

ANNUAL REPORT + FINANCIAL STATEMENTS 2016

National Heart Foundation of Australia
(South Australian Division) Incorporated
ABN 70 140 886 652
For the year ended 31 December 2016

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Directors and Office Bearers

Patron	His Excellency the Honourable Hieu Van Le AO Governor of South Australia
Board of Directors	
President	Mr T M Roberts FCA, ARITA, FAICD, FGLF
Vice President	Associate Professor M Worthley, MBBS, FRACP, PhD, FCSANZ, FACC
Vice President and Treasurer	Ms M Field, GAICD, CA, CTA, BBus
Directors	Mr Andrew Cosh Mr Stephen Halliday BA (Journalism), MAICD Ms Donny Walford FAICD Ms Anne Young MAICD Associate Professor Christopher Zeitz MBBS, PhD, FRACP, FCSANZ, OSTJ Professor Alex Brown MBBS, PhD, MPH, FCSANZ, FRACP Ms Arabella Branson LLB, BCom, Grad Dip Legal Practice, MAICD, MLSSA
Representative of the Cardiac Society of Australia and New Zealand	Associate Professor M Worthley, MBBS, FRACP, PhD, FCSANZ, FACC
Members at Large	Mr R H Allert Dr M Arstall Prof P E Aylward Mr B J Carter Dr R J Craig Ms J Grieve Dr P Hetzel Mr R D Hastwell Mr J Knight Dr L Mahar Dr B McRitchie Dr J F Sangster Dr P Steele Mr C B Taylor
Chief Executive Officer	Dr A Rischbieth PhD, FAICD, FGLF, FACCCN
Public Officer	Ms A M Denton BBus. MAICD
Solicitors	Finlaysons
Auditors	KPMG
Registered Office	155 Hutt Street, Adelaide, South Australia, 5000
Preferred Postal Address	PO Box 7174, Hutt Street, Adelaide, South Australia, 5000

Directors' Report

for the year ended 31 December 2016

The directors present their report together with the general purpose financial report for the National Heart Foundation of Australia (South Australian Division) Inc ("the Foundation") for the year ended 31 December 2016 and the auditors' report thereon.

Directors

The following are 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 whilst in office	Appointment and resignation
Mr Todd Roberts FCA, ARITA, FAICD, FGLF	A Corporate banker with the Commonwealth Bank of Australia and has been a Chartered Accountant for over 17 years. Holds a number of Community positions and sits on the National Heart Foundation of Australia Board as Treasurer.	6/6	Appointed May 2010
Ms Megan Field GAICD, CA, CTA, BBus	A partner in Deloitte Tax Services with over 20 years business experience. Her corporate tax experience includes advising Australian Subsidiaries of multinationals, listed Australian corporations, as well as family-owned organisations.	6/6	Appointed May 2010
Associate Professor Matthew Worthley , MBBS, FRACP, PhD, FCSANZ, FACC	Matthew is an Interventional Cardiologist at the Royal Adelaide Hospital, an Associate Professor at the University of Adelaide and a Research Fellow at the South Australian Medical Research Institute. He sits on the national board of the CSANZ as the SA representative and continues to supervise research students in the area of vascular dynamic function.	4/6	Appointed May 2011
Mr Andrew Cosh	Andrew is a professional with over 20 years of management, business advisory and private investment experience in Australia and overseas. He has a diverse range of strategic, commercial and investment related skills.	4/6	Appointed May 2015
Mr Stephen Halliday BA (Journalism), MAICD	Stephen is a political consultant, with a very broad and deep understanding of politics, public administration, business, media and industrial relations, especially in South Australia.	5/6	Appointed May 2015
Ms Donny Walford FAICD	Donny is an experienced Non-Executive Director and CEO of public unlisted companies and various strategic boards in the Finance, Defence and Government industry sectors, with specific expertise in Strategy, Finance, Strategic Marketing and building businesses.	5/6	Appointed May 2015
Ms Anne Young MAICD	Anne is an experienced senior executive and business owner with a background in strategic planning, management and leadership, marketing & communications, operational management and people development.	5/6	Appointed May 2015
Associate Professor Christopher Zeitz MBBS, PhD, FRACP, FCSANZ, OSTJ	Chris Zeitz is an academic interventional cardiologist with a diverse background. As a previous recipient of Heart Foundation funding for his research, he is keenly aware of the vital roles of the organisation in public health promotion, education and research.	5/6	Appointed July 2015
Mr Frank Lancione LLM, LLB, BA, GDLP	Solicitor for more than 28 years and is active in Corporate Governance, Private Wealth Management, Dispute Resolution and Corporate Recovery. He is President of the Heart Foundation in South Australia and sits on the National Heart Foundation of Australia Board and National Audit and Governance Committee.	2/2	Resigned May 2016
Professor Alex Brown MBBS, PhD, MPH, FCSANZ, FRACP	Aboriginal medical doctor and researcher who has established an extensive and unique research program focused on chronic disease in vulnerable communities, with a particular focus on outlining and overcoming health disparities.	n/a	Appointed February 2017
Ms Arabella Branson LLB, BCom, Grad Dip Legal Practice, GAICD, MLSSA	A lawyer in the area of commercial transactional and advisory law since 2000. Nine years practising in a specialist South Australian corporate and commercial law firm, including more than two years as partner. Has now established her own commercial advisory practice and is a member of the Law Society of South Australia, and the Australian Institute of Company Directors.	n/a	Appointed February 2017

