

ANNUAL REPORT + FINANCIAL STATEMENTS 2017

National Heart Foundation of Australia
(New South Wales Division)

ABN 95 000 253 289

For the year ended 31 December 2017



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Directors and Office Bearers

Patron

His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales

Board of Directors

President

Ms R Davies, BEc, LLB (hons), FAICD

Vice President

Ms G Schroder, GAICD

Chair Audit Committee

Ms K Hughes, BAcc, CA, GAICD

Directors

A/Professor R M Allan, MBBS, FRACP, FCSANZ, FACC (until 22 May 2017)

Mr A Bielinko, BCom, B.Laws

Professor D Brieger, MBBS, Mmed, PhD, FRACP

Dr C Forster, BSc(Med), MBBS (Hons), FRACP, FCSANZ

Mr M O'Donnell, BEc, GradDipAppFin, MBA (from 13 June 2017)

Mr G Selig, BEc

Mr D Shortland, LLB, Grad.Dip. Legal Practice, MAICD

Nominee of the Cardiac Society of Australia and New Zealand

A/Professor S P Thomas, BMed, PhD, FRACP

Chief Executive

Kerry Doyle PSM, BA (Hons) Class 1

Company Secretary

Kerry Doyle PSM, BA (Hons) Class 1

Auditors

KPMG

Registered Office

Level 3, 80 William Street, East Sydney NSW 2011

Preferred Postal Address

PO Box 2222, Strawberry Hills BC NSW 2012

National Heart Foundation of Australia (New South Wales Division)

Directors' Report

for the year ended 31 December 2017

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (New South Wales Division) ("the Foundation") for the year ended 31 December 2017 and auditors' report thereon.

Directors

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

Name and qualifications	Experience and special responsibilities	Board Meetings Attended & held #	Appointment and resignation
A/Prof R M Allan MBBS, FRACP, FCSANZ, FACC	Interventional Cardiologist. Clinical Executive Director, Northern Sector, South Eastern Sydney Local Health District. Director, Eastern Heart Clinic Pty Ltd. Director, Eastcath Pty Ltd. Director, Prince of Wales Research Institute. Director, Mecafern Pty Ltd. Member, Heart Foundation Audit Committee (NSW Division).	0 / 3	Appointed 30 April 2008 Retired 22 May 2017
Mr A Bielinko BCom, B.Laws	Venture Capitalist, Investor at Telstra Ventures. Member Heart Foundation Remuneration & Nominations Committee (NSW Division).	6 / 8	Appointed 8 February 2016
Prof D Brieger MBBS, Mmed, PhD, FRACP	Head, coronary care and coronary interventions at Concord Hospital. Chair Heart Foundation Clinical Issues Committee.	5 / 8	Appointed 30 April 2009
Ms R Davies BEc, LLB (hons), FAICD President	Facilitator, Company Directors Course, AICD. Chancellor and Board member of, Juvenile Diabetes Research Foundation Australia and International. Director of Transparency International Australia; Catholic Healthcare Limited; The Actuator Operations Limited; and Chair, Palestrina Foundation and Deputy Chair Chris O'Brien Lifehouse. Member of Australian Health Ethics Committee, Health Innovations Advisory Committee and Community and Consumer Advisory Committee of NHMRC. Member Finance Council and the Catholic Development Fund Advisory Board, Archdiocese of Sydney. Board Member, Heart Foundation (National Division). Chair, Heart Foundation Remuneration & Nominations Committee (NSW Division). Alternate Member, Heart Foundation Audit Committee (NSW Division).	8 / 8	Appointed 30 April 2014
Dr C Forster BSc(Med), MBBS (Hons), FRACP, FCSANZ	Consultant Cardiologist, St Vincent's Clinic. Member Heart Foundation Remuneration & Nominations Committee (NSW Division).	5 / 8	Appointed 23 May 2016
Ms K Hughes BAcc, CA, GAICD Chair NSW Audit Committee	GM Business Transformation, Business Direct Small Business, National Australia Bank. Member, Heart Foundation National Finance Advisory Committee	8 / 8	Appointed 15 May 2013
Mr M O'Donnell BEc, GradDipAppFin, MBA	Relationship Manager, Private Banking Credit Suisse AG. Member Heart Foundation Audit Committee (NSW Division)	4 / 4	Appointed 13 June 2017
Ms G Schroder GAICD Vice President	Head of Board Advisory, Australian Institute of Company Directors. Member, Heart Foundation Remuneration & Nominations Committee (NSW Division). Chair NSW Cardiovascular Research Network Management Committee	7 / 8	Appointed 28 April 2010
Mr G Selig BEc	Executive Chairman, IVE Group. Director, The Pinnacle Foundation. Director, The Lysicrates Foundation. Alternate Member Heart Foundation Audit Committee (NSW Division).	5 / 8	Appointed 28 October 2009
Mr D Shortland LLB, Grad.Dip. Legal Practice, MAICD	Governance specialist and communication counsel to boards and senior executives. Facilitator for the Australian Institute of Company Directors ('AICD') in Strategy & Risk and Governance and contributor to AICD's <i>Good Governance Principles and Guidance for Not-For-Profit Organisations</i> . Director & Vice-Chair of ChildFund Australia and Chair of the Governance & Nomination Committee. Member, Heart Foundation National Audit & Governance Committee. Member Heart Foundation Audit Committee (NSW Division)	7 / 8	Appointed 30 April 2014
A/Prof S P Thomas BMed, PhD, FRACP Nominee Cardiac Society of Australia & New Zealand	Cardiologist and Director, Cardiac Laboratories at Westmead Hospital. Clinical Academic, University of Sydney. Clinical Associate Professor, Macquarie University.	5 / 8	Appointed 15 May 2013

meetings attended and meetings held while the director held office.

Meetings of Board Committees

Committee:	Number of Meetings:
Audit Committee	2
Remuneration & Nominations Committee	2

Directors' Report (continued)
for the year ended 31 December 2017

Corporate Governance Statement

The Foundation is a company limited by guarantee, incorporated under the *Corporations Act 2001* and registered under the Australian Charities and Not-For-Profits Commission (ACNC). Ultimate responsibility for the governance of the company rests with the Board of Directors. This corporate governance statement outlines how the Board meets that responsibility. The Board believes the principles of good corporate governance underpin the values and behaviour of the Foundation.

Role of the Board

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

Oversight by the Board

The Board oversees and monitors the performance of management by:

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

Specific responsibilities of the Board

The Board fulfils its primary role by:

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

Board members are appointed to ensure breadth of skill and knowledge across all areas of the Foundation's work. The current Board's qualifications, skills, experience and responsibilities appear on pages 3, 4 and 29.

The Board of Directors consist of: a President, a Vice President, a Director nominated by the Cardiac Society of Australia and New Zealand and up to 9 additional Directors. Directors are elected by the Members at annual general meetings of the Foundation. Directors may serve a maximum period of nine consecutive years and will not be eligible to stand for re-election on retirement after this period of time. Each year, as a minimum number, one third of the Directors of the Board shall retire from office but may stand for re-election by ordinary resolution of the Members immediately upon retirement.

Office bearers are elected by the Directors from their number at a meeting of the Directors immediately held on conclusion of each annual general meeting.

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.

