

“ I feel that by giving a donation I may help to save a life.”
“ The heart is so vital to life. Keep up the good work.”
“ I support the Heart Foundation because they have been a great help to me, 15 years ago I had a triple bypass, since then a stent and valve and pacemaker operation and am told it’s a miracle I’m still here.”
“ It’s important work you’re doing – thank you!” “ I donate because I lost a friend to heart disease. She was only 24 when she died and it broke my heart.” “ I love being part of an organisation that wants to find cures and make people’s lives easier with their heart health and general wellbeing.” “ I think of all those who might have a longer happier life if the heart health message was better heard.” “ I support the Heart Foundation because it might happen to me and anyone I know or anyone else.” “ Being a volunteer for many years now, gives me a sense of worth and pride that I can help in small ways as well.”

”

ANNUAL REPORT 2013

+ FINANCIAL STATEMENTS

National Heart Foundation of Australia
(Victorian Division) ABN 25 004 463 334
For the year ended 31 December 2013



Contents

Directors and Office Bearers	2
Financial Members	3
Bequestors and Major Supporters	4-6
Directors' Report	7-13
Directors' Declaration	14
Statement of Surplus and Deficit and Other Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19-33
Independent Audit Report to the Members	34
Lead Auditor's Independence Declaration	35

Directors and Office Bearers

Patron-in-Chief

His Excellency, Alex Chernov AC QC, Governor of Victoria

Patron

The Honourable Ted Baillieu MP, Premier of Victoria (until 6 March 2013)

The Honourable Denis Naphine MP, Premier of Victoria (since June 2013)

Board of Directors

President	Dr Jennifer Johns, MBBS, FRACP, FCSANZ
Medical Vice President	Professor Ian Meredith AM, MBBS (Hons), BSc (Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI
Non-Medical Vice President	Mr Bernard O'Shea, LLB, BSc
Honorary Treasurer & Honorary Secretary	Mr John Etherington, BEc, FCA, FAICD
Directors (Elected by members)	Mr Ronald Fairchild, BHK, CFRE Ms Amanda Fischer, BCom, MAICD (retired 25 November 2013)
Directors (Elected by the Cardiac Society of Australia and New Zealand)	Professor Lawrence St Leger, BA (Melb), M.Ed.St. (Mon), PhD (Mon), TSTC (Melb), FAHPA (Retired May 2013) Professor Alistair Royse, MBBS, MD, FRACS, FCSANZ Dr Andrew Taylor, MBBS, PhD, FRACP, DDU, FCSANZ
Chief Executive Officer	Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHIthSci (Health Promotion) (Acting to 5 February 2013) Ms Diana Heggie, MCSP, MAICD, grad. Dip. Human Services Research (from 5 February 2013)
Company Secretary	Ms Jade Lemmens, BHIthSc, CAPM
Senior Staff	
Chief Financial Officer – Group	Mr David Gerrard, BBus (Accounting), CPA, MBA, GAICD (to 1 January 2013)
Cardiovascular Health Programs Director	Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHIthSci (Health Promotion)
Fundraising Director	Mr Rob Daly, MBA, BA, PGDip
Finance Manager	Ms Roanna Khor, BBus (Accounting), CPA

Solicitors

Norton Rose Fulbright

Auditors

KPMG

Registered Office

Level 12
500 Collins Street
Melbourne VIC 3000

Financial Members

Mr Trelss Adam
Mr K D Barry
Dr F N Bouvier
Mr R McD Brown
Mr D J Brydon
Ms Robyn Charlwood
Mr Ian Collins AM
Mrs A M L Court
Mr B J Davies OAM
Mr John Etherington
Dr E T Fagan
Mr R Fairchild
Ms A Fischer
Mr A W Gorrie
Mr P J Griffin
Prof R Harper
Mr W H Hodgson
Dr Michael Jelinek
Prof Garry Jennings
Dr Jennifer Johns
Mrs D Krongold
Mrs N Leslie

Dr S Lubicz
Dr Andrew MacIsaac
Mr B S Matear AM
Professor Ian Meredith AM
Mr H M Morgan
Mr Bernard O'Shea
A/Prof David Prior
Mr AP Ramsden - deceased October 2013
Mr Bevyn P Ranford
Dr Ruth Redpath
Mr T W Roper
A/Prof Alistair Royse
Mrs A Russell - deceased September 2013
Mr G R Sellars-Jones
Prof Julian A Smith
A/Prof Lawrence St Leger
Mrs Rosemary Syme
Prof James Tatoulis
Dr Andrew Taylor
Mr J W Tomkins
Mr S D M Wallis
Mr A C Weber

Honorary Life Members

Dr J T Dowling
Mr J S Grigg
Dr J G Sloman AM ED

Bequestors and Major Supporters

New Bequestors in 2013

A special thank you belongs to the men and women who have chosen to include a gift in their Will to the Heart Foundation. We respect their request for privacy, but welcome them to the Heart Foundation. Their foresight and support will help save many lives in the future. Thank you again.

Estates for 2013

The following estates distributed in 2013:

Majella Ahern
Jack Eastcott Allen
Olive Antonio
Arthur Bolton Reeves Barlow
Glynnne Linnell Beaumont
Erika Bence
Charles Edward Thomas Blanks
Filippo Cappellano
Murray Gordon Champion
Thelma Ayme Charles
Alan George Curry
Eileen Danihar
Gwenneth Kempster Davey
Georgina Leonore Dombret
Peter Deen
Lydia Rosina Denehey
Albert Deutscher
Arthur Dunn
John Arthur Fox
Joffre James Gilchrist
Gwenyth Elaine Graebner
Neville Green
Pamela Mary Harper
Phyllis Madeline Haymes
Albert Hendriksen
Jean Howgate
George Frederick Jackson
Marjorie Mary Jackson
Noreen Jenson
Mary Eva Kentish
Patricia Kerr
Jean M King
Gerald Alfred Jack Levin
Lesley Joyce Lewis
Dorothy Camille Leek
Frances Anne Lightley
Irene Little
Sheila Lourey
Ruby Lothian
Helena Lynch
Jean Lillian Lynch
Robert Ackland Macdonald
Edna Doreen Maxwell
Veronica May Martin
Elizabeth Laird McKellin
Jean Victoria Merrett
Dorothy Ursula Mocellin