Directors' Report (continued)

for the year ended 31 December 2016

Corporate Governance Statement

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

Role of the Board

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

Oversight by the Board

The Board oversees and monitors the performance of management by:

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

Specific responsibilities of the Board

The Board 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 the *Rules of the Incorporated Association*.

Responsibilities of management

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

Board members

All Board members are independent, non-executive directors and act in an honorary capacity. The Rules of the Foundation specify that the Board consists of no more than 12 Directors including one appointed by the Cardiac Society of Australia and New Zealand (South Australian branch) – ("CSANZ"). Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications and responsibilities appear on page 3. On appointment Board members are informed of their responsibilities and the work of the Heart Foundation in a briefing with the President and Chief Executive. The Executive Committee (consisting of the President and two Vice Presidents), review the Board's performance annually. They also review the memberships' required mix of skills, experience and other qualities annually and consider nominations.

Risk management

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

Ethical standards and code of conduct

Board members, all staff and volunteers are expected to comply with relevant laws and codes of conduct of relevant professional bodies, and to act with integrity, compassion, fairness and honesty at all times when dealing with colleagues and any stakeholders in the mission of the Foundation. Board members, all staff and volunteers are provided with a copy of the Foundation's Code of Conduct policy during their induction to the organisation.

Involving stakeholders

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

Directors' Report (continued)

for the year ended 31 December 2016

PRINCIPAL ACTIVITIES AND ACHIEVEMENT OF OBJECTIVES

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

SHORT AND LONG TERM OBJECTIVES AND STRATEGIES FOR ACHIEVING THESE OBJECTIVES

Alignment to strategic plan "For All Hearts"

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

- > Healthy hearts
- > Heart care
- > Health equity
- > Research

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

Performance Measures and Key Achievements in 2016

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

2016 Achievements

Our 2016 achievements included:

- Implemented Lock in the Love during the Fringe to raise funds and promote heart health messages via social media in February.
- Held the 3rd Annual Heart of the Matter corporate breakfast in April, featuring visiting Norwegian cardiologist Professor Maja-Lisa Løchen MD PhD and Associate Professor Bill Griggs AM, ASM, Director, Trauma Service, Royal Adelaide Hospital.
- Raised awareness in May of heart disease in women with a 10-day media campaign encouraging women to 'Get a Heart Health Check at the GP', shared through radio, print, digital, social media with an estimated total audience reach of 2.79 million.
- Promoted the work of the organisation at regional events in Port Augusta and Kadina and shared the latest heart research from a leading South Australian Cardiologist and Researcher.
- Hosted an event in August with Professor Paul Chan, University of Missouri, Kansas City School of Medicine, USA, a global expert and leading researcher in the disparities in health care.
- Engaged the research, cardiology and business sector through the Paint the Town Red Ball, fundraising more than \$200k to support our work in South Australia.
- Maintained and developed 16 corporate relationships through local initiatives, supported by Toyota, Lexus, Fujifilm and Harvey Norman.
- Provided 46 Warning Signs of a Heart attack presentations to more than 1,300 South Australians
- Received over \$3.47 million in bequests and \$2.38 million in non-bequest income, through a range of initiatives, from our many wonderful South Australian supporters.
- In 2016, South Australia contributed to 7.62% of the total media for the Federation.
- Funding for nine leading SA Researchers of \$1,925,000.
- Heart Foundation funded research, conducted by South Australian researcher Dr Rosanna Tavella, has been published in Medical Journal of Australia and presented at the internationally renowned American Heart Association Congress in the US. The 'Evaluation of in-hospital disparities between Aboriginal and non-Aboriginal South Australians in acute cardiovascular care' study identified significant disparities in the process of patient assessment leading up to receipt of an angiogram test. The results will inform in hospital processes and help improve health outcomes for Acute Coronary Syndrome patients.
- A partnership with SA Health provides funding for a suite of patient resources, supporting over 12,000 patients across the state living with cardiovascular disease. In addition, in 2016 over 280 health professionals working across Aboriginal health, country and metropolitan health services received face-2-face training in how to deliver best practice health care.
- Over 2,100 health professionals accessed the Heart Foundation My heart, my life e-learning training to improve their knowledge and build confidence when providing cardiac patient education.
- 23 nurses graduated from the Heart Foundation Nurse Ambassador Program, joining the existing 248 nurses across South Australia, who are working together to support earlier detection and better management of cardiovascular disease. Projects undertaken within the program have led to an increase uptake of Absolute Cardiovascular Risk Assessments, improved patient bedside education following a heart attack and increased knowledge and confidence by nurses to have education discussions with patients.
- To encourage commuters to get active, a vibrant artwork was installed on the stairs in the Adelaide Railway Station promoting the use of the stairs instead of the escalators. The 6-week installation resulted in a 19% increase in the use of the stairs during peak times, as compared to the adjacent escalator.