Directors' Report (continued)
for the year ended 31 December 2017

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 2013-2017, 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 2017

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
- > awareness of risk factors by women; and
- > awareness of atypical heart attack symptoms

Review of Results and Operations for Current Year

Below are some of the New South Wales Division's highlights for 2017:

Women and Heart Disease

We are in the third and final year of our Women and Heart Disease Program, funded through major gifts and major philanthropy. During this time we have awarded 18 \$10,000 community grants to raise local awareness of heart disease in women. The grants have an equity focus and involve awarding grants to organisations working with Aboriginal, regional, remote and culturally and linguistically diverse communities in New South Wales. Activities have included provision of Heart health clinics for women, production of multilingual videos, arts projects, women's health forums and women only physical activity programs.

In addition, we have continued hosting our all-female cardiology roundtable, chaired by pre-eminent interventional cardiologist Associate Professor Lynne Pressley AM, bringing together female leaders in cardiology, providing networking, professional development and learning opportunities to strengthen clinician awareness of the issues associated with diagnosing, treating and researching heart disease in women. The inaugural Women and Heart Disease Forum was a resounding success – bringing together 170 of the country's leaders in cardiology, obstetrics, emergency medicine, oncology and public health to develop a five-point action plan to address gender disparities in heart disease, from a multi-disciplinary perspective.

More than 1,000 female riders participated in the 2017 Heart Foundation Gear up Girl cycle event – the biggest women's cycling event in Australia. This represented a 10 per cent increase in participation on 2016. Co-ordinated by Bicycle NSW and sponsored by the Heart Foundation since 2015, this event promotes the importance of active transport for women and allows women the opportunity to try riding in a safe off road urban environment.

A bigger and more comprehensive Making the Invisible Visible (MIV) campaign was conducted in June 2017. Key highlights included:

- Leveraging donor funds by securing pro-bono development of a 30 second television MIV commercial and airtime across four Foxtel Lifestyle channels equivalent to \$250,000 worth of free air time. We also earned just under \$5,000 for the campaign in 'likes' through Foxtel's social media platforms.
- Extending our reach and impact by having Kelly Landry as a MIV Ambassador which secured significant media coverage for the campaign.
- Increasing media reports that mentioned the MIV campaign from 263 in 2016 to 300 in 2017.
- Increasing visitations to the MIV website section by 20 per cent and increasing page visits to the Women and heart disease website with 8,000 more-page views than the same period last year.
- Achieving a 157 per cent increase on social media results compared to 2016; and,

Directors' Report (continued) for the year ended 31 December 2017

- Securing the support of other heart health organisations such as Victor Chang Cardiac Research Institute, Heart Research Institute, The George Institute, The Sax Institute and the Charles Perkins Centre at the Sydney University that openly promoted MIV messages during the month of June.

We worked with our Women and Heart Disease partner, Abbott Vascular, to drive thought leadership, which included hosting of a Parliamentary luncheon on Women and Heart Disease on 21 June in Canberra by the Joint Chairs of the Heart Foundation's Parliamentary Friends Group. Maria Vamvakinou MP, Michelle Landry MP, Cardiologist Dr Cathie Foster and case study Emma Waite and over 40 politicians attended the event.

Healthier Oils

Rolling out the Healthier Oils Program, a onestep proposition, to encourage the food service sector to switch to Heart Foundation approved oils in their food preparation. The program targets small food outlets by working with local councils, large scale restaurants and catering companies. Evaluation of the Cessnock City council program has just been completed demonstrating an increase in the use of healthier oils from 18 per cent of food outlets (2011) to 67 per cent in 2017.

Jump Rope For Heart Outreach

Reaching 62 schools and more than 4,200 students in remote and regional locations, educating children in areas most in need, on the importance of regular physical activity and good nutrition. Highlights included integration of the Program with the Tour Da Country and Koori Cook off Aboriginal health initiatives in Bourke and Brewarrina and strengthened connections with NSW Health's Live Life Well @ School Program.

Cardiac Rehab Minimum Data Set – what gets measured matters

Developing a robust data and reporting mechanism to measure the impact of cardiac rehabilitation programs and to improve clinical care and support. This year, 53 NSW sites and two other jurisdictions have joined the pilot, including two sites in the ACT and five hospitals in Tasmania. The findings will enable us to improve care, encourage cardiac rehabilitation and ultimately, avoid repeat episodes and improve health outcomes.

Equity

With support from NSW Health we have expanded the reach of the Koori Cook Off – a community event where four teams of four compete against each other to prepare a winning healthy tasty meal – to an additional five Aboriginal organisations and communities in northern NSW. These towns included Coonamble, Kempsey, Moree, Nowra and Campbelltown, where a total of 2,850 people were involved in the activities.

This year we were able to deliver Koori Cook Offs at Bomaderry TAFE, Queanbeyan, Eurobodalla and Ulladulla NAIDOC Days and the Bourke Murdie Cook Off (Tour Da Country). This was thanks to the additional support from the Illawarra Shoalhaven Local Health District.

Heart Foundation staff joined the 2017 Tour Da Country – a 10 day bike ride lead by Aboriginal health workers of over a distance of 1,000 kilometres from Walgett to Menindee. The ride aims to raise awareness about the importance of healthy lifestyles for Aboriginal people and to promote reconciliation for all Australians. The ride featured school visits linking in with Jump Rope for Heart Outreach and a Koori Cook Off with the Bourke Aboriginal community. Over the space of the ride cyclists came into contact with almost 1,700 students, staff and Aboriginal community members through school and community presentations and the Bourke Cook Off. The initiative was also filmed by NITV and will be produced as a 30-minute documentary.

We completed the third round of the NSW Healthy Town Challenge, a joint initiative of NSW Health and the Heart Foundation, with Narrabri being the successful 2017 winner. This program is designed to encourage small towns of populations between 1,000 and 15,000 develop their own strategies to encourage their residents to eat well, move more and sit less. A fourth round of the Healthy Town Challenge starts in February 2018.

In Tamworth, the Heart Foundation worked with Barton Lane General Practice to run a month-long healthy heart campaign: 682 patients completed a heart quiz, with 43 per cent requiring some action as a result (e.g. blood test /referral / recall appointment etc) and 45 referrals were made to NSW Health's Get Healthy Service.

Policy and advocacy

A long-term advocacy goal is to make public places e-cigarette free in NSW to bring the state in line with most other Australian jurisdictions. In late 2017 the Heart Foundation coordinated 21 leading health organisations calling for Government action on the matter. The Minister for Health responded in the media indicating that he will introduce legislation in early 2018.

Research

Rising Stars

Building capacity and creating opportunities in and for our Early and Mid-Career Researchers continue to be a key focus area of the NSW Cardiovascular Research Network (CVRN) in 2017 with highlights including: providing support to EMCRs through the new Travel Scholarships and Carer's Travel Scholarships, and the opportunity to attend workshops and meetings with their peers; and a CVRN Rising Stars Workshop, held at Macquarie University in June 2017, with the theme 'Promoting Your Personal Research Brand.' Attendees heard from expert speakers about applying marketing and branding techniques to elevate research projects and using social media to promote their work.

Directors' Report (continued) for the year ended 31 December 2017

CVRN Showcase

The NSW CVRN Showcase and Awards Ceremony, State of the Heart 2017, was held on 12 October 2017, with the theme 'Inspired Innovation.' Over 160 guests, including researchers and clinicians, Government and industry representatives, and Heart Foundation major donors and supporters were in attendance. The evening was facilitated by Sophie Scott, National Medical Reporter for the ABC and the Hon Brad Hazzard MP, Minister for Health and Minister for Medical Research, gave the opening address. Minister Hazzard also awarded the Ministerial Award for Cardiovascular Research Excellence, and the Ministerial Award for Rising Stars in Cardiovascular Research, to Prof Chris Semsarian and Dr Jodie Ingles, respectively.

