</strong></td>
<td>1,110,000</td>
<td>560,507</td>
<td>588,710</td>
<td>91,195</td>
<td>2,350,412</td>
</tr>
<tr>
<td><strong>At 31 December 2013</strong></td>
<td>1,110,000</td>
<td>543,257</td>
<td>487,125</td>
<td>76,483</td>
<td>2,216,864</td>
</tr>
<tr>
<td><strong>At 1 January 2014</strong></td>
<td>1,110,000</td>
<td>543,257</td>
<td>487,125</td>
<td>76,483</td>
<td>2,216,864</td>
</tr>
<tr>
<td><strong>At 31 December 2014</strong></td>
<td>1,110,000</td>
<td>526,007</td>
<td>417,099</td>
<td>66,450</td>
<td>2,119,556</td>
</tr>
</tbody>
</table>
**Notes to the Financial Statements (continued)**
for the year ended 31 December 2014

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**11 Trade and other payables**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables to National Heart Foundation of Australia</td>
<td>15,380</td>
<td>59,161</td>
</tr>
<tr>
<td>Trade payables to other National Heart Foundation divisions</td>
<td>245</td>
<td>25</td>
</tr>
<tr>
<td>Other payables and accrued expenses</td>
<td>876,261</td>
<td>361,246</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>891,886</td>
<td>420,432</td>
</tr>
</tbody>
</table>

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

**12 Grants income deferred**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January</td>
<td>2,710,848</td>
<td>3,384,547</td>
</tr>
<tr>
<td>Amounts received</td>
<td>6,806,390</td>
<td>5,744,384</td>
</tr>
<tr>
<td>Income taken to revenue</td>
<td>(6,484,612)</td>
<td>(6,418,083)</td>
</tr>
<tr>
<td><strong>Balance at 31 December</strong></td>
<td>3,032,626</td>
<td>2,710,848</td>
</tr>
</tbody>
</table>

The carrying value of grants income deferred is equal to fair value. The Foundation's exposure to liquidity risk relating to grants income deferred is disclosed in note 19.

**13 Employee benefits**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<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>363,105</td>
<td>325,754</td>
</tr>
<tr>
<td>Non-current - long service leave</td>
<td>45,540</td>
<td>74,987</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td>408,645</td>
<td>400,741</td>
</tr>
<tr>
<td>Personnel expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>2,440,735</td>
<td>2,629,903</td>
</tr>
<tr>
<td>Contributions to superannuation plans</td>
<td>189,582</td>
<td>205,583</td>
</tr>
<tr>
<td><strong>Total personnel expenses</strong></td>
<td>2,630,317</td>
<td>2,835,486</td>
</tr>
<tr>
<td>Number of employees at year end (full time equivalents)</td>
<td>28</td>
<td>32</td>
</tr>
</tbody>
</table>

**14 Reserves and Equity**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific or restricted purpose reserves:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>450,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Increase to reserves</td>
<td>0</td>
<td>200,000</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>450,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Accumulated reserves</td>
<td>2,268,109</td>
<td>2,397,330</td>
</tr>
<tr>
<td><strong>Total Equity at end of year</strong></td>
<td>2,718,109</td>
<td>2,847,330</td>
</tr>
</tbody>
</table>

**Movements during the year:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated reserves at beginning of year</td>
<td>2,847,330</td>
<td>2,723,731</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>1,251,003</td>
<td>2,633,142</td>
</tr>
<tr>
<td>Net Grants to National Heart Foundation of Australia</td>
<td>(1,380,225)</td>
<td>(2,509,544)</td>
</tr>
<tr>
<td>Other reserve</td>
<td>0</td>
<td>200,000</td>
</tr>
<tr>
<td>Transfer to other reserve</td>
<td>0</td>
<td>(200,000)</td>
</tr>
<tr>
<td><strong>Accumulated reserves at end of year</strong></td>
<td>2,718,108</td>
<td>2,847,330</td>
</tr>
</tbody>
</table>
14 Reserves and Equity (continued)

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

15 Contingencies

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

16 Incorporated Status

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

17 Related Parties

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

Non executive directors
Dr J O’Shea MBBS (WA), MRCP (UK), FRACP
Mr J Busch PSM BA (Hons) MArts Dip Prof Coaching FAIM (to April 2014)
Ms E Frankish BAgSc (Hons) FAIFST MASM MIAFP
Mr G Robson BCom MEc ACA FFSIA ATIA
Dr M Ammerer MBBS FRACP
Ms W Ford
Ms L Nelson BCom, MAppEp
Prof I Puddey MBBS FRACP MD
Mr A Raiter B Juris, LLB, GAICD
Mr I Rowe MA (Hons) Psychology
Dr R Weerasooriya MBBS BMedSc FRACP
Dr L Wood BCom (Hons) PGradDip Health Promotion PhD

Non executive directors did not receive any remuneration from the Foundation during the current financial year. No director has entered into a material contract with the Foundation or any Division since the end of the previous financial year and there were no material contracts involving directors’ interests subsisting at year end.