Directors' Report (continued)

for the year ended 31 December 2016

Review of Results and Operations for Current Year

Set out below is a comparative table of income and expenditure and assets and liabilities including relevant ratios.

Revenue from fundraising was \$5.864 million, 21% lower than 2015. Bequest income in 2016 was \$3.477 million, 33% lower than 2015. Non bequest income was \$2.387 million, 7% up on 2015. Grants made to the National Heart Foundation of Australia (National) entity totalled \$2.210 million, 48% down on 2015. This was after a net surplus before transfers of \$4.416 million, down 31% on 2015. Our fundraising expenditure as a percentage of income was 30% which was an increase on prior year. Total expenditure on health programs and research was down 33% on 2015.

	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Income & Expenditure					
Charitable support - bequests	3,477	5,184	3,509	2,598	2,627
Charitable support - non-bequests	2,387	2,232	2,572	2,844	2,465
Fundraising income	5,864	7,416	6,081	5,442	5,092
Investment income	13	17	36	0	0
Government non-reciprocal grants	598	910	735	591	648
Grants for specific health programs	207	246	666	610	834
Grants for specific fundraising & communications programs	0	15	0	0	0
Total cash income	6,682	8,604	7,518	6,643	6,574
Total income	6,682	8,604	7,518	6,643	6,574
Less: Fundraising expenditure	(1,819)	(1,763)	(1,923)	(2,124)	(2,286)
Communications & administration	(447)	(404)	(499)	(458)	(459)
Surplus available for health programs & research	4,416	6,437	5,096	4,061	3,829
Health programs conducted locally	(2,144)	(2,272)	(2,405)	(2,292)	(2,301)
Contributions to National health programs & research	(2,210)	(4,290)	(2,650)	(1,833)	(1,482)
Balance added to/(deducted from) equity	62	(125)	41	(64)	46
Ratios:	%	%	%	%	%
Fundraising expenditure to fundraising income	31%	24%	32%	39%	45%
Surplus from fundraising to fundraising income	69%	76%	68%	61%	55%
Surplus available for health programs & research to total income	66%	75%	68%	61%	58%
Expenditure on health programs and research to total income	65%	76%	67%	62%	58%
Expenditure on health programs and research to total expenditure	66%	75%	68%	62%	58%
Annual increase in expenditure on health programs & research	(34%)	30%	23%	9%	(25%)

	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets & Liabilities					
Cash & investments	788	843	1,049	1,340	1,148
Property Plant Equipment and Vehicles	157	115	106	113	142
Other assets	64	181	111	150	583
Total assets	1,009	1,139	1,266	1,603	1,873
Total liabilities	(578)	(769)	(770)	(1,147)	(1,354)
Total equity	431	370	496	456	519

Events Subsequent to Reporting Date

No matter or circumstance has arisen in the interval between the end of the financial year and the date of this report, which is likely in the opinion of the Directors to significantly affect the operations of the Foundation, the results of those operations or the state of affairs of the Foundation in subsequent financial years.

Likely Developments

In the opinion of the directors there are no likely developments that will change the nature of the operations of the Entity.

Environmental Regulation

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

Insurance Premiums

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

Directors' Report (continued)

for the year ended 31 December 2016

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

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

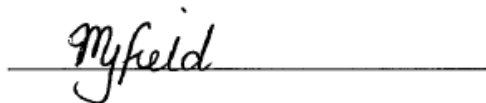
Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for financial year 2016.