Research Funding and Support

In 2017, the CVRN awarded the first round of travel scholarships, including carer's travel scholarships, providing financial support to early and mid-career researchers to present their findings at national and international conferences and scientific meetings. A total of six grants were awarded, three Travel Scholarships, and three Carer's Travel Scholarships (which provided the recipient with financial support to assist with costs associated with care of children whilst the recipient travelled to the conference).

The advocacy work of the CVRN has continued in 2017. Our work resulted in the NSW State Government dedicating 50 per cent of its Transitional Research Grants Scheme in 2017 to cardiovascular projects, amounting to approximately \$5 million and over \$6 million to a round of early-mid career fellowships dedicated to cardiovascular disease.

Total Heart Foundation research spend in New South Wales was over \$3.8 million.

Events and fundraising

We continue to be inspired by our wonderful supporters:

- Three key community champion events were held in 2017 delivering revenue of approximately \$85,000. Thank you to John Milroy, Fay Chiotis as well as Brent Adams & Remon Fayad
- The Bulls and Bears golf day returned approximately \$35,000 in revenue. This is the second year of support and the event will be run again in 2018.
- The second annual Women with Heart luncheon was held in May 2017, hosted pro bono by KPMG and generating approximately 50,000 in revenue. Follow up gifts were made, including a \$120,000 gift by a high net worth donor.
- Sixty fundraisers ran in the 2017 City2Surf, and along with the support of Ray White Double Bay, raised close to \$50,000 to be directed to research.
- Dylam and the GNK Foundation appointed the Heart Foundation as the charity beneficiary partner of their annual charity golf day, which returned approximately \$30K.
- We received \$559,000 in Major Gifts.
- We received \$6.7 million gifts in wills.

National Heart Foundation of Australia (New South Wales Division)

Directors' Report (continued) for the year ended 31 December 2017

Review of Results and Operations for Past Five Years

Set out below is a comparative table of income and expenditure and assets and liabilities for the past five years, including relevant ratios. Income from fundraising is obtained in an increasingly competitive charity climate. Fundraising cost over the last 5 years averaged 26% of fundraising income.

	2017	2016	2015	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Income & Expenditure					
Charitable support - bequests	6,764	12,266	8,948	6,155	7,716
Charitable support - non-bequests	5,129	5,321	5,639	6,697	7,210
Fundraising income	11,893	17,587	14,587	12,852	14,926
Investment income	37	55	63	90	104
Government non-reciprocal grants	-	-	-	-	1,752
Grants for specific health programs	1,166	1,608	1,643	1,931	374
Grants for specific fundraising & communications programs	516	583	586	119	-
Other income	2	64	41	139	222
Total income	13,614	19,897	16,920	15,131	17,378
Less: Fundraising expenditure	(3,178)	(3,622)	(3,719)	(3,939)	(3,793)
Communications & administration	(545)	(732)	(533)	(417)	(535)
Surplus available for health programs & research	9,891	15,543	12,668	10,775	13,050
Health programs conducted locally	(4,121)	(4,701)	(4,516)	(4,684)	(5,315)
Contributions to National health programs & research	(6,069)	(10,526)	(8,539)	(5,941)	(8,870)
Balance added to/(deducted from) equity	(299)	316	(387)	150	(1,135)
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	27%	21%	25%	31%	25%
Surplus from fundraising to fundraising income	73%	79%	75%	69%	75%
Surplus available for health programs & research to total income	73%	78%	75%	71%	75%
Expenditure on health programs and research to total income	75%	77%	77%	70%	82%
Expenditure on health programs and research to total expenditure	73%	78%	75%	71%	77%
Annual increase/(decrease) in expenditure on health programs & research	(33%)	17%	23%	(25%)	12%
Assets & Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Cash & investments	2,149	5,537	2,678	4,752	4,391
Freehold Land & Properties	-	-	267	-	-
Computers, cars & equipment	32	44	54	105	191
Other assets	1,289	417	604	390	423
Total assets	3,470	5,998	3,603	5,247	5,005
Total liabilities	(3,353)	(5,582)	(3,503)	(4,760)	(4,668)
Total equity	117	416	100	487	337

Events Subsequent to Reporting Date

At 30 June 2018 the Federation Agreement will expire, subsequent to this date the National Heart Foundation of Australia Federation Agreement will not be renewed and National Heart Foundation of Australia is currently in the process of unifying into a National entity.

Prior to 31 March 2018 each National Heart Foundation Division was required to communicate to National Heart Foundation of Australia their intention to recommend their members to unify, or not.

On 20 March 2018 the National Heart Foundation of Australia (New South Wales Division) directors notified National Heart Foundation of Australia of their decision to recommend to their members to unify into the new National entity.

As a result of the above National Heart Foundation of Australia has provided a legally enforceable irrevocable letter of financial support confirming their intention to financially support the National Heart Foundation of Australia (New South Wales Division) in such amounts from time to time sufficient to permit the National Heart Foundation of Australia (New South Wales Division) to pay its debts as and when they fall due, until the National Heart Foundation of Australia (New South Wales Division) is able to pay its debts as and when they fall due without the support of National Heart Foundation of Australia. The financial support stated above is provided for a minimum of 12 months from the date the 31 December 2017 financial report of the National Heart Foundation of Australia (New South Wales Division) is signed.

Likely Developments

Should unification proceed the National Heart Foundation of Australia (New South Wales Division) will alter its Constitution such that the National entity will become the sole member, or one of the requirement minimum number of members.

The operations of the National Heart Foundation of Australia (New South Wales Division) will continue under the One Heart Strategy 2018-2020 and as part of the transition process all existing permanent staff have been matched to ongoing positions in the unified entity and as such no redundancies are planned.

There is no intention to close any office or wind up any entity within 12 months from the date the 31 December 2017 financial report of the National Heart Foundation of Australia (New South Wales Division) is signed.

Directors' Report (continued)
for the year ended 31 December 2017

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 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 36 and forms part of the directors' report for financial year 2017.

Signed in accordance with a resolution of the Directors.



Ms G Schroder
Vice-President

Dated at Sydney this 24th day of April 2018

Directors' Declaration

for the year ended 31 December 2017

In the opinion of the directors of National Heart Foundation of Australia (**New South Wales Division**) ("the Foundation"):

- (a) the financial statements and notes, set out on pages 12 to 35, are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Foundations financial position as at 31 December 2017 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards Reduced Disclosure Regime 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.