Executive Staff
Mr M Swanson BSc Grad Dip Nutrition & Dietetics Grad Dip Hlth Sc MPH - Chief Executive
Mr T Shilton BEd Grad Dip Hlth Sc MHP FAHPA - Director Cardiovascular Health
Ms J Bolton BCom MBA (Dist) CPA MAICD - Director Finance and Human Resources
Ms W Mathews BBus EMFIA - Director Fundraising
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

17 Related Parties (continued)

The compensation of key management personnel was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term employee benefits</td>
<td>$540,798</td>
<td>$526,053</td>
</tr>
<tr>
<td>Other long term benefits</td>
<td>$39,059</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$579,857</td>
<td>$526,053</td>
</tr>
</tbody>
</table>

2014 2013

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net (Deficit)/Surplus</strong></td>
<td>$ (129,222)</td>
<td>$123,598</td>
</tr>
</tbody>
</table>

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

- Contributions received from sale of services by Divisions/National: $1,259,405 (2013: $1,520,317)
- Contributions paid for purchase of services to Divisions/National: $(75,854) (2013: $(30,675))
- Grants for research and other national initiatives: $(1,380,225) (2013: $(2,509,544))

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

Other related parties

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants for research and other national initiatives</td>
<td>$1,380,225</td>
<td>$2,509,544</td>
</tr>
</tbody>
</table>

18 Subsequent events

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

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

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

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

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

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>7a</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>4,170,747</td>
<td>3,473,688</td>
</tr>
<tr>
<td>Term deposits over 90 days</td>
<td>0</td>
<td>506,898</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>450,000</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4,620,747</td>
<td>3,980,586</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>310,962</td>
<td>181,900</td>
</tr>
<tr>
<td>Total</td>
<td>4,931,709</td>
<td>4,162,486</td>
</tr>
</tbody>
</table>

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

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

Trade and other payables, and grants income deferred have contractual cashflows which are 6 months or less.
19 Financial instruments (continued)

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>11</td>
<td>891,886</td>
</tr>
<tr>
<td>Grants income deferred</td>
<td>12</td>
<td>3,032,626</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,924,512</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 income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board.

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

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk. The exposure to interest rate risk for financial assets and liabilities at the reporting date are shown below in the Sensitivity Analysis Disclosure on page 29.

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 29. 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.

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

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

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

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, term deposits and restricted cash. Based on historic movements and volatilities in these market variables, and management's knowledge and experience of the financial markets, the Foundation believes the following movement is 'reasonably possible' over a 12 month period: a parallel shift of +1%/-1% in market interest rates (AUD).

<table>
<thead>
<tr>
<th>Interest rate risk</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td>Carrying Amount/ (Deficit)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Surplus/ (Deficit) Equity</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Face Value</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Surplus/ (Deficit) Equity</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Market Price</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Surplus/ (Deficit) Equity</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Equity</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed rate instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term deposits-maturing beyond 90 days</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Variable rate instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>4,170,747</td>
<td>(41,707)</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>450,000</td>
<td>(4,500)</td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>(46,207)</td>
<td>(46,207)</td>
</tr>
<tr>
<td></td>
<td>(39,806)</td>
<td>(39,806)</td>
</tr>
</tbody>
</table>
Independent auditor’s report to the members of National Heart Foundation of Australia (Western Australian Division)

Report on the financial report

We have audited the accompanying financial report of National Heart Foundation of Australia (Western Australian Division) (the Foundation), which comprises the statement of financial position as at 31 December 2014, and the statement of surplus or deficit and comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration.

This audit report has also been prepared for the members of the Foundation pursuant to the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC) and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 (collectively the Act[s] and Regulations).

Directors’ responsibility for the financial report

The Directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards, the ACNC, the Act[s] and Regulations and the Associations Incorporations Act 1987. The Directors’ responsibility also includes such internal control as the Directors determine necessary to enable the preparation of a financial report that gives a true and fair view 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 Foundation’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. An audit also includes evaluating the appropriateness of the 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 gives a true and fair view, in accordance with Australian Accounting Standards, the ACNC and the Associations Incorporations Act 1987, a true and fair view which is consistent with our understanding of the Foundation’s financial position and of its performance.
In addition, our audit report has also been prepared for the members of the Foundation to meet the requirements of the Act[s] and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC and the Associations Incorporations Act 1987. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year-end financial report preparation.

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

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

In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Foundation are not appropriate given the size and nature of the Foundation.

Qualified 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 (Western Australian Division) is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporations Act 1987 including:

(a) giving a true and fair view of the Foundation’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*.

**Reporting under Charitable Collections Act (WA) 1946**

*Qualified Audit opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947*

In accordance with the requirements of Section 15(2) of the *Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947* (the Act and Regulations), we have reviewed the Act and Regulations for the purpose of reporting whether, as a result of completing our audit procedures on the financial report of the Foundation for the year ended 31 December 2014, we have not become aware of any condition or event that constitutes a material default by the Foundation in the performance of, or compliance with, any requirements of the Act or Regulations.

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph the Foundation, for the year ended 31 December 2014, has complied in all material respects with the requirements of the *Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947*.

KPMG

Grant Robinson
Partner
Perth
24 February 2015
Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of National Heart Foundation of Australia (West Australian Division)

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.

Grant Robinson
Partner
Perth
24 February 2015