



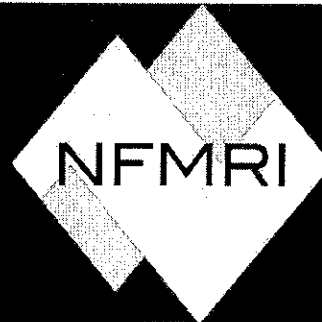
National Foundation  
for Medical Research  
and Innovation

NFMRI

2014

AUDITED FINANCIALS

National Foundation  
for Medical Research  
and Innovation



National Foundation for Medical Research and  
Innovation

ABN: 85 001 422 895

(A company limited by guarantee)

FINANCIAL STATEMENTS & REPORTS

YEAR ENDED 31 DECEMBER 2014

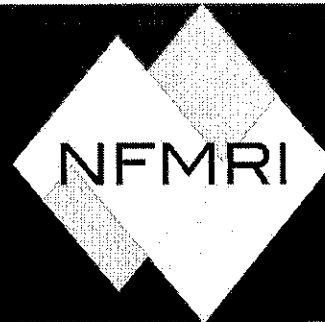
I certify that this is a true copy of all financial statements required to be laid before the Foundation at the Annual General Meeting, together with a copy of every other document required by Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* to be laid before the Annual General Meeting.

A handwritten signature in black ink, appearing to read 'A G McGrath', is positioned above a horizontal dotted line.

A G McGrath  
Honorary Secretary

20 April 2015.....  
Date

National Foundation  
for Medical Research  
and Innovation



National Foundation for Medical Research and  
Innovation

ABN: 85 001 422 895

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FINANCIAL STATEMENTS & REPORTS

YEAR ENDED 31 DECEMBER 2014

# National Foundation for Medical Research and Innovation



## National Foundation for Medical Research and Innovation

### FINANCIAL STATEMENTS & REPORTS

YEAR ENDED 31 DECEMBER 2014

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# National Foundation for Medical Research and Innovation

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## DIRECTORS' (TRUSTEES') REPORT

The Directors of the National Foundation for Medical Research and Innovation submit herewith the annual financial report of the Foundation for the financial year ended 31 December 2014. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*, the Directors report as follows:

### Directors

The names and particulars of the Directors of the Foundation during or since the end of the financial year are:

### Name and independence status

Dr V M Cowlshaw Shortell  
Independent Director (Trustee)

Dr J Dixon Hughes OAM  
Independent Director (Trustee)  
Chairman of the Research Advisory Committee

Dr R Garrick AM  
Independent Director (Trustee)  
Member of the Research Advisory Committee

Dr J R Graham  
Independent Director (Trustee)

Mr J B Harkness  
Independent Director (Trustee) Chairman

Dr K J Hellestrand  
Independent Director (Trustee)

Mr A G McGrath  
Independent Director (Trustee) Honorary Secretary

Ms J Schwager AO  
Independent Director (Trustee)

Mr K Drewery  
Independent Director (Trustee)

Dr A Bates  
Independent Director (Trustee)  
Member of the Research Advisory Committee

### Principal Activity

The Foundation is a charitable institution. Its principal activity during the year was to fund medical research. No significant change in that activity occurred during the year.

# National Foundation for Medical Research and Innovation

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## DIRECTORS' (TRUSTEES') REPORT (continued)

### Financial Results

The operating loss for the year is \$136,720 (including bequests and donations of NIL) (2013: Profit \$427,394, including bequests and donations of \$823,117).

Note 3 discloses the profit from operations including bequests and donations.

### Review of Operations

During the year, the Foundation continued to fund medical research, providing research grants of \$774,502 (2013: \$966,416).

### Dividends

The Constitution of the Foundation does not permit any payment of dividends to members.

### Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the Foundation.

### Subsequent events

As at 20 April 2015 the investments (disclosed at Note 7) have increased in fair value by \$2,536,076 since 31 December 2014 which also reflects purchases and sales within the portfolio.

### Future Developments

The Foundation will continue to act as a charitable institution and to raise funds for medical research.