Beatrice Moore
Victor Muntz
Catherine Monica Neville
Eileen Mary Olsen
Archibald Henry Petschack
Ronald Peck
Valerie Heather Oswin
John Barry Phillips
Jack Reid
Janet McMillan Ramsey Samson
Mavis Searle
Betty Secomb
Geoffrey Simmons
Graham Frank Siostrom
Leo Patrick Stakelum
Angela Tambasco
Olive Todd
Elizabeth Frances Walch
Doreen Mavis Williams
Lily Winfield
Alexander (Ken) Wylie

Perpetual trusts that Distributed in 2013

Danuta Rogowski Trust
DJ & LM Fox Foundation
Edith Jean Elizabeth Beggs Trust
Elise Louise Thomas Memorial Fund
Florence Mitten Trust Attn: Wendy Thorpe
Francis Joseph Hickmott Trust
G & H Foulkes Charitable Trust
Gregory Joseph & Zig Dickson Trust
Hardie-Anselmi Trust
Hilda Emily McNee Trust
Joyce Adelaide Healey Trust
Katrina May Russell Charitable Trust
Kenneth Martin Trust
Lindsay James Baldy Trust
MA & VL Perry Foundation
Mabel Edna Cardwell Charitable Trust
Mabel Kathleen Corless Trust
Madeline Crump & Williams Trust
Margaret Jean Bumpstead Trust
Margaret Lillian Merrifield Memorial Trust
Marion Popplewell Charitable Trust
Mary Theresa Cromie Trust
Mona Isobel Paul Trust
Muldrid Family Endowment Fund
N J Horton & Grace Charitable Fund
Price Coulsell Wilson Fund
Russell Charitable Trust
The William and Georgena Bradshaw
Charitable Trust
The Drury Trust
Victor Russ Pittman Charitable Trust
William C K Warden Trust
Yvonne Patricia Stevens Family Trust

Bequestors and Major Supporters (continued)

Honorary Fundraisers

Mr Andrew King
Mr David Whiting
Ms Leonie Fryar
Mr Neale Wright

Corporate Supporters (Over \$1000)

AMP Capital Shopping Centres
Aurizon
Australian Unity
Blue Illusion Australia Pty Ltd
BMI Investment
Campbell's Soup
CSL Limited
Curves Australia (CFW Operations)
DBM Consultants Pty Ltd
Finchett's Plumbing
Fishers Supa IGA
Giftology Group
Goodlife Health Clubs
Napoleon Perdis
Norwood Industries
PricewaterhouseCoopers Foundation
REBEL SPORT
Roses Only
Ritchies Stores Pty Ltd
Sharegift Australia LTD
Suncorp Group
Kooyonga Creek Winery
KPMG
Treasury Wines
Commonwealth Bank
Deakin Advancement
Perpetual
Sonet
Omron

National Workplace

Giving partners

AMP Foundation
ANZ - Global Internal Audit
Apache Energy Limited
Aust Institute of Marine
Australian Securities
Australia Post
Australian Property Growth Fund
Bartier Perry
Bearing Service Pty Ltd
Blackmores Limited
Bupa Australia
CAF Community Fund Payroll Giving
Caltex Australia Limited
Cardwell Shire Council
Charters Towers City Council
CS Energy Limited
CSL Head Office
CSR Limited
Department of Health & Ageing
Dept Industry, Innovation, Science,
Research & Tertiary
Deutsche Bank AG
Edwards Windsor
Energex
Ergon Energy
Esso Australia/Mobil Oil Aust
Federal Dept of Education Science &
Training
Goldman Sachs JBWere
Hume Building Society
Isaac Regional Council
J N Nicholson Transport
Kingaroy Shire Council
Mackay Electricity Board
Macquarie Bank Foundation
Mareeba Shire Council
Marsh – Darling Harbour
Mount Isa Mines Limited
National Aust Bank
ORIX
Parkside Group of Companies
People's Choice Credit Union
Powercor Australia
Promina Group
Riviera Health
Royal Automobile Club of Qld
Sensis Pty Ltd
Stratpay
Suncorp Metway
Telstra
TGA

Private Supporters (Over \$1000)

Mrs Rita Andre
Mrs Nan Armstrong
Miss Valerie Awburn
Miss Edna Bennett
Mr Ken Bethall
Mr William Bowness
Mrs Phylliss Campbell
Miss Lois Coles
Dr RL Dickens
Dr Kenneth Dickinson
Mrs Neilma Gantner
Mr Eric Garner
Mr & Mrs Giorgio Gjerja
Mr Roger Heslop
Mr Bill Howard
Mr & Mrs Peter Hui
Mrs Betsy King
Mrs Caroline Kirby
Mrs Norma Leslie
Dr James Lewis
Mr E J Miller
Mrs Norma Minney
Mr John Nolan
Miss Mary O'Sullivan
Mrs Rosemary Richardson
Mr Behnam Roohizadegan
Mr Mark Saville
Mr Stephen Shnyder
Mrs June Smith
Miss Betty Smith
Mr Michael Steven
Ms Jennifer Tatchell
Mr Hector Walker
Mr Neville Walliss
Mr & Mrs Ralph Ward-Ambler
Ms Edel Wignell
Elizabeth & Barry Davies Charitable
Trust
The Peter Isaacson Foundation
The Stuart Leslie Foundation

JRFH Collaboration

Partners

Melbourne Heart FC Pty Ltd
Melbourne Tigers Basketball Club Ltd

Bequestors and Major Supporters (continued)

Charitable Trusts and Foundations (Over \$1000)

Pierce Armstrong Foundation
Joe White Bequest
L R Cazaly Trust
Marles and Manning
The Isabel & John Gilbertson Charitable Trust
ANZ Trustees Foundation – the Henzell Family Bequest
The Estate of the late Glen WA Griffiths
The William Angliss (Victoria) Charitable Trust
The Albert George and Nancy Caroline Youngman Trust, managed by Equity Trustees
Bell Charitable Fund
Snowy Nominees
Cassidy Bequest Endowment, managed By Perpetual
Australian Retirees Fund
Gandel Philanthropy
Hugh and Iorine Demmer – Equity Trustees Charitable Trusts
Made for Love, Love is Victory Inc.