Signed in accordance with a resolution of the Directors



Mr Todd Roberts
President



Ms Megan Field
Vice President/Treasurer

Dated at Adelaide this *23rd* day of *March* 2017



Auditor's Independence Declaration under
subdivision 60-C section 60-40 of Australian
Charities and Not-for-profits Commission Act 2012

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial
year ended 31 December 2016 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

Luke Snowdon
Director

Adelaide

23 March 2017

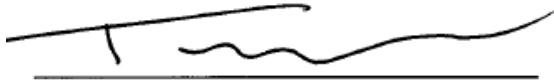
Directors' Declaration

for the year ended 31 December 2016

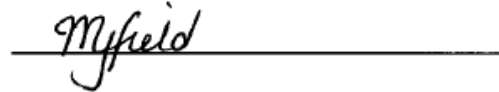
In the opinion of the directors of National Heart Foundation of Australia (South Australian Division) Inc. ("the Foundation"):

- (a) The financial statements and Notes, set out on pages 15-29, are in accordance with *the Associations Incorporation Act 1985 (as amended)* and the *Australian Charities and Not-For-Profits Commission Act 2012*, including:
- (i) presents fairly the Foundation's financial position as at 31 December 2016 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Associations Incorporation Act 1985 (as amended)* and the *Australian Charities and Not-For-Profits Regulations 2013*; and
- (b) There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Mr Todd Roberts
President



Ms Megan Field
Vice President/Treasurer

Dated at Adelaide this 23rd day of March 2017

Bequests

for the year ended 31 December 2016

Joan Allingame	Shirley Gilboy	Helen Nankivell
Candido Artini	Norma Granger	Ruth Park
Thomas Ashton	Ida Hann	Kathleen Parkinson
Max Bohm	Irene Harris	Vera Pugsley
Lenard Brown	Georgina Haslam	Stella Raymond
Paul Buckingham	Kathleen Healy	Aileen Roberts
Gwendoline Carter	Edith Heinrich	Thelma Ryan
Frederic Champion	Ernest Keppler	James Shackelford
Albert Churcher	Thomas Kidman	Irene Shand
Florence Colmer	Shirley Lane	Dora Sloman
Molly Connoley	Marjorie Lines	Keith Stanford
Henry Creed	Michele Maniskas	Maureen Stewart
Joan Dobek	Dulcie McCracken	Ethel Wait
Rex Doepke	Helen Melville	Dorothy Waye
Marjorie Eden	Lawrence Merritt	Nancy Webb
Michael Edmondson	Bert & Ella Miers	Brian Weinert
Marjory Edwards	Esther Mogg	Mary Wells
Catherine Ellis	Dorothy Money	Ronald Wilksch
Judith May Fisher	Phyllis Morecroft	Glen Williams
Yvonne Alison Foreman	Mary Morley	Leslie Williams
Denise Francis	Carol Mount	Valda Willis
Donald Frisby-Smith	Maurice Nahmad	Hayden Wills

Sponsorships

for the year ended 31 December 2016

The Heart Foundation South Australia gratefully acknowledges the following sponsors:

MAJOR SPONSORS

Ahrens

Toyota Australia

SUPPORTERS

Adelaide Cardiology

Australian Institute of Fitness

Atze Wines

Calvary Wakefield Hospital

Commonwealth Bank of Australia

Chase Gallery

Finlaysons

Heart & Vascular Institute Flinders Cardiac Clinic

Fujifilm Australia

Gerard McCabe Jewellers

GM Holden

Harvey Norman

Hilton Adelaide

Intersect

Jayde Transport

Kangaroo Island 4-day escape

Langmeil Winery

LeCornu Furniture

LED ECO Lighting

Lexus

NOVA Entertainment

One Rundle

SA Heart

Sandisk

Southcott Hydraulics

TAFE Adelaide

The Advertiser

Trio Australia

Statement of Surplus or Deficit and Other Comprehensive Income

for the year ended 31 December 2016

	Notes	2016 \$	2015 \$
Revenue			
Revenue from operating activities	4	6,669,141	8,588,300
Total revenue		6,669,141	8,588,300
Net gain/(loss) on sale of property, plant and equipment		0	(18)
Research		(800,313)	(1,062,153)
Health programs (including those funded by grants)		(1,344,839)	(1,210,023)
Fundraising		(1,812,485)	(1,762,228)
Cost of goods sold		(6,862)	(1,073)
Communications and publicity		(205,333)	(217,381)
Administration		(241,506)	(187,438)
Results from Operating activities		2,257,803	4,147,986
Interest income		13,332	16,669
Net Interest income/(cost)		13,332	16,669
Net Surplus/(deficit)		2,271,135	4,164,655
Net Grants to National Heart Foundation of Australia		(2,210,375)	(4,290,358)
Surplus/(deficit) for the year before tax		60,760	(125,703)
Income tax expense	3c	0	0
Surplus/(deficit) for the year after tax		60,760	(125,703)
Other comprehensive income		0	(276)
Total comprehensive income for the year		60,760	(125,979)

Statement of Financial Position

for the year ended 31 December 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	6a	788,257	842,812
Trade and other receivables	7	63,902	181,078
Total current assets		852,159	1,023,890
Non-current assets			
Property, Plant, equipment and vehicles	8	157,258	115,357
Total non-current assets		157,258	115,357
Total assets		1,009,417	1,139,247
Current liabilities			
Trade and other payables	9	159,888	303,690
Grants income deferred	10	140,815	157,504
Employee benefits	11	238,456	285,198
Total current liabilities		539,159	746,392
Non-current liabilities			
Employee benefits	11	39,326	22,683
Total non-current liabilities		39,326	22,683
Total liabilities		578,485	769,075
Net assets		430,932	370,172
Equity			
Reserves		9,328	14,724
Retained earnings		421,604	355,448
Total equity	12	430,932	370,172