### Auditor's Independence Declaration

The auditor's independence declaration is included on page 4 of the annual report.

### Indemnification of Officers and Auditors

The Foundation has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Foundation or of any related body corporate against a liability incurred as such an officer or auditor.

### Directors' Benefits

During or since the financial year, no Director of the Foundation has received or become entitled to receive a benefit because of a contract that the Director or a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest made with the Foundation or an entity that the Foundation controlled, or a body corporate that was related to the Foundation, when the contract was made or when the Director received, or became entitled to receive the benefit other than:

- (a) a benefit included in the aggregate amount of the emoluments received or due and receivable by the Directors shown in note 17 to the financial statements; or
- (b) remuneration charged by McGrathNicol, Chartered Accountants. Mr A G McGrath is a member of the firm McGrathNicol. McGrathNicol charged discounted fees for accounting services rendered throughout the year. Mr McGrath is the Honorary Secretary of the Foundation and donates his time.

# National Foundation for Medical Research and Innovation

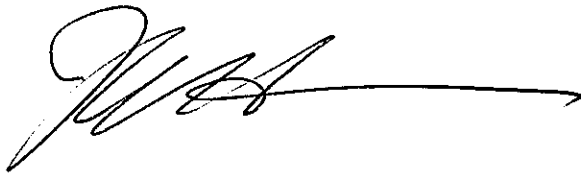
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## DIRECTORS' (TRUSTEES') REPORT (continued)

### Management of the Investment Portfolio

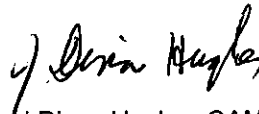
The Directors acknowledge the contribution of BT Financial Group Limited in managing the Foundation's investment portfolio..

Signed in accordance with a resolution of the Directors made pursuant to Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Mr JB Harkness  
Director (Trustee)

Sydney, 20 April 2015



Dr J Dixon Hughes OAM  
Director (Trustee)

The Directors  
National Foundation for Medical Research & Innovation  
Level 31  
60 Margaret Street  
SYDNEY NSW 2000

20 April 2015

Dear Directors

**National Foundation for Medical Research and Innovation**

In accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*, I am pleased to provide the following declaration of independence to the Directors of National Foundation for Medical Research and Innovation.

As lead audit partner for the audit of the financial statements of National Foundation for Medical Research and Innovation for the financial year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants



## **Independent Auditor's Report to the members of National Foundation for Medical Research and Innovation**

We have audited the accompanying financial report of National Foundation for Medical Research and Innovation, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 10 to 34.

### *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 *Australian Charities and Not-for-profits Commission Act 2012*. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Foundations'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 Foundations'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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

# Deloitte.

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of National Foundation for Medical Research and Innovation, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Basis for Qualified Opinion*

Bequests and donations are a source of revenue for National Foundation for Medical Research and Innovation. The National Foundation for Medical Research and Innovation has determined that it is impracticable to establish control over the collection of bequests and donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to bequests and donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the bequests and donations the National Foundation for Medical Research and Innovation recorded are 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 National Foundation for Medical Research and Innovation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2013*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Josh Tanchel

Partner

Chartered Accountants

Sydney, 20 April 2015

# National Foundation for Medical Research and Innovation

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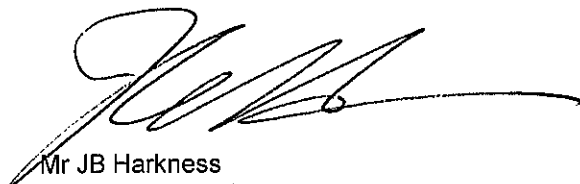
## DIRECTORS' (TRUSTEES') DECLARATION

The Directors of the National Foundation for Medical Research and Innovation declare that:


- (a) In the Directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable;
- (b) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Foundation.

Signed in accordance with a resolution of the Directors, made pursuant to Division 60 of the *Australian Charities and Not-for-profits Commission Act 2013*.

On behalf of the Directors,



Mr JB Harkness  
Director (Trustee)



Dr J Dixon Hughes OAM  
Director (Trustee)

Dated at Sydney on the 20<sup>th</sup> day of April 2015.