Clubs/Community

Anne Delphin – Charity Lawn Bowls Tournament
Filippini Family Christmas Lights
Wayne Chapman – Jack Jennings Memorial Golf Classic
Westfield Walkers Airport West
The Village Glen – Trudy Crause
Dassi Herzberg – Bar Mitzvah
Michael King – Sheepvention
Chris Gardner – Heart Foundation dinner
Annie Golding – golf day
Michael Meehan – golf day
Matthew Spiteri – Charity night
Phillip Smith – City to Sea
Suzanne Fisher – City to Sea
Kristen Ody – City to Sea
Jeremy Scott – Solo Cyclist
Tracy Poli – sponsored gym cycle
Kirsty Sheppard – Run Melbourne
Caroline McCowan – Run Melbourne
Catherine Deveny – Run Melbourne

Schools

The Heart Foundation Jump Rope for Heart campaign motivated more than 81,363 children to be physically active and to raise funds to fight heart disease. 421 schools were involved throughout Victoria in 2013 raising \$684,966.

Highest Fundraising school for Victoria

Bacchus Marsh Grammar School
\$18,616

Highest Fundraising Schools for their region

Bacchus Marsh Grammar School
\$18,616
Glenvale School – Berwick Centre
\$17,000
Beaconhills College – The Valley Campus \$15,490
Ballarat & Clarendon College - Junior Campus \$14,596
Blackburn Primary School \$11,751
St Macartan's School \$10,039
Glenvale School – Lilydale Centre
\$9,863
Ripponlea Primary School \$8,757
Melbourne Montessori School
\$8,181
Billanook College \$8,123
Haileybury College Junior School
\$7,555
Wesley College \$7,440
Glenvale School – Bendigo Centre
\$6,975
Auburn South Primary School
\$6,913
Beaumaris North Primary School
\$6,875
St James the Apostle Primary School
\$6,762
Port Melbourne Primary School
\$6,279
Trinity Lutheran College \$6,000
Wales Street Primary School
\$5,883
Kerrimuir Primary School \$5,873

Directors' Report

for the year ended 31 December 2013

The directors present their report together with the general purpose financial reports of National Heart Foundation of Australia (Victorian Division) ("The Foundation") for the year ended 31 December 2013 and the auditors' report thereon.

Directors

The following directors of the Foundation, all of whom are independent, non-executive and act in an honorary capacity, 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 & resignation
Mr J Etherington, BEC, FCA, FAICD	Chartered Accountant; 28 years in public practice, including 16 years as a partner of Deloitte. Currently a non executive director on a range of public, private and not for profit organisations.	6/6	Director since 2008
Mr R Fairchild, BHK, CFRE	Vice President, Advancement, Deakin University.	6/6	Director since 2006
Ms A Fischer, BCom, MAICD	Extensive senior management experience in the retail and finance sectors. Most recently General Manager Investor Relations at Coles Group Ltd.	4/6	Retired Nov-13
Dr J Johns, MBBS, FRACP, FCSANZ (President)	Cardiologist; Medical Director, Specialty Services CSU, Austin Hospital; Co-founder and member of Women in Cardiology Working Group; Vice-President, Australia Sri Lanka Medical Aid Team (AuSLMAT); Member National Heart Foundation of Australia Cardiovascular Health Advisory Committee; President National Heart Foundation of Australia (Victorian Division); Deputy National President National Heart Foundation of Australia.	5/6	Director since 2004
Prof I Meredith AM; MBBS (Hons), BSc (Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI (Medical Vice President)	Professor of Cardiology, Monash University and Director of Monash Heart at Monash Health. Executive Director of the Monash Cardiovascular Research Centre, Monash Medical Centre, Professor of Medicine Southern Clinical School, Monash University. Board Director, National Heart Foundation of Australia.	3/6	Director since 2006
Mr B O'Shea, LLB, BSc (Non-Medical Vice President)	Solicitor practicing principally in the area of technology development and commercialisation. Member, Monash Medical Centre Ethics Committee.	5/6	Director since 2002
Prof A Royse, MBBS, MD, FRACS, FCANZ	Cardiothoracic Surgeon, Royal Melbourne Hospital. Deputy Head, Department of Surgery and Co-director, Ultrasound Education Unit, The University of Melbourne.	5/6	Director since 2008
Prof L St Leger, BA (Melb), M.Ed.St. (Mon), Ph.D. (Mon), TSTC (Melb), FAHPA	Honorary Professor Deakin University, Chair of Council Cabrini Institute, Member of the Board of Trustees of the International Union of Health Promotion and Education (IUHPE).	2/2	Retired May-13
Dr Andrew Taylor, MBBS, PhD, FRACP, DDU, FCSANZ	Director of Cardiac MRI and Head of Non-Invasive Imaging, Heart Centre, Alfred Hospital. Adjunct Senior Lecturer, Monash University.	4/6	Director since 2012

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

Directors' Report (continued)

for the year ended 31 December 2013

Corporate Governance Statement

The Foundation is a company limited by guarantee, incorporated under the *Corporation Act 2001*. 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 the National Heart Foundation of Australia and Divisions in each of the other States and Territories of Australia.

Federation Agreement

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

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 statements
- Ensuring the independence of the Foundation from government, industry and other groups in determining health and other policies and recommendation
- Ensuring the Foundation complies with relevant legislation and regulations
- Acting as an advocate for the Foundation whenever and wherever necessary

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.

Oversight by the Board

The Board oversees and monitors the performance of management by:

- Meeting five or 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

Board Members

All Board members are independent, non-executive directors and act in an honorary capacity. The Constitution of the Foundation specifies:

- There must be no less than six and no more than 13 directors, of whom up to four may be appointed by the Cardiac Society of Australia and New Zealand (Victorian branch) - ("CSANZ")
- No employees of the Foundation, including the CEO, can be a director of the Foundation
- Directors, other than those appointed by CSANZ, are re-appointed annually

Directors' Report (continued)

for the year ended 31 December 2013

Board Members (continued)

The Terms of Reference for the Board, acknowledges that although the terms of reference do not specify or limit the time that any one Director can serve, allowing for Board flexibility, the Board does expect at least one member (usually a long serving member) to retire at each AGM and at least one new member to be appointed at each AGM. Board members are appointed to ensure a breadth of skill and knowledge across all areas of the work of the Foundation. The current Board's qualifications, skills, experience and responsibilities appear on page 7.

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

A formalised *Board Performance Evaluation* process is undertaken on an annual basis.

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.

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).

Directors' Report (continued)

for the year ended 31 December 2013

Performance Measures and Key Achievements in 2013

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 has increased by 17% since 2009
- the Foundation's effectiveness in raising the community's awareness/knowledge of heart health has increased by 50% since 2009
- more than 50% of Victorians believe the Heart Foundation plays a very important role in funding high quality research
- 65% of Victorians, over the age of 30, see the main role of the Heart Foundation as raising awareness and providing advice.