Statement of Changes in Equity

as at 31 December 2016

	2016 \$	2015 \$
Balance of Equity as at 1 January	370,172	496,151
Comprehensive income for the period		
Surplus/(Deficit)	60,760	(125,703)
Other comprehensive income	0	(276)
Total comprehensive income for the period	60,760	(125,979)
Balance of Equity as at 31 December	430,932	370,172

Statement of Cash Flows

for the year ended 31 December 2016

	Notes	2016	2015
Cash flows from operating activities			
Cash receipts in the course of operations		6,585,902	5,574,701
Cash payments in the course of operations		(3,406,376)	(3,412,449)
Net grants made to National Heart Foundation of Australia		(3,170,506)	(2,338,556)
Net financial income		13,332	16,669
Net cash from operating activities	6b	22,352	(159,635)
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		0	0
Acquisition of property, equipment, vehicles and computer software		(76,907)	(46,286)
Proceeds from sale of investments		0	76,719
Net cash from investing activities		(76,907)	30,433
Cash flows from financing activities			
Net cash from financing activities		0	0
Net increase in cash and cash equivalents		(54,555)	(129,202)
Cash and cash equivalents at 1 January		842,812	972,014
Cash and cash equivalents at 31 December	6a	788,257	842,812

Notes to the Financial Statements

for the year ended 31 December 2016

1 Reporting entity

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

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board (AASB), *the Associations Incorporation Act 1985 (as amended)*, and the *Australian Charities and Not-For-Profits Commission Act 2012*. The financial report was authorised for issue by the directors on 23 March 2017.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Significant accounting judgments

(i) Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in Note 3(h). The amount of these provisions would change should any of these factors change in the next 12 months. Refer to Note 11.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

3 Significant accounting policies

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

(a) Revenue recognition

(i) Charitable support

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

(ii) Interest and dividend revenue

Interest revenue is recognised as it accrues. 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 Australian Taxation Office ("ATO").

(iii) Grants for health programs and research (deferred income)

Grants received for specific health programs or research are recognised as income only to the extent of work completed on those projects. Any funds attributable to work still to be completed are carried forward as grant income deferred as recognised in Note 10. In the circumstances where the terms of the grants stipulate that any unexpended funds are to be returned to the sponsor these unexpended funds are held as deferred income until such time as they are returned to the funding body. Where the terms of the grant do not stipulate that unexpended funds are to be returned to the funding body they are recognised as revenue once all agreed project outcomes and specified work has been completed.

(iv) Sale of goods

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

(v) Services of volunteers

A substantial number of volunteers, including directors and members of committees, donate a significant amount of their time to the activities of the Foundation. School children across South Australia also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. The Foundation's door knock program successfully recruited many volunteers to collect funds in 2016. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"). Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(c) Income Tax

The Foundation is exempt from paying income tax due to being a charitable institution in terms of section 50(5) of the Income Tax Assessment Act 1997. The Foundation is also endorsed as a Deductible Gift Recipient and falls under item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

3 Significant accounting policies (continued)

(d) Property, Plant, Equipment and Vehicles

(i) Recognition and measurement

Items of equipment and vehicles are measured at cost less accumulated depreciation and impairment losses (refer to Note 3(g)(ii)). Cost includes expenditure directly attributable to the acquisition of the asset. Such assets are recognised/derecognised by the Foundation on the date it commits to purchase/sell each item. Gains and losses on disposal of an item of equipment and vehicles, are determined by comparing the proceeds from the disposal with the carrying amount of equipment and vehicles and are recognised on a net basis in the Statement of Surplus or Deficit and Other Comprehensive income.

(ii) Depreciation

Depreciation is charged to the Statement of Surplus or Deficit and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each item of property, equipment and vehicles from the date they are acquired and are ready for use. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

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

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

(e) Non-derivative financial assets

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

Cash and cash equivalents

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

Trade and other receivables

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

(f) Non-derivative financial liabilities

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

(g) Impairment

(i) Non-derivative financial assets including receivables

Each financial asset apart from those classified at fair value through other comprehensive income is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount by the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. An impairment loss in respect of amortised cost investments is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at an appropriate effective interest rate and is recognised directly in Surplus or Deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised and is recorded as an amortisation adjustment between face and maturity values over the remaining period to maturity.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

3 Significant accounting policies (continued)**(g) Impairment****(ii) Non-financial assets**

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

(iii) Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. As the future economic benefits of the asset are not primarily dependent on the asset's ability to generate cash inflows, value in use is the depreciated replacement cost of the asset concerned.