# National Foundation for Medical Research and Innovation

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Revenue	3	1,012,970	1,675,896
Administration expenses		(375,188)	(282,086)
Research grants made during the year	15	(774,502)	(966,416)
(Loss)/Profit for the year		(136,720)	427,394
<b>Other Comprehensive Income</b>			
Gain on investments taken to equity	11	1,141,376	1,824,112
Other comprehensive income for the year		1,141,376	1,824,112
<b>Total comprehensive income for the year</b>		1,004,656	2,251,506

Notes to the financial statements are included on pages 12 to 30.

# National Foundation for Medical Research and Innovation

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	19(a)	2,322,850	3,489,040
Trade and other receivables	5	283,732	250,518
Non-current assets classified as held for sale	6	-	350,000
<b>TOTAL CURRENT ASSETS</b>		<b>2,606,582</b>	<b>4,089,558</b>
<b>NON CURRENT ASSETS</b>			
Other financial assets	7	19,005,098	16,298,291
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,005,098</b>	<b>16,298,291</b>
<b>TOTAL ASSETS</b>		<b>21,611,680</b>	<b>20,387,849</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	27,091	45,034
Income in advance	10	125,000	-
Provisions	9	15,617	6,682
<b>TOTAL CURRENT LIABILITIES</b>		<b>167,708</b>	<b>51,716</b>
<b>NON-CURRENT LIABILITIES</b>			
Income in advance	10	100,000	-
Provisions	9	4,610	1,427
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>104,610</b>	<b>1,427</b>
<b>TOTAL LIABILITIES</b>		<b>272,318</b>	<b>53,143</b>
<b>NET ASSETS</b>		<b>21,339,362</b>	<b>20,334,706</b>
<b>ACCUMULATED FUNDS</b>			
		<b>\$</b>	<b>\$</b>
Endowed fund for perpetual investment	11	25,000	25,000
Reserves	12	3,504,450	2,589,562
General funds	13	8,118,141	7,742,634
Funds held for specific purposes	14	9,691,771	9,977,510
<b>TOTAL ACCUMULATED FUNDS</b>		<b>21,339,362</b>	<b>20,334,706</b>

Notes to the financial statements are included on pages 12 to 30.

# National Foundation for Medical Research and Innovation

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Endowed fund for perpetual investment	Investment revaluation reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 January 2014	25,000	2,589,562	17,720,144	20,334,706
Loss for the year	-	-	(136,720)	(136,720)
Unrealised gain on investments	-	1,141,376	-	1,141,376
Realised gain on investments	-	(226,488)	226,488	-
<b>Net income recognised in equity</b>	-	914,888	89,768	1,004,656
Total comprehensive income for the year	-	914,888	89,768	1,004,656
<b>Balance at 31 December 2014</b>	<b>25,000</b>	<b>3,504,450</b>	<b>17,809,912</b>	<b>21,339,362</b>

Balance at 1 January 2013	25,000	820,482	17,237,719	18,083,201
Profit for the year	-	-	427,394	427,394
Unrealised gain on investments	-	1,824,111	-	1,824,111
Realised gain on investments	-	(55,031)	55,031	-
<b>Net income recognised in equity</b>	-	1,769,080	482,425	2,251,505
Total comprehensive income for the year	-	1,769,080	482,425	2,251,505
<b>Balance at 31 December 2013</b>	<b>25,000</b>	<b>2,589,562</b>	<b>17,720,144</b>	<b>20,334,706</b>

Notes to the financial statements are included on pages 12 to 30.

# National Foundation for Medical Research and Innovation

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Bequests and donations received		-	838,291
Dividends received		416,046	315,409
Interest received		22,207	15,815
Unit trust distributions received		474,088	428,285
Overseas or foreign income received		37,267	64,160
Investment property income received		12,035	11,227
Research grants		(574,501)	(991,105)
Operating expenses		(292,763)	(259,968)
Investment property expenses		(41,444)	(10,515)
Net cash generated from operating activities	19(b)	52,935	411,598
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		6,724,872	5,869,034
Payments for purchases of investments		(7,943,997)	(7,103,679)
Net cash used in investing activities		(1,219,125)	(1,234,645)
Net decrease in cash and cash equivalents		(1,166,190)	(823,047)
Cash and cash equivalents at the beginning of the financial year		3,489,040	4,312,087
Cash and cash equivalents at the end of the financial year	19(a)	2,322,850	3,489,040

Notes to the financial statements are included on pages 12 to 30.