Highlights in 2013

1. A commitment by State Government to equip MICA paramedics to administer clot busting drugs en route to hospital in regional Victoria.

This announcement was the culmination of a long running Heart Foundation campaign. Equipping paramedics with drugs to treat heart attacks means heart muscle damage can be minimized and lives will be saved.

2. Creation of Heart Maps

We developed the On-line Victorian Heart Maps using the last 5 years of state government health data to show how many men and women were hospitalized due to heart attacks, heart failure and unstable angina across Victoria by the 79 local government areas.

The maps are an important tool for the Heart Foundation as well as health professionals, state and local government to help with planning and prioritising services and facilities in areas where people have the greatest need for care and support. The maps also include data on the numbers of people with known risk factors for heart attack such as the number overweight and obese people living in a local government area. The maps have been viewed on the Heart Foundation website over 2000 times.

3. Partnerships strengthened to address inequities in cardiovascular health for culturally and linguistically diverse communities

We worked hard to build and strengthen our ties with culturally and linguistically diverse communities in 2013. We know there is a gap for health messaging to these communities, so we developed materials in Arabic, Mandarin, Italian, Greek and Spanish languages, to better reach people from these backgrounds. It was particularly important for these communities to be aware of the warning signs of a heart attack, and our step-by-step action plan was also translated, to help more people know what to do if they noticed any symptoms.

4. Building relationships with Peer Support Groups

In partnership with Heart Beat Victoria (a peer support network) we held the inaugural peer support forum which in Shepparton. The forum aimed to connect with community members who are living with heart disease and who are forming their own volunteer groups to support each other in their recovery. Over 70 people attended the forum which included presentations from Heart Foundation funded researchers and local health professionals. The forum attracted media interest with a story running prior to and after the event promoting the organisations involved.

Directors' Report (continued)

for the year ended 31 December 2013

5. Increased planners knowledge of their role in creating active communities

Approximately 25% of Victorian Councils have participated in our training sessions on how to create environments that are easy for people to walk, cycle and be physically active. Evaluation of the training sessions indicates a significant increase (approximately 40-50%) in the confidence of participants to apply principles of a healthy built environment when planning towns and neighbourhoods.

The Heart Foundation of Victoria's advocacy to the state government has influenced the direction of the draft Plan entitled Melbourne Planning Strategy. The plan now incorporates policies to support the development of neighbourhoods which encourage physical activity.

6. Influenced state government to introduce legislation to ban smoking in outdoor areas such as, children's sporting grounds, swimming pools, sea baths and skate parks

This announcement was the result of work done by the Heart Foundation and local government to seek state legislation rather than local council policy to ban smoking in outdoor areas.

7. Better identification of those most at risk of heart attacks

Our work in Hume has shown that community health services are well placed to implement strategies that identify those people in the community who are most at risk of heart attacks and strokes. The Heart Foundation of Victoria worked in partnership with Ovens and King Community Health, the Hume Primary Care Partnership and the Victorian Department of Health to introduce an absolute risk approach to identify people at low, moderate, and high risk of a cardiovascular disease event and to direct treatment to those who need it most. This work will now act as a key example for other community health services to follow.

Directors' Report (continued)

for the year ended 31 December 2013

Review of Results and Operations for Current Year

The Foundation achieved a 17% increase in operating surplus to \$3.99 million in 2013 financial year. This is driven by our donations received mainly from our donors and supporters via bequest income of \$4.759 million and non-bequest income of \$4.994 million, together with targeted savings.

Total income as presented in the financial statements totalled \$10.181 million from all sources and all funds. This is \$380k or 3.6% less than previous year. Part of this is due to less than anticipated income received for Bequest income in 2013. On the other hand, grants for specific health programs have increased by 46%.

Total expenditure was \$6.18 million, a 13% decrease from \$7.13 million last year. The Foundation continued to contribute strongly to the National company in support of cardiovascular research and local health programs to the sum of \$4.19 million in 2013 (2012: \$3.68 million). Over the last 5 years, the Foundation contributed over \$22 million towards national programs.

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.

	2013	2012	2011	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Income & Expenditure					
Charitable support - bequests	4,759	5,358	8,079	4,002	5,520
Charitable support - non-bequests	4,993	4,898	4,464	4,480	4,575
Fundraising income	9,752	10,256	12,543	8,482	10,095
Grants for specific health programs	276	189	179	69	266
Grants for specific fundraising & communications programs	6	0	0	0	0
Other income	147	115	155	118	74
Total cash income	10,181	10,560	12,877	8,669	10,435
Restatement of investments to fair value					
Total income	10,181	10,560	12,877	8,669	10,435
Less: Fundraising expenditure	(3,132)	(3,802)	(3,459)	(3,477)	(3,052)
Communications & administration	(685)	(630)	(458)	(438)	(261)
Surplus available for health programs & research	6,364	6,128	8,960	4,754	7,122
Health programs conducted locally	(2,366)	(2,699)	(2,701)	(2,287)	(2,771)
Contributions to National health programs & research	(4,195)	(3,678)	(6,401)	(2,749)	(4,713)
Balance added to/(deducted from) equity	(197)	(249)	(142)	(282)	(362)
Ratios:					
Fundraising expenditure to fundraising income	32%	37%	28%	41%	30%
Surplus from fundraising to fundraising income	68%	63%	72%	59%	70%
Surplus available for health programs & research to total income	63%	58%	70%	55%	68%
Expenditure on health programs and research to total income	64%	60%	71%	58%	72%
Expenditure on health programs and research to total expenditure	63%	59%	70%	56%	69%
Annual increase in expenditure on health programs & research	3%	(30%)	81%	(33%)	23%
	2013	2012	2011	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets & Liabilities					
Cash & investments	1,944	1,395	1,531	1,771	2,054
Computers, cars & equipment	988	1,238	1,484	1,633	1,795
Total assets	2,932	2,633	3,015	3,404	3,849
Total liabilities	(2,266)	(1,769)	(1,902)	(2,149)	(2,312)
Total equity	666	864	1,113	1,255	1,537

Directors' Report (continued)

for the year ended 31 December 2013

State of Affairs

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

Events Subsequent to Reporting Date

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

Likely Developments

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

Environmental Regulation

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

Insurance Premiums

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

Indemnification

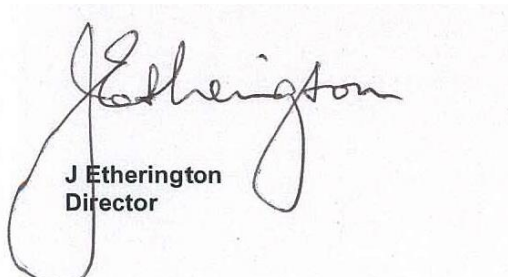
During the year the Foundation has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Foundation.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 35 and forms part of the directors' report for financial year 2013.