(h) Employee Benefits**(i) Short term benefits**

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at undiscounted amounts, based on wage and salary rates, including related on-costs, which the Foundation expects to pay at each reporting date.

(ii) Long term benefits

The provision for employee entitlements to annual leave and long service leave represent obligations resulting from employees' services provided up to reporting date, that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. These are calculated at actuarial present values based on wage and salary rates, including related on-costs, which the Foundation expects to pay at each reporting date using:

- > assumed rate of future increases in wage and salary rates: 2016: 3.0% (2015: 3.0%)
- > discount rate based on the bond rate which most closely match the terms to maturity of the related liabilities: 2016: 2.76% (2015: 2.88%)
- > expected settlement dates for annual leave 2016: 2 years (2015: 2 years)
- > expected settlement dates for long service leave based on turnover history: 2016: 15 years (2015: 15 years)

(iii) Defined contribution plans

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

(i) Segment reporting

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

3 Significant accounting policies (continued)

(j) Finance income

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

(k) Financial risk management

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

Financial instruments

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

Further details in respect of each of these risks are set out in Note 16 Financial Instruments. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Capital management

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

Economic dependency

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

(l) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Except for **AASB 9 Financial Instruments (2010)** which the Foundation early adopted with a date of initial application of 1 January 2011, the Foundation has not elected to early adopt any other new Australian Accounting Standards. Those which may be relevant to the Foundation are set out below.

AASB 15 Revenue from contracts with customers, becomes mandatory for the 2019 financial statements and could change the classification and recognition method of revenue. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases requires companies to bring most operating leases on-balance sheet from 2019.

Companies with operating leases will appear to be more asset-rich, but also more heavily indebted. AASB 16 is effective for the Foundation's 2019 financial statements. The Foundation does not plan to adopt this standard early and the extent of the impact has not been determined.

AASB 1058 Income for Not-for-profit Entities is a standard addressing the recognition and measurement of income for not-for-profit entities. The concept of reciprocal and non-reciprocal transactions has been removed, and instead an assessment of enforceability and performance obligations is required. Application is effective for the Foundation's 2019 financial statements.

(m) Determination of fair values

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

(i) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016 \$	2015 \$
4 Revenue from operating activities		
Charitable support - bequests	3,477,385	5,184,634
Charitable support - non-bequests	2,376,574	2,216,527
Sale of goods	10,130	15,657
<i>Total revenue from fundraising activities</i>	<i>5,864,089</i>	<i>7,416,818</i>
Government non-reciprocal grants	598,129	910,412
Grants for specific health programs - Government	196,281	246,070
Grants for specific health programs and research - other	0	15,000
Food Information Program	2,012	0
Other	8,630	0
<i>Total revenue from other operating activities</i>	<i>805,052</i>	<i>1,171,482</i>
Total revenue from operating activities	6,669,141	8,588,300
5 Auditors' remuneration		
KPMG Australia: Audit services	24,995	24,684
	24,995	24,684
6a Cash and cash equivalents		
Cash and cash equivalents include bank accounts and short term deposits maturing within 90 days paying interest rates of 0.01% to 2.41% (2015: 0.01% to 2.75%)	788,257	842,812
	788,257	842,812
The Foundation's exposure to interest rate risk for financial assets and liabilities are disclosed in note 16. The carrying value of cash and cash equivalents is equal to fair value.		

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016	2015
6b Reconciliation of cash flows from operating activities	\$	\$
Net surplus / (deficit) from ordinary activities	60,760	(125,703)
Adjustments for:-		
Depreciation/Amortisation	35,006	36,766
Net loss on disposal of property, equipment and vehicles	0	18
Net cash from operating activities before changes in working capital and provisions	95,766	(88,919)
Decrease/(increase) in receivables	117,179	(69,834)
(Decrease)/increase in payables	(143,803)	127,375
Decrease in grants income deferred	(16,689)	(150,367)
(Decrease)/increase in employee benefits	(30,101)	22,110
Net cash from operating activities	22,352	(159,635)
7 Trade and other receivables		
Trade receivables owing by other National Heart Foundation divisions	472	239
Trade receivables owing by National Heart Foundation of Australia (National)	58,304	88,475
Other receivables and prepayments	5,126	92,364
	63,902	181,078

The carrying value of trade and other receivables is equal to fair value. The Foundation's exposure to credit risk relates to trade and other receivables are disclosed in Note 16.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

8 Property, Plant, Equipment and Vehicles

	Leasehold improvements	Office furniture & equipment	Motor vehicles	WIP	Total
	\$	\$	\$		\$
Balance at 1 January 2015	66,118	286,773	20,418	0	373,309
Acquisitions	0	10,661	0	35,625	46,286
Disposals	(2,876)	(27,275)	0	0	(30,151)
Balance at 31 December 2015	63,242	270,159	20,418	35,625	389,444
Balance at 1 January 2016	63,242	270,159	20,418	35,625	389,444
Acquisitions	0	7,531	0	69,375	76,906
Balance at 31 December 2016	63,242	277,690	20,418	105,000	466,350