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

### 1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Foundation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, and will not materially change the disclosures presently made in relation to the Foundation's financial report:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards <sup>1</sup>	1 January 2018	31 December 2018
AASB 1055 'Budgetary Reporting' and AASB 2013-1 'Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements'	1 July 2014	31 December 2015
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016



# National Foundation for Medical Research and Innovation

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 2 SUMMARY OF ACCOUNTING POLICIES

#### Statement of Compliance

The Foundation is a company limited by guarantee. The financial report is a general purpose financial report which has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Foundation comply with International Financial Reporting Standards ('IFRS'). For the purpose of preparing the financial statements the entity is a not for profit entity.

#### Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### a Revenue

Revenue is measured at the fair value of the consideration received or receivable.

##### (i) Income from investments

Revenue from investments is recognised when the Foundation's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### (ii) Bequests and Donations

Bequests and donations represent monies received into the Foundation's bank account. The cost of investment portfolio management services has been donated to the Foundation.

The National Foundation for Medical Research and Innovation, in common with most organisations dependent upon such contributions, is unable to establish control over voluntary bequests and donations prior to their initial entry in the accounting records.

#### b Income Tax

The Foundation is exempted from paying income tax due to it being a charitable institution in terms of Section 50-5 of the Income Tax Assessment Act, 1997, as amended.

# National Foundation for Medical Research and Innovation

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 2 SUMMARY OF ACCOUNTING POLICIES (continued)

#### c Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### d Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### e Investment property

##### ***Measurement at Recognition***

This Standard requires all entities to measure the fair value of investment property, for the purpose of either measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). An entity is encouraged, but not required, to measure the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

#### f Financial assets

##### **Financial assets:**

##### ***Classification:***

All investments for part of the Company's investment portfolio and have been classified as "equity instruments" revalued through Other Comprehensive Income.

# National Foundation for Medical Research and Innovation

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 2 SUMMARY OF ACCOUNTING POLICIES (continued)

#### f Financial Assets (continued)

##### **Recognition:**

Equity instruments, are considered to have been sold when the contractual rights to the investment expire or contractual rights to receive cash flows have been transferred and substantially all the risk and rewards of ownership have not been retained.

The realised gains and losses on the sale of investments were transferred from the asset revaluation reserve and transferred to retained earnings.

Unrealised gains and losses arising from changes in the fair value of investments are recognised in other comprehensive income and reflected in the asset revaluation reserve.

##### **Determination of Fair Value:**

A-IFRS defines fair value for the purpose of valuing holdings of securities that are listed or traded on an exchange to be based on quoted "bid" prices for securities prevailing at the close of business on the balance date.

##### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

#### g Trade and other payables

Trade payables are recognised initially at their fair value, which is the amount expected to be paid, and subsequently at amortised cost. These amounts represent liabilities for services provided to the Foundation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

#### h Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured and transferred to retained earnings.

# National Foundation for Medical Research and Innovation

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### **2 SUMMARY OF ACCOUNTING POLICIES (continued)**

#### **i Non-current assets held for sale**

Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### **j Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

Contributions to employee superannuation funds are expensed when incurred.