Dated at Melbourne this 4th day of March 2014.

Signed in accordance with a resolution of the Directors.



J Etherington
Director

Directors' Declaration

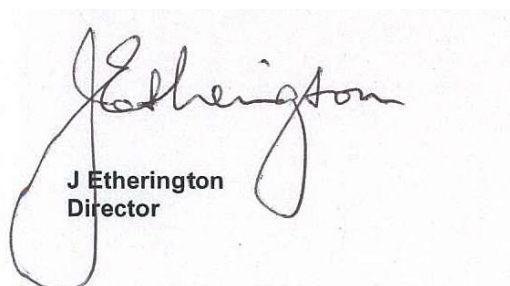
for the year ended 31 December 2013

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

- (a) the financial statements and notes, set out on pages 15 to 33, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

Dated at Melbourne this 4th day of March 2014.

Signed in accordance with a resolution of the Directors



J Etherington
Director

Statement of Surplus and Deficit and Other Comprehensive Income

for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Revenue			
Revenue from operating activities	4	10,085,412	10,472,845
Total revenue		10,085,412	10,472,845
Health programs (including those funded by grants)		(2,366,279)	(2,698,941)
Fundraising		(3,127,188)	(3,797,821)
Cost of goods sold		(4,820)	(4,781)
Communications and publicity		(237,376)	(300,504)
Administration		(447,411)	(329,779)
Results from operating activities		3,902,338	3,341,019
Finance income		95,284	87,526
Finance costs		-	-
Net finance income/(cost)	6	95,284	87,526
Net surplus/(deficit)		3,997,622	3,428,545
Net grants to National Heart Foundation of Australia	18	(4,194,839)	(3,677,967)
Income tax expense	3c	-	-
Surplus/(Deficit) for the year after tax		(197,217)	(249,422)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
Gains/(Losses) on sale and revaluation of equities/managed funds		-	-
Items that may be reclassified subsequently to surplus or deficit		-	-
Total other comprehensive income		-	-
Total comprehensive income for the year		(197,217)	(249,422)

Statement of Financial Position

for the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	7a	1,791,434	1,005,589
Trade and other receivables	8	150,878	385,922
Inventories		2,510	3,601
Total current assets		1,944,822	1,395,112
Non-current assets			
Property, plant, equipment and vehicles	9	988,012	1,237,941
Total non-current assets		988,012	1,237,941
Total assets		2,932,834	2,633,053
Current liabilities			
Trade and other payables	10	853,969	191,614
Grants income deferred	11	194,964	160,319
Employee benefits	12	201,934	262,958
Provisions	15	93,942	93,942
Total current liabilities		1,344,809	708,833
Non-current liabilities			
Employee benefits	12	41,072	41,665
Provisions	15	880,516	1,018,901
Total non-current liabilities		921,588	1,060,566
Total liabilities		2,266,397	1,769,399
Net assets		666,437	863,654
Equity			
Reserves		-	-
Retained earnings		666,437	863,654
Total equity	13	666,437	863,654

Statement of Changes in Equity

for the year ended 31 December 2013

	2013	2012
	\$	\$
Balance of Equity as at 1 January	863,654	1,113,076
Comprehensive income for the period		
Surplus/(Deficit) for the period	(197,217)	(249,422)
Other comprehensive income	-	-
Total comprehensive income for the period	(197,217)	(249,422)
Transactions with owners of the Foundation recorded directly in equity	-	-
Balance of Equity as at 31 December	666,437	863,654

Statement of Cash Flows

for the year ended 31 December 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		10,357,341	10,944,376
Cash payments in the course of operations		(4,586,615)	(8,214,277)
Net grants made to National Heart Foundation of Australia		(5,081,197)	(2,949,150)
Net financial income		96,926	161,186
Net cash from operating activities	7b	786,455	(57,865)
Cash flows from investing activities			
Proceeds from sale of property, equipment and vehicles		-	1,503
Acquisition of property, equipment, vehicles and computer software		(610)	(32,373)
Net cash from investing activities		(610)	(30,870)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		785,845	(88,735)
Cash and cash equivalents at 1 January		1,005,589	1,094,324
Cash and cash equivalents at 31 December	7a	1,791,434	1,005,589

Notes to the Financial Statements

for the year ended 31 December 2013

1 Reporting entity

The National Heart Foundation of Australia (Victorian Division) (the "Foundation") (ABN: **25 004 463 334**) is a company domiciled in Australia. The address of the Foundation's registered office is **Level 12, 500 Collins Street, Melbourne, Victoria 3000**. The Foundation is a not for profit entity and a charity devoted to reducing suffering and death from heart, stroke and blood vessel disease in Australia.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report was authorised for issue by the directors on 4 March 2014.

(b) Basis of measurement

The financial report is prepared on the historical cost basis.

(c) Functional and presentation currency

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

(d) Change of accounting policy

AASB 119 Employee Benefits (2011)

The Foundation has applied the revised AASB119 (2011) and therefore changed the definition of short term and long term employee benefits to clarify the distinction between the two. The affect of this applied retrospectively, has been to re classify annual leave into long term employee benefits under the standard's new definition, and measure annual leave at an actuarial present value (changed from an undiscounted value), refer to note 12 and 18. There has been no material change in the prior year's re-measurement of annual leave.

(e) 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 judgements. 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Significant accounting judgments

The company has entered into leases of premises and office equipment as disclosed in note 14. 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.

(ii) 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:

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 15.

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies

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

(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) Grants for health programs

Grants revenue consists of revenue received directly and indirectly from the Victorian State and Federal governments. Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Foundation will comply with the conditions associated with the grant and are then recognised in profit or loss. Grants that compensate the Foundation for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Where the terms of that agreement stipulate that any unexpended funds may be required to be returned to the funding body, the unexpended funds are carried forward as "Grant income deferred", a liability (refer to note 11).

(iii) 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.

(iv) 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 Victoria also supported the Foundation by participating and raising funds through the Jump Rope for Heart program. In total this involved over 81,363 children and 421 schools and groups throughout Victoria. The Foundation's door knock program successfully recruited over 22,000 volunteers to collect funds in 2013. However, as no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements as either revenue or expenses.