Ms G Schroder
Vice-President

Dated at Sydney this 24th day of April 2018

National Heart Foundation of Australia (New South Wales Division)

Statement of Surplus or Deficit and Other Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 \$	2016 \$
Revenue			
Revenue from operating activities	4	13,576,433	19,841,164
Total revenue		13,576,433	19,841,164
Net (loss) on sale of property, plant and equipment		(1,214)	-
Research		(860,759)	(1,292,368)
Health programs (including those funded by grants)		(3,259,900)	(3,408,211)
Fundraising		(3,178,213)	(3,622,353)
Cost of goods sold		-	(63)
Communications and publicity		(395,519)	(501,250)
Administration		(148,337)	(230,790)
Results from Operating activities		5,732,491	10,786,129
Finance income		37,119	64,099
Finance costs		-	(8,762)
Net Finance income/(cost)	6	37,119	55,337
Net Surplus/(deficit)		5,769,610	10,841,466
Net Grants to National Heart Foundation of Australia	21	(6,068,942)	(10,525,951)
(Deficit)/surplus for the year before tax		(299,332)	315,515
Income tax expense	3d	-	-
(Deficit)/surplus for the year after tax		(299,332)	315,515
Other comprehensive income		-	-
Total comprehensive (deficit)/income for the year		(299,332)	315,515

Statement of Financial Position
as at 31 December 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	7a	2,149,390	5,536,643
Trade and other receivables	8	1,289,231	416,701
Total current assets		3,438,621	5,953,344
Non-current assets			
Property, Plant, equipment and vehicles	9	31,760	44,354
Total non-current assets		31,760	44,354
Total assets		3,470,381	5,997,698
Current liabilities			
Trade and other payables	10	2,042,070	4,124,647
Grants income deferred	11	607,697	793,214
Employee benefits	12	373,461	342,650
Provisions	16	13,557	13,557
Total current liabilities		3,036,785	5,274,068
Non-current liabilities			
Employee benefits	12	30,759	30,608
Provisions	16	286,320	277,173
Total non-current liabilities		317,079	307,781
Total liabilities		3,353,864	5,581,849
Net assets		116,517	415,849
Equity			
Reserves		508,159	568,747
Retained earnings		(391,642)	(152,898)
Total equity	13	116,517	415,849

Statement of Changes in Equity
for the year ended 31 December 2017

	Reserves	Accumulated Deficit	Total
Balance of accumulated surplus as at 1 January 2016	533,817	(433,483)	100,334
Comprehensive income for the period			
Surplus/(Deficit)		315,515	315,515
Transfers to reserves	34,930	(34,930)	-
Other comprehensive income	-	-	-
Total comprehensive income for the periods	<u>34,930</u>	<u>280,585</u>	<u>315,515</u>
Balance of accumulated surplus as at 31 December 2016	<u>568,747</u>	<u>(152,898)</u>	<u>415,849</u>
Balance of accumulated surplus as at 1 January 2017	568,747	(152,898)	415,849
Comprehensive income for the period			
(Deficit)/Surplus		(299,332)	(299,332)
Transfers from reserves	(60,588)	60,588	-
Other comprehensive income	-	-	-
Total comprehensive deficit for the periods	<u>(60,588)</u>	<u>(238,744)</u>	<u>(299,332)</u>
Balance of accumulated surplus as at 31 December 2017	<u>508,159</u>	<u>(391,642)</u>	<u>116,517</u>

Statement of Cash Flows

for the year ended 31 December 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		12,276,455	17,644,943
Cash payments in the course of operations		(5,753,087)	(6,522,686)
Net grants made to National Heart Foundation of Australia		(9,947,363)	(8,320,504)
Net financial income		47,024	76,716
Net cash from operating activities	7b	(3,376,971)	2,878,469
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		8,500	-
Acquisition of property, equipment, vehicles and computer software		(18,782)	(20,260)
Net cash from investing activities		(10,282)	(20,260)
Cash flows from financing activities			
		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(3,387,253)	2,858,209
Cash and cash equivalents at 1 January		5,536,643	2,678,434
Cash and cash equivalents at 31 December	7a	2,149,390	5,536,643

The notes on pages 16 to 35 are an integral part of these financial statements

Notes to the Financial Statements

for the year ended 31 December 2017

1 Reporting entity

The National Heart Foundation of Australia (New South Wales Division) (the "Foundation") (ABN: 95 000 253 289) is a company domiciled in Australia. The address of the Foundation's registered office is Level 3, 80 William Street, East Sydney NSW 2011. 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 (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-For-Profits Commission Act 2012. The financial report was authorised for issue by the directors on 24 April 2018.

(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

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

Significant accounting estimates and assumptions

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

(i) Make good provisions

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

(ii) 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(j). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to note 12.

(e) Changes in accounting policies

The Foundation has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

(f) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net deficit after tax for the Foundation for the year ended 31 December 2017 amounted to \$299,332 (2016: Surplus of \$315,515). At 31 December 2017, the Foundation had net current assets of \$401,836 (2016: net current assets \$679,276) and net assets of \$116,517 (2016: \$415,849). Subsequent to year end the directors agreed to recommend to the members to unify into the new National entity upon 1 July 2018.

Whilst there is no intention to close the National Heart Foundation of Australia (New South Wales Division) or wind up the National Heart Foundation of Australia (New South Wales Division), substantial trading activities, assets and liabilities are expected to be transferred to the unified entity. However, this transition may take some time therefore the National Heart Foundation of Australia (New South Wales Division) will continue to exist for at least 12 months following unification and will remain active to receive any specific income or meet any contractual obligations under the name of the entity.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

2 Basis of preparation (continued)

(f) Going concern (continued)

Furthermore, in the event the National Heart Foundation of Australia (New South Wales Division) entity does not proceed with unification (members vote not to unify at the AGM), National Heart Foundation of Australia acknowledge their commitment to the written financial support issued to the National Heart Foundation of Australia (New South Wales Division) and will assist in ensuring there is an orderly transition between the National Entity and the National Heart Foundation of Australia (New South Wales Division).

In the opinion of the directors of the Foundation, the Foundation is a going concern and can pay its debts as and when they fall due to the following factors:

- National Heart Foundation of Australia have acknowledged they will bear all costs of unification; and
- The Foundation has received confirmation of legally enforceable and irrevocable financial support from National Heart Foundation of Australia, to provide financial support in such amounts from time to time sufficient to permit the National Heart Foundation of Australia (New South Wales Division) to pay its debts as and when they fall due. Such financial support can be in the form of cash injections, settlement of liabilities, repayment of related party borrowings, or deferral of payment of related party loans. The financial support stated above is provided for a minimum of 12 months from the date the 31 December 2017 financial report of the National Heart Foundation of Australia (New South Wales Division) is signed.

3 Significant accounting policies

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

(a) Basis of consolidation

The State and Territory Divisions in Queensland, New South Wales, Victoria, South Australia, Western Australia, Tasmania, Australian Capital Territory and Northern Territory ('the Divisions') are separately incorporated, and each Division is a member of the National Heart Foundation of Australia. The consolidated financial statements comprise the financial statements of the Foundation and the Divisions. Intra-entity balances and transactions are eliminated in preparing the consolidated financial statements. The accounting policies of Divisions and Territories have been changed when necessary to align them with the policies adopted by the National Heart Foundation of Australia.

(b) 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 cash, investments or properties, are received from a bequest, an asset and corresponding revenue is recognised, at fair value, when the Foundation or a Division 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 grants income deferred as recognised in note 11. 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.

3 Significant accounting policies (continued)

(b) Revenue recognition (continued)

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 New South Wales also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 82,226 children and 377 schools and groups throughout New South Wales. The Foundation's door knock program successfully recruited over 3,575 volunteers to collect funds in 2017. 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.

(c) 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.

(d) 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.

(e) Property, plant, equipment and vehicles

(i) Recognition and measurement

Items of property, plant, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to note 3(i)(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of property, plant, equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of property, plant, 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, plant, equipment and vehicles from the date they are acquired and are ready for use. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

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

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

(f) Leased assets including property and equipment

Leases in terms of which the Foundation assumes substantially all the risks and benefits of ownership are classified as finance leases. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by payments made. The interest components of the lease payments are expensed. There have been no finance leases during the periods covered by these financial statements.