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

	2014 \$	2013 \$
<b>3 PROFIT FROM OPERATIONS</b>		
<i>Revenue</i>		
Income from investments	1,000,935	841,552
Bequests and donations	-	823,117
Investment property income	12,035	11,227
	<u>1,012,970</u>	<u>1,675,896</u>
<b>4 REMUNERATION OF AUDITORS</b>		
Audit of the financial report	<u>21,000</u>	<u>26,000</u>
The auditor of the Foundation is Deloitte Touche Tohmatsu.		
<b>5 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables (i)	108,018	110,696
Goods and services tax recoverable	82	690
Imputation credits receivable	175,632	139,132
	<u>283,732</u>	<u>250,518</u>
(i)	Trade receivables represent dividends and interest accrued as well as unsettled trade amounts at year end. Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange – National Guarantee Fund. They are settled within 3 days of the sale being executed.	
<b>6 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Land and buildings	<u>-</u>	<u>350,000</u>

The Foundation sold its Queensland property located at 4 Adelphi Springs, Southport, during the 2014 financial year. A loss of \$20,000 was recorded on completion of the sale.

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

7	OTHER FINANCIAL ASSETS	2014 \$	2013 \$
	<b>Investments carried at fair value</b>		
	<u>Non-current</u>		
	Shares in Public Companies	5,940,496	6,421,501
	Westpac Australian Bond Fund	4,782,827	2,844,276
	AXA Australian Monthly Income Fund	1,298	4,991
	BT Institute Enhanced Global – International Fixed Interest Fund	1,477,845	1,098,128
	Property Trusts	3,059,461	2,668,747
	Shares in overseas companies	3,743,171	3,260,648
		19,005,098	16,298,291
8	TRADE AND OTHER PAYABLES		
	Other payables – accrued fees	22,113	43,054
	Payroll liabilities	4,978	1,980
		27,091	45,034
(i)	The average period for payment on research grants is 30 days after receipt of invoice. No interest is charged on the outstanding balance.		
9	PROVISIONS		
	Current employee provisions	15,617	6,682
	Total Current Provisions	15,617	6,682
	Non-Current employee provisions	4,610	1,427
	Total Non-Current Provisions	4,610	1,427

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

	2014 \$	2013 \$
<b>10 INCOME IN ADVANCE</b>		
Grants received in advance	100,000	-
Donation received in advance	25,000	-
Total Current Income in Advance	125,000	-
Grants received in advance	100,000	-
Total Non-Current Income in Advance	100,000	-
<b>11 ENDOWED FUND</b>	25,000	25,000

Under the terms of the Constitution of the Foundation, the Foundation is to maintain an endowed fund at \$25,000 (2013: \$25,000)

## **12 RESERVES**

### **Investment revaluation reserve**

Balance at beginning of financial year	2,589,562	820,482
Unrealised gains, arising from changes in the fair value of investments, recognised in other income	1,141,376	1,824,111
Gain transferred to retained earnings on sale of financial assets	(226,488)	(55,031)
Balance at end of financial year	3,504,450	2,589,562

The investment revaluation reserve arises on the revaluation of financial assets.

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

13	GENERAL FUNDS	2014 \$	2013 \$
	General funds at beginning of the financial year	7,742,634	7,568,041
	<i>Transfers (to)/from specific funds:</i>		
	– Share of income for the Tempe Mann Cancer/ Blood Fund	(203,619)	(146,235)
	– Share of income for the Cynthia & Patricia Gaden Allergy, Asthma Fund	(70,608)	(50,708)
	– Share of income for the Josephine White & Hiltbrunner Cancer/Blood Fund	-	(106)
	– Share of income for the Estate of Bill & Shirley Westbrook Cancer Fund	(101,466)	(100,387)
	– Share of income in Memory of Adelaide Mary Hogan Cancer Fund	(110,944)	(876,685)
	Distribution of funds from Estate of Bill and Shirley Westbrook Cancer Fund	661,432	785,543
	Distribution of funds from the Josephine White & Hiltbrunner Cancer/Blood Fund	-	3,028
	Distribution of funds from in Memory of Adelaide Mary Hogan Cancer Fund	110,944	77,718
	Total transferred (to)/from specific funds	285,739	(307,832)
	Operating profit/(loss) for the year	(136,720)	427,394
	Realised gain/(loss) on investments	226,488	55,031
	General funds at end of the financial year	8,118,141	7,742,634



# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 14 ANALYSIS OF FUNDS HELD FOR SPECIFIC PURPOSES

	Estate of Tempe Mann- Cancer/Blood diseases \$	Cynthia and Patricia Gaden Fund – Allergy and Asthma \$	Estate Bill & Shirley Westbrook – Cancer \$	In Memory of Adelaide Mary Hogan (Paine) – Cancer \$	Total \$
As at beginning of financial year	4,174,803	1,447,663	2,080,350	2,274,694	9,977,510
Transfer from General Funds	203,619	70,608	101,466	110,944	486,637
	4,378,422	1,518,271	2,181,816	2,385,638	10,464,147
Distribution of funds for specific purpose	-	-	(661,432)	(110,944)	(772,376)
As at end of financial year	4,378,422	1,518,271	1,520,384	2,274,694	9,691,771

The transfer from the General Funds to funds held for specific purposes has been calculated on a pro rata basis for both income and expenses.

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 15 LIABILITIES COMMITMENTS

The following GST inclusive commitments exist at 31 December 2014 in respect of approved research grants which are contingent upon the respective researchers complying with the terms of their agreement with the Foundation:

	2014 \$	2013 \$
<b>Dr Michael Buckland (Cancer)</b> <i>Characterising early molecular changes in gliomas</i> (Research undertaken at The University of Sydney) (The University of Sydney administers the research grant)	-	88,000
<b>Dr Max Conway (Cancer)</b> <i>A role for Histone Deacetylases and their inhibitors in Ocular Melanomas</i> (Research undertaken at the Save Sight Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administers the research grant)	-	63,800
<b>Dr Wendy Cooper (Cancer)</b> <i>Personalise medicine in lung cancer – Massively parallel sequencing of lung tumours enriched for mutation</i> (Research undertaken at Royal Prince Alfred Hospital) (NSW Health Pathology administers the research grant)	52,250	104,500
<b>Dr Janet Davies</b> <i>Towards an improved allergen immunotherapy vaccine targeting subtropical grass pollens</i> (Research undertaken at the University of Queensland) (The University of Queensland administers the research grant)	110,000	-
<b>Professor Michael Good</b> <i>Producing and testing a GMP grade peptide conjugate vaccine to prevent infection with Group A streptococcus</i> (Research being undertaken at Griffith University) (Griffith University administers the research grant)	276,100	-

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 15 LIABILITIES COMMITMENTS (continued)

	2014 \$	2013 \$
<b>Associate Professor Guillaume Lessene (Cancer)</b> Inaugural recipient of the Dr John Dixon Hughes Medal <i>Development of molecules that inhibit apoptosis</i> (Research undertaken at The Walter & Eliza Hall Institute of Medical Research) (The Walter & Eliza Hall Institute of Medical Research administers the research grant)	55,000	-
<b>Professor Stephen Haswell (General)</b> <i>Advanced zoonotic disease detection through lab on chip technology</i> (Research undertaken at Deakin University) (Deakin University administers the research grant) <i>[this is a project jointly funded by NSW Department of Primary Industries and the Foundation]</i>	409,200	-
<b>Associate Professor Michele Madigan (Ophthalmology)</b> <i>Understanding the pathogenesis of Dry AMD: Interactions of Neural Retinal, Immune Responses &amp; RPE cell death</i> (Research undertaken at the Save Sight Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administers the research grant)	-	66,000
<b>Professor John McAvoy (Ophthalmology)</b> <i>Chair of Experimental Ophthalmology</i> (Research undertaken at the Save Site Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administers the research grant)	76,175	380,875
<b>Dr Andrew Mitchell (General)</b> Towards new treatments for bacterial meningitis: determining the role of perivascular macrophages in brain inflammation (Research undertaken at the University of Sydney) (The University of Sydney administers the research grant)	31,781	-
<b>Dr Tim Molloy (General)</b> <i>miR-1274a as a biomarker and druggable target for radiotherapy resistance in breast cancer</i> (Research undertaken at the St Vincents Institute of Applied Medical Research) (St Vincents Institute of Applied Medical Research administers the grant)	92,400	138,600

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 15 LIABILITIES COMMITMENTS (continued)