(b) Goods and services tax

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

(c) Income Tax

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

(d) Inventories

Inventories, representing publications held for resale, are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs and include purchase prices plus design and freight costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of disposal.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies (continued)**(e) Property, 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(i)). 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 and 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 comprehensive income.

(ii) Depreciation

Depreciation is charged to the statement of surplus or deficit and comprehensive income on a straight-line basis over the estimated useful lives of each item of property, equipment and vehicles from the date they are 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.

(f) Leased assets including property and equipment

Leases in terms of which the Foundation assume 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).

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 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 profit or loss, 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies (continued)

(g) Non-derivative financial assets (continued)

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. The classification of financial assets that the Foundation held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

(i) Other financial instruments

A financial instrument is recognised on the date the Foundation becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cashflows from the financial assets expire. Purchases and sales of financial assets are accounted for at trade date. Accounting for finance income and finance cost is discussed in note 3(n). Other non-derivative financial instruments are measured at amortised costs using 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 \$4. Refer 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.

(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 impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s), that can be estimated reliably, had an impact on 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.

(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 comprehensive income, whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is recognised in the statement of surplus or deficit and comprehensive income to the extent that an impairment loss was previously recognised in the statement of comprehensive income.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

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

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 profit or loss. 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) Trade and other payables

Trade and other payables are stated at cost, this being equivalent to fair value.

(k) Employee benefits**(i) Short term benefits**

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

(ii) Long term benefits

The provision for employee entitlements to long service leave and annual leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date. The provision is calculated using the following weighted averages:

- assumed rate of future increases in wage and salary rates: 2013: 2.25% (2012: 3.0%)
- discount rate based on national government securities which most closely match the terms to maturity of the related liabilities: 2013: 4.23% (2012: 3.32%)
- expected settlement dates based on turnover history: 2013: 15 years (2012: 15 years)

(iii) Defined contribution plans

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

(l) 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

3 Significant accounting policies (continued)

(m) Segment reporting

The Foundation operates in only one business segment as a charity. The Foundation operates in one geographical segment (Victoria).

(n) 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).

(o) 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. National relies on the distribution of net grants from the Divisions to fund its commitments. Such grants are receivable under the terms of a *Federation agreement* between the National and each of the Divisions (refer note 18). 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.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements. The Foundation does not plan to adopt any new standards early. Those which are relevant to the Foundation are set out in section 2(d).

(q) Determination of fair values

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

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on 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 2013

	2013	2012
	\$	\$
4 Revenue from operating activities		
Charitable support - bequests	4,758,518	5,357,639
Charitable support - non-bequests	4,993,646	4,898,003
<i>Total revenue from fundraising activities</i>	<u>9,752,164</u>	<u>10,255,642</u>
Grants for specific health programs - Government	234,967	169,650
Grants for specific health programs and research - other	47,606	19,804
Other	50,675	27,749
<i>Total revenue from other operating activities</i>	<u>333,248</u>	<u>217,203</u>
Total revenue from operating activities	<u>10,085,412</u>	<u>10,472,845</u>
5 Auditors' remuneration		
KPMG Australia:		
Audit services	26,712	26,584
	<u>26,712</u>	<u>26,584</u>
6 Finance income and costs		
Recognised in Surplus/(Deficit)		
Interest income	38,837	47,941
Dividend income and distributions from bequests trustees	56,447	39,585
Finance income	<u>95,284</u>	<u>87,526</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
7a Cash and cash equivalents		
term deposits maturing within 90 days paying interest rates of 2.5% to 3.4% (2012: 3% to 4.3%)	1,791,434	1,005,589
	<u>1,791,434</u>	<u>1,005,589</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 surplus / (deficit) from ordinary activities	(197,217)	(249,422)
Adjustments for:-		
Depreciation/Amortisation	248,506	250,032
Property, equipment and vehicles written off	2,033	11,328
Make good / restoration	2,310	2,059
Operating lease expense obligations amortisation	(46,753)	48,657
Net loss/(gain) on disposal of property, equipment and vehicles	-	15,438
Net cash from operating activities before changes in working capital and provisions	8,879	78,092
(Increase)/decrease in receivables	235,044	41,056
(Increase)/decrease in inventories	1,091	5,932
Increase/(decrease) in payables	662,355	(154,045)
Increase/(decrease) in grants income deferred	34,645	56,247
Increase/(decrease) in employee benefits	(61,617)	8,795
Increase/(decrease) in operating lease incentive deferred	(93,942)	(93,942)
Net cash from operating activities	<u>786,455</u>	<u>(57,865)</u>

8 Trade and other receivables

Trade receivables owing by other National Heart Foundation divisions related parties	79,111	74,451
Trade receivables owing by National Heart Foundation of Australia (National)	-	208,511
Other receivables and prepayments	71,767	102,960
	<u>150,878</u>	<u>385,922</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 are disclosed in note 20.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

9 Property, equipment and vehicles

	Office furniture & equipment	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$
Balance at 1 January 2012	898,886	100,810	1,444,825	2,444,521
Acquisitions	32,373	-	-	32,373
Disposals	(65,541)	-	-	(65,541)
Balance at 31 December 2012	<u>865,718</u>	<u>100,810</u>	<u>1,444,825</u>	<u>2,411,353</u>
Balance at 1 January 2013	865,718	100,810	1,444,825	2,411,353
Acquisitions	610	-	-	610
Disposals	(32,202)	-	-	(32,202)
Balance at 31 December 2013	<u>834,126</u>	<u>100,810</u>	<u>1,444,825</u>	<u>2,379,761</u>
Depreciation & Impairment losses				
Balance at 1 January 2012	411,460	26,727	522,464	960,651
Depreciation charge for the year	90,428	15,122	144,482	250,032
Disposals	(37,271)	-	-	(37,271)
Balance at 31 December 2012	<u>464,617</u>	<u>41,849</u>	<u>666,946</u>	<u>1,173,412</u>
Balance at 1 January 2013	464,617	41,849	666,946	1,173,412
Depreciation charge for the year	88,902	15,122	144,483	248,506
Disposals	(30,169)	-	-	(30,169)
Balance at 31 December 2013	<u>523,350</u>	<u>56,971</u>	<u>811,429</u>	<u>1,391,749</u>
Carrying amounts				
At 1 January 2012	487,426	74,083	922,361	1,483,870
At 31 December 2012	<u>401,101</u>	<u>58,961</u>	<u>777,879</u>	<u>1,237,941</u>
At 1 January 2013	401,101	58,961	777,879	1,237,941
At 31 December 2013	<u>310,776</u>	<u>43,839</u>	<u>633,396</u>	<u>988,012</u>

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

10 Trade and other payables

	2013	2012
	\$	\$
Trade payables to National Heart Foundation of Australia (National)	729,096	253
Trade payables to other National Heart Foundation divisions (related parties)	-	9,227
Other payables and accrued expenses	124,873	182,134
	853,969	191,614

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

11 Grants income deferred

Balance at 1 January	160,319	104,072
Amounts received	322,217	245,701
Income recognised as revenue	(287,572)	(189,454)
Balance at 31 December	194,964	160,319

The carrying value of grants income deferred is equal to fair value. The Foundation's exposure to liquidity risk relating to grants income deferred is disclosed in note 20.