Other leases are classified as operating leases and payments are expensed on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. The Foundation recognises lease periods as the initial term specified in the lease and renewal options are treated as separate leases should the Foundation elect to extend the lease period beyond the initial term. The leased assets are not recognised on the Foundation's Statement of Financial Position, however, in accordance with lease terms, future obligations have been recognised on the Foundation's Statement of Financial Position for the costs of restoring leased premises to conditions as set out in the lease agreement. This future obligation will be adjusted annually to reflect increases in CPI (refer to note 15).

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies (continued)

(f) Leased assets including property and equipment (continued)

Determining whether an arrangement contains a lease

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

(g) Non-derivative financial assets

The Foundation early adopted AASB9 *Financial Instruments* with a date of initial application of 1 January 2011. The Foundation initially recognises financial assets on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. 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 the contractual rights to the cash flows from the asset expire, or 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) Fair Value through Other Comprehensive Income

Investments in equity instruments that are held directly are classified and stated as fair value. The fair value of equity instruments is their quoted bid price as at the statement of financial position date. Any resultant gain or loss from cost whether related to market movement or from derecognition of the instrument is recognised directly in other comprehensive income. Investments classified as fair value are recognised/derecognised by the entity on the date it commits to purchase/sell the investments

(ii) Amortised Cost

Investments in term deposits maturing beyond 90 days that are held directly are classified and measured at amortised cost. Any differential between face or maturity value and cost is recognised in the Statement of Surplus or Deficit and Other Comprehensive Income over the remaining term to maturity of each instrument. If an amortised costs investment is considered to be impaired such impairment is recognised directly in the Statement of Surplus or Deficit and Other Comprehensive Income. Investments classified at amortised cost are recognised/derecognised by the entity on the date it commits to purchase/sell the investments.

(iii) 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(m). Other non-derivative financial instruments are measured at amortised costs using the effective interest method, less any impairment losses.

Share capital

The Foundation has no issued capital and is limited by guarantee. If the Foundation is wound up each member would have a liability of an amount not exceeding \$20. Refer to note 17.

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 3(i)(i).

3 Significant accounting policies (continued)**(h) 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.

(i) 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.

(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 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.

(j) 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

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies (continued)

(j) Employee Benefits (continued)

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: 2017: 3.0% (2016:3.0%)
- > discount rate based on Milliman Group of 100/(national government securities) which most closely match the terms to maturity of the related liabilities: 2017: 3.81% (2016:2.76%)
- > expected settlement dates for annual leave 2017: 2 years (2016: 2 years)
- > expected settlement dates for long service leave based on turnover history: 2017: 7 years (2016: 7 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.

(k) Provisions

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

(l) Segment reporting

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

(m) Finance income and finance costs

Finance income comprises interest income, dividend income and gains on disposal of financial assets. Finance costs comprise management fees, losses on disposal and impairment of financial assets (except trade receivables).

(n) 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 20 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundations activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

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

Economic dependency

The National Heart Foundation of Australia ("National") and the state and territory Divisions operate as a co-operative federation. Virtually all revenue from charitable support is received by the Divisions. However most expenditure on research and certain health programs is spent by the National Foundation. The National 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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

3 Significant accounting policies (continued)

(o) 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 2017 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. Not-for-profit (NFP) entities will account for income under either AASB 15 or the new NFP specific standard.

AASB 15 Revenue from Contracts with Customers

AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The application of AASB 15 for not-for-profit entities is for financial years beginning 1 January 2019.

Where such a transaction meets the requirements of AASB 15 Revenue from Contracts with Customers, revenue will be recognised in accordance with the requirements of this standard. To assist NFPs apply AASB 15 to their circumstances, specific implementation guidance and illustrative examples have been inserted into AASB 15.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 replaces the income recognition requirements relating to private sector NFP entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in AASB 1004 Contributions for financial years beginning 1 January 2019 onwards.

AASB 1058 establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives and to volunteer services received.

The accounting guidance applied is driven by whether the agreement is enforceable and contains performance obligations. NFP entities will assess which standard is applicable for each individual agreement.

AASB 16 Leases

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements.

There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. Early adoption will be permitted for entities that also adopt AASB 15.

(p) 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) 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.

(ii) 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.

(iii) Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

	2017 \$	2016 \$
4 Revenue from operating activities		
Charitable support - bequests	6,763,924	12,265,695
Charitable support - non-bequests	5,128,617	5,903,193
Sale of goods	101	223
<i>Total revenue from fundraising activities</i>	<u>11,892,642</u>	<u>18,169,111</u>
Grants for specific health programs - Government	677,399	1,028,048
Grants for specific health programs and research - other	1,004,868	580,289
Other	1,524	63,716
<i>Total revenue from other operating activities</i>	<u>1,683,791</u>	<u>1,672,053</u>
Total revenue from operating activities	<u>13,576,433</u>	<u>19,841,164</u>
5 Auditors' remuneration		
KPMG Australia: Audit services	29,064	29,964
KPMG Australia: Other services	-	2,500
	<u>29,064</u>	<u>32,464</u>
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	37,119	57,828
Dividend income	-	6,271
Finance income	<u>37,119</u>	<u>64,099</u>
Impairment/ realised loss on trade receivables	-	8,762
Finance costs	<u>-</u>	<u>8,762</u>
Net finance income and costs recognised in Surplus/(Deficit)	<u>37,119</u>	<u>55,337</u>

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

	2017	2016
	\$	\$
7a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.00% to 2.51% (2016: 0.0% to 2.9%)	2,149,390	5,536,643
	<u>2,149,390</u>	<u>5,536,643</u>
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 20. The carrying value of cash and cash equivalents is equal to fair value.		
7b Reconciliation of cash flows from operating activities		
Net (deficit)/surplus from ordinary activities	(299,332)	315,515
Adjustments for:		
Depreciation/Amortisation	21,661	30,018
Make good / restoration	9,147	8,751
Net loss/(gain) on disposal of property, equipment and vehicles	1,214	-
Office lease incentives deferred	-	(48,213)
Net cash from operating activities before changes in working capital and provisions	(267,310)	306,071
(Increase)/decrease in receivables	(873,324)	451,147
(Increase)/decrease in grants income accrued	795	3,232
Increase/(decrease) in payables	(2,082,577)	3,353,911
Increase/(decrease) in grants income deferred	(185,517)	(1,169,838)
Increase/(decrease) in employee benefits	30,961	(66,055)
Net cash from operating activities	<u>(3,376,971)</u>	<u>2,878,469</u>
8 Trade and other receivables		
Trade receivables owing by National Heart Foundation of Australia (National)	107,730	263,011
Grants income accrued	182	976
Other receivables and prepayments	1,181,319	152,714
	<u>1,289,231</u>	<u>416,701</u>

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk relates to trade and other receivables is disclosed in note 20.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

9 Property, plant, equipment and vehicles

Cost	Computers	Leasehold Improvements	Motor Vehicles	Office Equipment	Furniture & Fittings	Software	Totals
Balance b/f	307,039	1,822,860	84,746	209,051	48,954	22,182	2,494,832
Additions		13,300		5,482			18,782
Disposal			(15,158)				(15,158)
Balance c/f	307,039	1,836,160	69,587	214,533	48,954	22,182	2,498,456

Accumulated depreciation	Computers	Leasehold Improvements	Motor Vehicles	Office Equipment	Furniture & Fittings	Software	Totals
Balance b/f	307,039	1,802,637	65,437	204,540	48,643	22,182	2,450,478
Depreciation charge for year		5,726	7,150	8,474	311		21,661
Disposal			(5,443)				(5,443)
Balance c/f	307,039	1,808,363	67,144	213,014	48,954	22,182	2,466,696

NBV 2017	-	27,797	2,444	1,519	-	-	31,760
NBV 2016	-	20,223	19,309	4,511	311	-	44,354

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

	2017	2016
	\$	\$
10 Trade and other payables		
Trade payables to National Heart Foundation of Australia	1,891,591	3,843,062
Trade payables to other National Heart Foundation divisions	2,268	-
Other payables and accrued expenses	148,211	281,585
	2,042,070	4,124,647

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 20.