Depreciation & Impairment losses

Balance at 1 January 2015	62,131	189,920	15,405	0	267,456
Depreciation charge for the year	1,275	32,402	3,089	0	36,766
Disposals	(2,876)	(27,259)	0	0	(30,135)
Balance at 31 December 2015	60,530	195,063	18,494	0	274,087
Balance at 1 January 2016	60,530	195,063	18,494	0	274,087
Depreciation charge for the year	655	32,426	1,924	0	35,005
Balance at 31 December 2016	61,185	227,489	20,418	0	309,092

Carrying amounts

At 1 January 2015	3,987	96,853	5,013	0	105,853
At 31 December 2015	2,712	75,096	1,924	35,625	115,357
At 1 January 2016	2,712	75,096	1,924	35,625	115,357
At 31 December 2016	2,057	50,201	0	105,000	157,258

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016	2015
	\$	\$
9 Trade and other payables		
Trade payables to National Heart Foundation of Australia	41,470	157,511
Trade payables to other National Heart Foundation divisions	0	4,631
Other payables and accrued expenses	118,418	141,548
	<u>159,888</u>	<u>303,690</u>
<p>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 16.</p>		
10 Grants income deferred		
Balance at 1 January	157,504	307,871
Amounts received	181,604	110,703
Income taken to revenue	(198,293)	(261,070)
Balance at 31 December	<u>140,815</u>	<u>157,504</u>
<p>The carrying value of grants income deferred is equal to fair value. The Foundation's and consolidated entity's exposure to liquidity risk relating to grants income deferred is disclosed in note 16.</p>		
11 Employee benefits		
Aggregate liability for employee benefits including oncosts:		
Current - long service leave and annual leave	238,456	285,198
Non-current - long service leave	39,326	22,683
Total employee benefits	<u>277,782</u>	<u>307,881</u>
<i>Personnel expenses:</i>		
Wages and salaries	1,487,270	1,484,075
Contributions to superannuation plans	182,875	153,576
Total personnel expenses	<u>1,670,145</u>	<u>1,637,651</u>
Number of employees at year end (full time equivalents)	<u>17</u>	<u>18</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

	2016	2015
	\$	\$
12 Reserves and Equity		
Movements in reserves during the year:		
Fair value (related to investments)		
Balance at beginning of year	(276)	0
Net change in fair value of equities/managed investments	0	(276)
Transfer to retained earnings	276	0
Balance at end of year	0	(276)
Specific or restricted purposes		
Balance at beginning of year	15,000	0
Transfer (to)/from retained earnings, representing:	(5,672)	15,000
Balance at end of year	9,328	15,000
Total Reserves Balance at year end	9,328	14,724
Retained Earnings at beginning of year	355,448	496,151
Operating Surplus	2,271,135	4,164,655
Net Grants to National Heart Foundation of Australia	(2,210,375)	(4,290,358)
Transfer from/(to) reserve	5,396	(15,000)
Retained Earnings at end of year	421,604	355,448
Total Equity at end of year	430,932	370,172

Nature and purpose of reserves**Fair value**

The fair value reserve includes the cumulative net change in the fair value of investments.

Specific or restricted purposes.

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

Retained earnings

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

13 Assets held in trust

The Foundation holds funds in trust to be applied for specific purposes. These funds are held in bank accounts and interest earning deposits. As no equity is held in those assets they are excluded from the financial statements.

	2016	2015
	\$	\$
Balance brought forward	320,281	259,838
Interest and funds received	15,073	115,091
Less Payments in accordance with Trust	(42,309)	(54,648)
Balance carried forward	293,045	320,281

14 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

Mr T M Roberts FCA, ARITA, FAICD, FGLF
 Mr Frank Lancione LL.M, LL.B, BA, GDLP (until May 2016)
 Ms M Field, GAICD, CA, CTA, BBus
 Mr Andrew Cosh
 Mr Stephen Halliday BA (Journalism), MAICD
 Ms Donny Walford FAICD
 Associate Professor M Worthley, MBBS, FRACP, PhD, FCSANZ, FACC
 Ms Anne Young MAICD
 Associate Professor Christopher Zeitz MBBS, PhD, FRACP, FCSANZ, OSTJ

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

Dr A Rischbieth – Chief Executive Officer
 Ms A Denton – Director Business Management
 Mr S Mosen – Director Business Development
 Ms R McKay – Director of Health

	2016	2015
	\$	\$
The compensation of key management personnel was as follows:		
Short term employee benefits	690,849	707,370
Other long term benefits	1,542	4,759
Total	692,391	712,129

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

Other related parties

Classes of other related parties are the National Heart Foundation of Australia ("National") and all other state and territory divisions ("Divisions") and directors of related parties and their director-related entities. The Foundation makes grants to the National Heart Foundation of Australia ("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:

	2016	2015
	\$	\$
Net Surplus/(Deficit)	60,760	(125,703)
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	1,062,933	1,137,306
Contributions (paid) for purchase of services	(3,551,096)	(2,487,613)
Grants for research and other national initiatives	(2,210,375)	(4,290,358)

Amounts receivable and payable to non-director related parties are shown in **notes 7 and 9** respectively.