12 Employee benefits

Aggregate liability for employee benefits including oncosts:		
Current - annual leave and that part of long service leave due currently	201,934	262,958
Non-current - long service leave	41,072	41,665
Total employee benefits	243,006	304,623
<i>Personnel expenses:</i>		
Wages and salaries	2,511,523	3,329,976
Contributions to superannuation plans	216,756	284,739
Total personnel expenses	2,728,279	3,614,715
Number of employees at year end (full time equivalents)	29	39

13 Reserves and Equity

Total Equity at beginning of year	863,654	1,113,076
Operating Surplus/(deficit) for the year	(197,217)	(249,422)
Other Comprehensive Income	-	-
Total Comprehensive Income	(197,217)	(249,422)
Total Equity at end of year	666,437	863,654

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 2013

14 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2013 \$	2012 \$
Less than one year	944,409	935,079
Between one and five years	2,902,297	3,958,540
Later than five years	-	-
	3,846,706	4,893,619

Expenditure in the period was as follows:

Office equipment	28,032	28,033
Office space	757,029	780,914
	785,061	808,947

15 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:

	Operating lease expense obligations \$	Office lease incentives deferred \$	Make good of leased premises \$	Total \$
Balance at 1 January 2012	497,306	555,824	102,939	1,156,069
Future obligations incurred	48,657	-	-	48,657
Lease incentives received	-	-	-	-
Incentives offset against lease rental expense	-	(93,942)	-	(93,942)
Expenditure recognised in the statement of comprehensive income	-	-	2,059	2,059
Balance at 31 December 2012	545,963	461,882	104,998	1,112,843
Current	0	93,942	0	93,942
Non-Current	545,963	367,940	104,998	1,018,901
	545,963	461,882	104,998	1,112,843

	Operating lease expense obligations \$	Office lease incentives deferred \$	Make good of leased premises \$	Total \$
Balance at 1 January 2013	545,963	461,882	104,998	1,112,843
Future obligations incurred	-	-	-	-
Lease incentives received	-	-	-	-
Incentives offset against lease rental expense	-	(93,942)	-	(93,942)
Expenditure recognised in the statement of comprehensive income	(46,753)	-	2,310	(44,443)
Balance at 31 December 2013	499,210	367,940	107,308	974,458
Current	-	93,942	-	93,942
Non-Current	499,210	273,998	107,308	880,516
	499,210	367,940	107,308	974,458

The carrying value of make good of leased premises is equal to fair value.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

16 Contingencies

The directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required.

Contingent liabilities considered remote
Performance guarantees Vic Division

2013 \$	2012 \$
365,112	365,112
365,112	365,112

The Victorian Division has guaranteed, as a party to their operating lease, the payment of rentals in accordance with the signed agreements for the specified lease terms. The terms of the lease agreements required the Victorian Division to secure a bank guarantee of \$365,112 as minimum compensation payments to the lessor in the event of default. The Victorian Division lease term is due to expire by 30 November 2017. The directors considered no liability is required to be recognised in respect of this guarantee as the Division is in compliance with the lease agreements.

17 Company limited by guarantee

The National Heart Foundation (Victorian 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 \$4.

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 consolidated entity for the entire period:

Non executive Directors

Mr John Etherington, BEc, FCA, FAICD

Mr Ronald Fairchild, BHK, CFRE

Ms Amanda Fischer, BCom, MAICD (retired November 2013)

Dr Jennifer Johns, MBBS, FRACP, FCSANZ

Professor Ian Meredith AM, MBBS (Hons), BSc (Hons), PhD, FRACP, FACC, FCSANZ, FAHA, FSCAI

Mr Bernard O'Shea, LLB, BSc

Professor Alistair Royse, MBBS, MD, FRACS, FCSANZ

Professor Lawrence St Leger, BA (Melb), M.Ed.St. (Mon), PhD (Mon), TSTC (Melb), FAHPA (retired May 2013)

Dr Andrew Taylor, MBBS, PhD, FRACP, DDU, FCSANZ

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.

Mr B O'Shea is a director of the Victorian Division and also a partner at Norton Rose who are the lawyers of the National Heart Foundation of Australia. All transactions with Norton Rose are on normal terms and conditions, and totalled \$1,125 (2012:\$798).

Executive Staff

Mr Rob Daly, MBA, BA, PGDip

Mr David Gerrard, BBus (Accounting), CPA, MBA, GAICD (to 1 January 2013)

Ms Diana Heggie MCSP, MAICD, grad. Dip. Human Services Research (from 5 February 2013)

Ms Kellie-Ann Jolly, GradDipAppSci (OralHealth Therapy); MHlthSci(Health Promotion)

Ms Roanna Khor, BBus (Accounting), CPA

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

18 Related Parties (continued)

The compensation of key management personnel was as follows:

Short term employee benefits
Other long term benefits
Total

	2013 \$	2012 \$
	603,212	639,959
	7,475	6,078
	<u>610,687</u>	<u>646,037</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 National to the Foundation. Net grants made by the Foundation to the National Foundation were as follows:

Net Surplus/(Deficit)

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

Net grants paid/(received)
Contributions received from sale of services
Contributions paid for purchase of services

	2013 \$	2012 \$
	<u>3,997,622</u>	<u>3,428,545</u>
	(4,194,839)	(3,677,967)
	757,843	2,016,538
	(2,493,151)	(3,316,796)

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

19 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.

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 if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

At the reporting date there were no significant concentrations of credit risk apart from a bank guarantee referred to in note 16 relating to the Victorian Division office lease agreement.