11 Grants income deferred

Balance at 1 January	793,214	1,963,052
Amounts received	980,805	438,499
Income taken to revenue	(1,166,322)	(1,608,337)
Balance at 31 December	607,697	793,214

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 20.

12 Employee benefits

Aggregate liability for employee benefits including oncosts:

Current - long service leave and annual leave	373,461	342,650
Non-current - long service leave	30,759	30,608
Total employee benefits	404,220	373,258
<i>Personnel expenses:</i>		
Wages and salaries	2,719,753	2,907,733
Contributions to superannuation plans	247,565	280,056
Total personnel expenses	2,967,318	3,187,789
Number of employees at year end (full time equivalents)	33	36

13 Reserves and Equity

Movements in reserves during the year:

	2017	2016
	\$	\$
Balance at beginning of year	568,747	533,817
Transfer from/(to) retained earnings, representing:	(60,588)	34,930
Balance at end of year	508,159	568,747
Total Reserves Balance at year end	508,159	568,747

Nature and purpose of reserves

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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

13 Reserves and Equity (continued)

	2017	2016
	\$	\$
Reserves at beginning of year	568,747	533,817
Retained Earnings at beginning of year	(152,898)	(433,483)
Total Equity at beginning of year	415,849	100,334
Operating Surplus/(deficit)	5,769,610	10,841,466
Net Grants to National Heart Foundation of Australia	(6,068,942)	(10,525,951)
Total Equity at end of year	116,517	415,849

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.

	2017	2016
	\$	\$
14 Assets held in trust		
Balance brought forward	1,052,159	1,049,949
Interest and funds received	28,382	28,426
Less Payments in accordance with Trust	(23,702)	(26,216)
Balance carried forward	1,056,839	1,052,159
15 Operating leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	630,498	607,709
Between one and five years	1,678,395	2,308,894
Later than five years	-	-
	2,308,893	2,916,603
Expenditure in the period was as follows:		
Office space	630,917	628,321
	630,917	628,321

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

16 Provisions

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

	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$
Balance at 1 January 2016	61,770	268,422	330,192
Future obligations incurred	-	(39,790)	(39,790)
Lease incentives received	27,115	-	27,115
Incentives offset against lease rental expense	(75,328)	-	(75,328)
Expenditure recognised in the statement of comprehensive income	-	48,541	48,541
Balance at 31 December 2016	13,557	277,173	290,730
Current	13,557	-	13,557
Non-Current	-	277,173	277,173
	13,557	277,173	290,730

	Office lease incentives deferred	Make good of leased premises	Total
	\$	\$	\$
Balance at 1 January 2017	13,557	277,173	290,730
Future obligations incurred	27,115	-	27,115
Lease incentives received	-	-	-
Incentives offset against lease rental expense	(27,115)	-	(27,115)
Expenditure recognised in the Statements of Surplus or Deficit and Other Comprehensive Income	-	9,147	9,147
Balance at 31 December 2017	13,557	286,320	299,877
Current	13,557	-	13,557
Non-Current	-	286,320	286,320
	13,557	286,320	299,877

The carrying value of make good of leased premises is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk related to the make good provision is disclosed in note 20.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

17 Company limited by guarantee

The National Heart Foundation (New South Wales Division) is a company incorporated in Australia under the Corporations Act 2001 as a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that they are a member, or within one year afterwards for payment of the debts and liabilities of the company contracted before the time at which they cease to become a member and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves such an amount as may be required not exceeding the sum of \$20. As at 31st December 2017 there were 74 members (2016: 75 members).

18 Related parties

Key management personnel and director related parties

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

Non executive directors

Ms R Davies, BEc, LLB (hons), FAICD - President
A/Professor R M Allan, MBBS, FRACP, FCSANZ, FACC (until 22 May 2017)
Mr A Bielinko, BCom, B.Laws
Professor D Brieger, MBBS, Mmed, PhD, FRACP
Dr C Forster, BSc(Med), MBBS (Hons), FRACP, FCSANZ
Ms K Hughes, BAcc, CA, GAICD
Mr M O'Donnell, BEc, GradDipAppFin, MBA (from 13 June 2017)
Ms G Schroder, GAICD
Mr G Selig, BEc
Mr D Shortland, LLB, Grad.Dip. Legal Practice, MAICD
A/Professor S P Thomas, BMed, PhD, FRACP

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

Executive Staff

Ms Kerry Doyle PSM, BA (Hons) Class 1	Chief Executive
Ms Julie Anne Mitchell, MPH, GradDip Health Promotion, BA, RN	Director Cardiovascular Health Programs
Ms Deborah Mills, BA (Hons) DipACB	Executive Manager, Philanthropy & Fundraising (until 25 May 2017)
Ms Katrina Dowling, B.Com (Economics), B.Bus (Marketing)	Executive Manager, Revenue & Communications
Ms Nellie Wang, Adv. Dip Accounting, Bachelor of Law (China)	Management/Senior Accountant

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

18 Related Parties (continued)

The compensation of key management personnel was as follows:

	2017 \$	2016 \$
Short term employee benefits	771,607	894,394
Other long term benefits	14,140	12,101
Total	<u>785,747</u>	<u>906,495</u>

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:

	2017 \$	2016 \$
Net Surplus/(Deficit)	(299,332)	315,515
The aggregate amounts included in the profit from ordinary activities that resulted from transactions with non-director related parties are :		
Contributions received from sale of services	548,940	617,842
Contributions paid for purchase of services	(2,947,624)	(3,424,547)
Grants for research and other national initiatives	(6,068,942)	(10,525,951)

Amounts receivable and payable to non-director related parties are shown in notes 8 and 10 respectively.

19 Subsequent events

At 30 June 2018 the Federation Agreement will expire, subsequent to this date the National Heart Foundation of Australia Federation Agreement will not be renewed and National Heart Foundation of Australia is currently in the process of unifying into a National entity.

Prior to 31 March 2018 each National Heart Foundation Division was required to communicate to National Heart Foundation of Australia their intention to recommend their members to unify, or not.

On 20 March 2018 the National Heart Foundation of Australia (New South Wales Division) directors notified National Heart Foundation of Australia of their decision to recommend to their members to unify into the new National entity.

As a result of the above National Heart Foundation of Australia has provided a legally enforceable irrevocable letter of financial support confirming their intention to financially support the National Heart Foundation of Australia (New South Wales Division) in such amounts from time to time sufficient to permit the National Heart Foundation of Australia (New South Wales Division) to pay its debts as and when they fall due, until the National Heart Foundation of Australia (New South Wales Division) is able to pay its debts as and when they fall due without the support of National Heart Division. The financial support stated above is provided for a minimum of 12 months from the date the 31 December 2017 financial report of the National Heart Foundation of Australia (New South Wales Division) is signed.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

20 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 and/or Division's receivables and investment securities. Exposure to credit risk is monitored by management on an ongoing basis.

The Foundation does not require collateral in respect of financial assets. The credit risk relating to the Foundation's financial assets which are recognised in the statement of financial position is the carrying amount of such assets, net of any allowances for impairment in respect of trade receivables and investments. 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.