15 Subsequent events

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

16 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 normal course of business.

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 to the Financial Statements (continued)

for the year ended 31 December 2016

16 Financial Instruments

	Notes	2016 \$	2015 \$
Financial assets			
Cash *		245,496	195,083
Cash call accounts *		506,179	441,036
Term deposits under 90 days *		36,582	206,693
Total cash and cash equivalents	6a	788,257	842,812
Trade and other receivables *	7	63,902	181,078
		852,159	1,023,890

* Financial assets held at cost/amortised cost

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

Impairment losses

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

	Gross 2016	Impairment 2016	Gross 2015	Impairment 2015
Not past due	57,439	-	175,978	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	6,463	-	5,100	-
	63,902	-	181,078	-

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.

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	2016 \$	2015 \$
Non derivative financial liabilities			
Trade and other payables	9	159,888	303,690
Grants income deferred	10	140,815	157,504
		300,703	461,194

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

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 below.

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% below. The analysis is performed on the same basis as that used in 2015.

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 2015.

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 2.4%

	2016					2015				
	Carrying Amount/ Face Value	-1%		+1%		Carrying Amount/ Market Price	-1%		+1%	
		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity		Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
Interest rate risk	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
<i>Fixed rate instruments</i>										
Term deposits-maturing within 90 days	36,582	(366)	(366)	366	366	206,693	(2,067)	(2,067)	2,067	2,067
Term deposits-maturing beyond 90 days	0	0	0	0	0	0	0	0	0	0
<i>Variable rate instruments</i>										
Cash at bank	245,496	(2,455)	(2,455)	2,455	2,455	195,083	(1,951)	(1,951)	1,951	1,951
Cash call accounts	506,179	(5,062)	(5,062)	5,062	5,062	441,036	(4,410)	(4,410)	4,410	4,410
Total increase/(decrease)	788,257	(7,883)	(7,883)	7,883	7,883	842,812	(8,428)	(8,428)	8,428	8,428

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 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 Foundation's and/or Divisions processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Foundation's operations.

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

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

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



Independent Auditor's Report

To the members of the National Heart Foundation of Australia (South Australian Division) Inc.

Qualified Opinion

We have audited the **Financial Report**, of the National Heart Foundation of Australia (South Australian Division) Inc. ("the Association").

In our opinion except for the possible effects of the matter described in the basis for qualified opinion paragraph, the accompanying **Financial Report** of the Association presents fairly, in all material respects the Association's financial position as at 31 December 2016, and of its financial performance and its cash flows for the year ended on that date.

- (i) in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and the *Associations Incorporation Act 1985 (as amended)*; and
- (ii) in compliance with *Australian Accounting Standards* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- (i) Statement of Financial Position as at 31 December 2016.
- (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 and other explanatory information.
- (iv) Directors' Declaration of the Association.

Basis for Qualified opinion

Charitable support (non-bequest) revenue is a significant source of fundraising revenue for the National Heart Foundation of Australia (South Australian Division) Inc. The Association has determined that it is impracticable to establish controls over the collection of charitable support (non-bequest) 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 support (non-bequest) 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 support (non-bequest) revenue to the Association, 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 Association, are not appropriate given the size and nature of the Association.

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 Association 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 the Association's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors' Report, Listings of Directors and Office Bearers, Bequests and Sponsorships. The Directors are responsible for the Other Information.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified opinion section above, we were unable to obtain sufficient appropriate evidence about the completeness of cash donations. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- (i) Preparing a fairly presented Financial Report in accordance with *Australian Accounting Standards* and the ACNC.
- (ii) Preparing the Financial Report in accordance with the *Associations Incorporation Act 1985 (as amended)*.
- (iii) Implementing necessary internal control to enable the preparation of a Financial Report that is presented fairly and is free from material misstatement, whether due to fraud or error.
- (iv) Assessing the Association'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 Association 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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- (ii) Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (v) Concluding on the appropriateness of the Director's 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 Association'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 Association to cease to continue as a going concern.



- (vi) Evaluating 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.

Paul

KPMG

A handwritten signature in black ink, appearing to read 'Luke Snowdon', written in a cursive style.

Luke Snowdon

Director

Adelaide

23 March 2017