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 2013

20 Financial instruments (continued)

	Notes	2013 \$	2012 \$
Financial assets			
Cash		159,172	278,977
Cash call accounts		1,632,262	726,612
Total cash and cash equivalents	7a	1,791,434	1,005,589
Trade and other receivables	8	150,878	385,922
		1,942,312	1,391,511

Impairment losses from trade receivables

None of the Foundation's trade receivables are past due (2012:\$Nil). Based on receivables history, the Foundation believes that no impairment allowance is necessary in respect of trade receivables not past due.

Liquidity risk

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

Trade and other payables, and grants income deferred have contractual cashflows which are 6 months or less. 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	2013 \$	2012 \$
Non derivative financial liabilities			
Trade and other payables	10	853,969	191,614
Grants income deferred	11	194,964	160,319
		1,048,933	351,933

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 as noted 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% as noted below. The analysis is performed on the same basis as that used in 2012.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

20 Financial instruments (continued)*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 below. This analysis assumes all other variables remain constant. The analysis is performed on the same basis as that used in 2012.

Sensitivity analysis

	2013					2012				
		-1%		+1%			-1%		+1%	
Interest rate risk	Carrying Amount	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity	Carrying Amount	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets										
<i>Variable rate instruments</i>										
Cash at bank	159,172	(1,592)	(1,592)	1,592	1,592	278,977	(2,790)	(2,790)	2,790	2,790
Cash call accounts	1,632,262	(16,323)	(16,323)	16,323	16,323	726,612	(7,266)	(7,266)	7,266	7,266
Total increase/(decrease)		(17,915)	(17,915)	17,915	17,915		(10,056)	(10,056)	10,056	10,056

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.

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.

Independent Audit Report

to the members of National Heart Foundation of Australia (Victorian Division)



We have audited the accompanying financial report of National Heart Foundation of Australia (Victorian Division) (the Foundation), which comprises the statement of financial position as at 31 December 2013, and statement of surplus and deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for qualified auditor's opinion

Charitable fundraising income of \$9,752,164 of the Foundation is a significant source of fundraising revenue for the Foundation. The Foundation has determined that it is impracticable to establish control over the collection of charitable fundraising income prior to the 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 income had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the charitable fundraising income of the Foundation recorded is complete.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of the Foundation is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position as at 31 December 2013, and of its financial performance and its cash flows for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

KPMG
KPMG



Antoni Cinanni
Partner
Melbourne
4 March 2014

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001



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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2013 there have been:

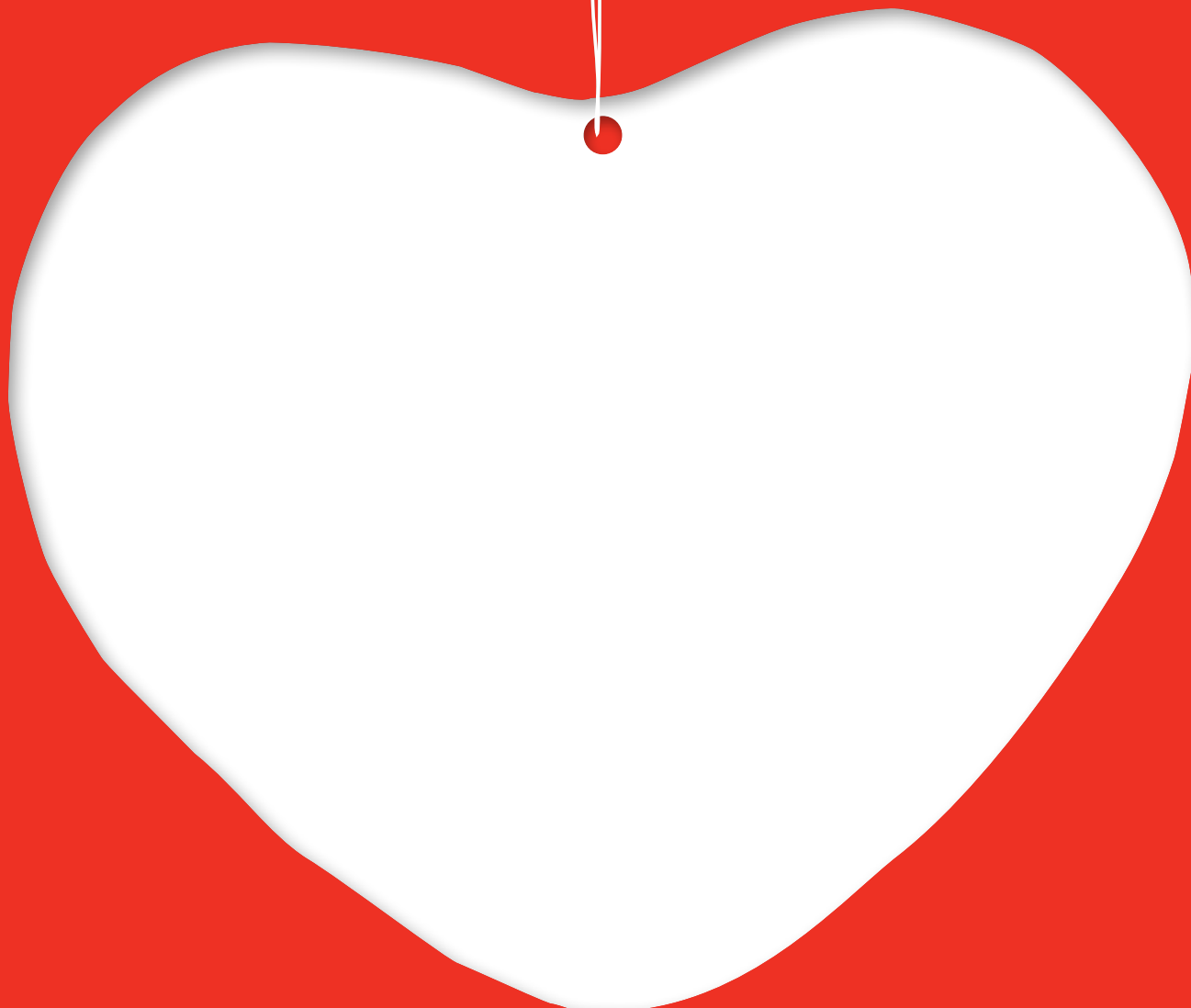
- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG
KPMG

Antoni Cinanni
Partner
Melbourne
4 March 2014

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