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:

	Notes	2017 \$	2016 \$
Financial assets			
Cash *		312,798	90,434
Cash call accounts *		885,782	2,840,910
Term deposits under 90 days *		950,810	2,605,299
Total cash and cash equivalents	7a	2,149,390	5,536,643
Trade and other receivables *	8	1,289,049	415,725
Grants income accrued *	8	182	976
		<u>3,438,621</u>	<u>5,953,344</u>

* Financial assets held at cost/amortised cost

Liquidity risk

Liquidity risk is the risk that the Foundation and/or Divisions will not be able to meet its financial obligations as they fall due. The entity'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 entity's reputation.

Trade and other payables, and grants income deferred have contractual cashflows which are 6 months or less. Provisions relating to obligations for office leases have contractual cashflow obligations until lease expiry, which are all between 5 and 10 years.

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

	Notes	2017 \$	2016 \$
Non derivative financial liabilities			
Trade and other payables	10	2,042,070	4,124,647
Grants income deferred	11	607,697	793,214
		<u>2,649,767</u>	<u>4,917,861</u>

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

20 Financial instruments (continued)

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 33.

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 33. The analysis is performed on the same basis as that used in 2016.

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 2016.

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 33. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2016.

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 Foundations 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 Foundations operations.

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

20 Financial instruments (continued)

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

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

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

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%

	2017				2016					
	-1%		+1%		-1%		+1%			
Interest rate risk	Carrying Amount/ Face Value	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount/ Market Price	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
Fixed rate instruments										
Term deposits-maturing w ithin 90 days	950,810	(9,508)	(9,508)	9,508	9,508	2,605,299	(26,053)	(26,053)	26,053	26,053
Variable rate instruments										
Cash at bank	312,798	(3,128)	(3,128)	3,128	3,128	90,434	(904)	(904)	904	904
Cash call accounts	885,782	(8,858)	(8,858)	8,858	8,858	2,840,910	(28,409)	(28,409)	28,409	28,409
Total increase/(decrease)		(21,494)	(21,494)	21,494	21,494		(55,366)	(55,366)	55,366	55,366

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 (ie:as prices) or indirectly (ie:derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

21 Information and declarations to be furnished under the Charitable Fundraising Act 1991

Details of aggregate gross income and total expenses of fundraising appeals.

	2017 \$	2016 \$
Fundraising Income		
Fundraising	11,892,642	17,586,322
Gross Proceeds from Fundraising Appeals	11,892,642	17,586,322
Fundraising Costs		
Fundraising Appeals	3,178,213	3,622,353
Total Costs of Fundraising Appeals	3,178,213	3,622,353
Net Surplus from Fundraising Appeals	8,714,429	13,963,968
Applied as follows:		
Direct Services		
Net grants to National Fundraising - refer to Note 13	6,068,942	10,525,951
Health programs*	2,491,669	2,653,557
Research network	860,759	1,292,369
	9,421,370	14,471,877
Indirect Expenditure		
Administration	148,337	230,790
Communications and Publicity	395,519	501,250
	543,856	732,040
Total Direct and Indirect Expenditure	9,965,226	15,203,917
Net (Deficit)/Surplus from Fundraising Appeals after Expenditure	(1,250,798)	(1,239,949)
Reconciliation to surplus/(deficit) from continuing operations		
Net surplus from sale of goods	101	160
Grants for specific health programs - Government and Other	821,508	898,758
Health programs funded by grants	(768,230)	(754,653)
CVH income	-	4,000
Interest and other revenue from operating activities	38,542	114,830
Net gain/(loss), including impairment loss, on disposal of plant & equipment	(1,214)	-
Grants for specific research programs	860,759	1,292,369
	951,465	1,555,464
(Deficit)/surplus from continuing operations	(299,332)	315,515

* Health program expenses and communication and publicity expenses in the Statement of Surplus or Deficit and Comprehensive Income include amounts spent where funding has been received from other parties for specific purposes. The expense amounts included in the above direct and indirect expenditure do not include specific purpose expenditure.

(i) A summary of significant accounting policies and methods is detailed in Note 3.

(ii) During the year the Foundation did not experience any material matter or occurrence, including any of an adverse nature.

(iii) During the year the Foundation entered into three Trader Agreement, and \$5,150 income received from the trader.

(iv) Fundraising appeals conducted during the year were:

Direct Mail Appeals, Major Gifts Women and Heart Disease, Recurring Giving, Memorial Giving, Corporate Relations, Community Events, Bequests, Jump Rope for Heart and Big Heart Appeal.

(v) Comparisons:

Notes to the Financial Statements (continued)
for the year ended 31 December 2017

21 Information and declarations to be furnished under the Charitable Fundraising Act 1991
(continued)

	2017	2016
	\$	\$
Total costs of fundraising/	3,178,213	3,622,353
Gross income from fundraising	11,892,642	17,586,322
As a percentage	27%	21%
Net surplus from fundraising/	8,714,429	13,963,968
Gross income from fundraising	11,892,642	17,586,322
As a percentage	73%	79%
Total costs of services provided/	9,421,370	14,471,877
Total expenditure	9,965,226	15,203,917
As a percentage	95%	95%
Total costs of services provided/	9,421,370	14,471,877
Total income received	11,931,285	17,705,375
As a percentage	79%	82%

In accordance with the requirements of the Regulations to the Charitable Fundraising Act 1991, the Foundation has maintained proper and effective internal control over the conduct of all appeals conducted by it. It is not practicable, however, for the Foundation to establish complete accounting control over all unsolicited income prior to its receipt by the Foundation. The directors believe that the controls in place are adequate and the risk of material amounts of unsolicited income not being recorded by the Foundation is low.



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 (New South Wales Division)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 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

Cameron Roan
Partner

Sydney
24 April 2018

Declaration by Chief Executive in respect of fundraising appeals
to the members of National Heart Foundation of Australia (New South Wales Division)

I, Kerry Doyle, Chief Executive of the National Heart Foundation of Australia (New South Wales Division), declare in my opinion:

- (a) the financial statements give a true and fair view of all income and expenditure of the National Heart Foundation of Australia (New South Wales Division) with respect to fundraising appeal activities for the financial year ended 31 December 2017;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2017;
- (c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 31 December 2017; and
- (d) the internal controls exercised by the National Heart Foundation (New South Wales Division) are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Kerry Doyle, PSM
Chief Executive

Dated at Sydney this 24th day of April 2018

Independent Auditor's Report

To the members of National Heart Foundation (New South Wales Division)

Report on the audit of the Financial Report

Qualified Opinion

We have audited the **Financial Report**, of the National Heart Foundation (New South Wales Division) (the Foundation).

In our opinion, except for the possible effects of the matter described in the Basis for Qualified opinion section of our report, the accompanying **Financial Report** of the Foundation is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (i) giving a true and fair view of the Foundation's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- (i) Statement of financial position as at 31 December 2017.
- (ii) Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- (iii) Notes including a summary of significant accounting policies.
- (iv) Directors' declaration of the Foundation.
- (v) Declaration by the Chief Executive Officer in respect of fundraising appeals of the Foundation.

Basis for Qualified opinion

Charitable fundraising is a significant source of fundraising revenue for the National Heart Foundation (New South Wales Division). The Foundation has determined that it is impracticable to establish controls over the collection of charitable fundraising revenue, mainly comprising of cash donations, 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 fundraising revenue, mainly comprising of cash donations, had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether charitable

fundraising to the National Heart Foundation of Australia (New South Wales 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.

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in National Heart Foundation of Australia's (New South Wales Division) annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report, Members, Friends of the Heart Foundation and Advisory Committees.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Preparing the Financial Report in accordance with the Acts and Regulations.
- (iii) Implementing necessary internal control 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.

- (iv) Assessing the Foundation's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- (i) Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the Audit 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 registered Foundation's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Foundation to cease to continue as a going concern.

- (v) Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

- (i) Obtained an understanding of the internal control structure for fundraising appeal activities.
- (ii) Examined 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.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph:

- (i) the Financial Report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 31 December 2017;
- (ii) the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2017 to 31 December 2017, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (iii) money received as a result of fundraising appeal activities conducted during the period from 1 January 2017 to 31 December 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (iv) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.



KPMG



Cameron Roan
Partner
Sydney

24 April 2018

Members ¹⁾

A/Prof Roger M Allan ** (*retired 22 May 2017*)
Mr George M Armstead
Dr Alan W Barclay
Dr Bruce Bastian *
Prof Bill Bellew
Mr Albert Bielinko **
Mr Allan Brackin
Prof David Brieger **
Prof Terence J Campbell AM *
Dr Annette E Carruthers *
Dr Peter G Caspari
Prof David S Celermajer AO *
Prof John Chalmers AC *
Mr David V Cody OAM
Ms Pamela B Cohen
Mr John C Conde AO *
Prof Roger A L Dampney
Prof Patricia M Davidson *
Ms Rebecca Davies **
Mr Arthur E Delbridge AM *
Dr Peter H Edwards
Ms Maree A Faulkner
Prof Michael P Feneley AM *
Mr Dale C Fisher
Prof Peter Fletcher *
Dr Cathie Forster **
Prof Carolyn Geczy
Prof Robert M Graham AO *
Ms Ann E Griffiths
Dr John F Gunning AM *
Mr Paul Hannan *
Prof Mark Harris
Prof Phillip J Harris AM *
Mr Stephen B M Harrison AO
Mr Bruce G Hayman
A/Prof Christopher S Hayward *
Ms Kim Hughes **
A/Prof Wendy Jessup
Mr Richard D Johnson
Dr Craig Juergens
Mr Gunninder Singh Katari *
Prof David T Kelly AM
Mr Hugo J W Kocken
Prof Len Kritharides
Prof Christopher Levi
Mr Trevor J Maloney *
Ms Alexandra Manon
Mr Kevin A Meyer OAM
Mr Matthew O'Donnell **
Prof Michael F O'Rourke AM *
Mr Laurence J Patton
A/Prof Paul Pilowsky
A/Prof C Dimity Pond
A/Prof Lynne A Pressley AM *
Mr Brendan Reilly
Dr John G Richards *
Ms Elizabeth Roberts
Mr Norman B Rydge AM, OBE
Dr Laurence A Scandrett
Ms Gabrielle Schroder **

Mr Geoff Selig **
Mr David Shortland **
Hon David Simmons OAM *
Prof Andrew Sindone
Mr David W Smithers AM *
Ms Robyn Speerin
Mrs Dal Stevenson
Mr E Keith Stewart *
Ms Elizabeth Strachan
Mr Tony J Thirlwell OAM
A/Prof Stuart P Thomas **
Prof Geoffrey H Tofler
Dr Harvey G Washington
Mr Peter E S White *
Mr John S Young OAM *

1) At the Foundation's Annual General Meeting held 30 April 2014 a new Constitution was adopted, which makes provision of one category of Members only.

* Members who under the previous Constitution were appointed Life Members of the NSW Division

** Members of the NSW Board of Directors

Friends of the Heart Foundation

The National Heart Foundation of Australia (N.S.W. Division) wishes to gratefully acknowledge NSW Ministry of Health as well as NSW Office of Sport for providing funding of \$823,457 to contribute to the delivery of our work during 2017.

We would like to acknowledge the significant philanthropic support of the NSW community.

Platinum

Bill Hayward OAM and Alison Hayward
Maple-Brown Family Charitable Trust
The Profield Foundation
Stanley Roth AM and Charmaine Roth

Gold

Ian Sharp

Pearl

Mr Vivian Berner
Rebecca Davies
Kerry Doyle PSM
JLDJS Foundation
The Alexandra and Lloyd Martin Family Foundation

Silver

Bloomfield Group Foundation
Dalara Foundation
Davies Family Foundation
Steve Gordon
Graf family
Peter Ivany AM and Sharon Ivany
Carolyn Lyons OAM
Monarch Investments Foundation
Nelumbo Trust
Mr Paul Okkerse
Peter Rockey
David and Isabel Smithers
Sheila Woodcock

Supporter

John Church
Judith and Edward Cooper
Edwards Lifesciences
Julian Knights AO and Lizanne Knights
E.H. and K.A Kotzur
S B Scarf
Mrs Robin Spencer
Sandra and Victor Topper
Beverley and Wayne Wilson

Community Champions

We would like to acknowledge and thank the passionate and dedicated efforts of the following community champions in rallying their personal and professional networks in support of the Heart Foundation (New South Wales Division):

Fay Chiotis
Colleen Hayden and Todd Baker
Rebecca Mance
Warren Williams

Australian Stockbrokers Foundation
Civium Property Group
The George Naim Khattar Foundation
Pirates Rugby Club Tamworth

Corporate Partners

We would like to thank our Corporate Partners for their generous financial and/or in-kind support:

Abbott Vascular
AstraZeneca
Dedes Group
Foxtel Lifestyle
Macquarie Group Foundation
Porsche Centre Parramatta
Ray White Double Bay

2017 Women and Heart Disease Program Hero Ambassador

Kelly Landry

We would also like to extend our thanks to the many supporters who have given graciously throughout the year but have chosen to remain anonymous.

Advisory Committees

Hunter New England Region Cardiovascular Health Committee ¹⁾

Dr Rosemary Hackworthy (Chairperson)
Dr Bruce Bastian
Mr Thomas Croft
Mr Paul Douglas
Dr Mitch Duncan
Ms Karen Gillham
Mr Peter Ivey
Ms Margaret Lewis
Ms Dawn McIvor
Ms Penny Milson
Ms Julie Anne Mitchell
Ms Deborah Moore
Ms Helen Orvad
Ms Lucy Reed
Ms Anne Williams

NSW Cardiovascular Research Network Management Committee

Mr Geoff Selig (Chair until April 2017)
Ms Gabrielle Schroder (Chair from April 2017)
Prof Andrew Boyle
Ms Kerry Doyle PSM
Prof Robert Graham AO
Prof Len Kritharides
Prof Bruce Neal
Ms Holly Pobjie
Prof Carol Pollock

1) The Hunter New England Region Cardiovascular Health Committee has the express purpose to improve cardiovascular health in people of the Hunter New England region through advocacy and support for best practice primary and secondary prevention initiatives.



Heart Foundation Helpline: 13 11 12
heartfoundation.org.au

Australian Capital Territory

Canberra

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New South Wales

Sydney

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East Sydney NSW 2011
(02) 9219 2444

Northern Territory

Darwin

Level 3, 21 Knuckey Street
Darwin NT 0800
(08) 8982 2700

Queensland

Brisbane

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

South Australia

Adelaide

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

Tasmania

Hobart

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

Victoria

Melbourne

Level 2, 850 Collins Street
Docklands VIC 3008
(03) 9329 8511

Western Australia

Perth

334 Rokeby Road
Subiaco WA 6008
(08) 9388 3343