	2014 \$	2013 \$
<b>Dr Lenka Munoz (Cancer)</b> <i>Improving chemotherapy response rates in brain cancer</i> (Research undertaken at The University of Sydney) (The University of Sydney administers the research grant)	193,920	328,534
<b>Dr Nick Shackel (Cancer)</b> <i>Discovering novel biomarkers in hepatocellular carcinoma (HCC)</i> (Research undertaken at the Centenary Institute and The University of Sydney) (The University of Sydney administers the research grant)	44,550	132,000
<b>Preservation of Pathology Museum Specimens (GST free)</b> (General) (Specimens reside in the Lucy Osborne/Nightingale Museum at Sydney Hospital) (The University of Sydney administers the research grant)	32,792	12,792
	1,374,168	1,315,101

### 16 RESEARCH GRANTS

The sum paid in grants totalled \$774,502 (2013: \$966,416) as recorded in the income and expenditure account and funded the following research projects:

	2014 \$	2013 \$
<b>Dr Michael Buckland (Cancer)</b> <i>Characterising early molecular changes in gliomas</i> (Research was undertaken at The University of Sydney) (The University of Sydney administered the research grant)	80,000	95,000
<b>Dr Max Conway (Cancer)</b> <i>A role for Histone Deacetylases and their inhibitors in Ocular Melanomas</i> (Research was undertaken at the Save Sight Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administered the research grant)	58,000	59,000

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 16 RESEARCH GRANTS (continued)

	2014	2013
	\$	\$
<b>Professor Wendy Cooper (Cancer)</b>	47,500	40,000
Personalise medicine for lung cancer and mesothelioma (Research was undertaken at Royal Prince Alfred Hospital) (Sydney Local Health Network administered the research grant)		
<b>Professor Douglas Joshua (Cancer)</b>	-	80,000
Inhibitors of immune effectors in multiple myeloma (Research was undertaken at Royal Prince Alfred Hospital) (Sydney Local Health Network administered the research grant)		
<b>Associate Professor Alexander Klistorner (Ophthalmology)</b>	-	90,000
<i>Multifocal visual evoked potentials in optic neuropathies</i> (Research was undertaken at the Save Sight Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administered the research grant)		
<b>Professor David Ma (Cancer)</b>	-	67,500
<i>Role of MicroRNAs as regulators of cell survival and differentiation in acute myeloid leukaemia (GST Free)</i> (Research was undertaken at St Vincent's Hospital) (St Vincent's Hospital administered the research grant)		
<b>Associate Professor Michele Madigan (Ophthalmology)</b>	60,000	60,000
<i>Understanding the pathogenesis of Dry AMD: Interactions of Neural Retinal, Immune Responses &amp; RPE cell death</i> (Research was undertaken at the Save Sight Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administered the research grant)		
<b>Professor John McAvoy (Ophthalmology)</b>	277,000	277,000
<i>Chair of Experimental Ophthalmology</i> (Research was undertaken at the Save Site Institute on the grounds of Sydney Eye Hospital) (The University of Sydney administered the research grant)		
<b>Dr Tim Molloy (Cancer)</b>	42,000	-
<i>miR-1274a as a biomarker and druggable target for radiotherapy resistance in breast cancer</i> (Research undertaken at the St Vincents Institute of Applied Medical Research) (St Vincents Institute of Applied Medical Research administers the research grant)		

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

16 RESEARCH GRANTS (continued)	2014	2013
	\$	\$
<b>Dr Lenka Munoz</b>	128,376	92,289
<i>Improving chemotherapy response rates in brain cancer</i> (Research undertaken at The University of Sydney) (The University of Sydney administers the research grant)		
<b>Dr Nick Shackel</b>	79,500	95,500
<i>Discovering novel biomarkers in hepatocellular carcinoma (HCC)</i> (Research undertaken at the Centenary Institute and The University of Sydney) (The University of Sydney administers the research grant)		
<b>Preservation of Pathology Museum Specimens (GST free)</b> (General) (Specimens reside in the Lucy Osborne/Nightingale Museum at Sydney Hospital) (The University of Sydney administered the research grant)	-	7,672
<b>Winston Library (General)</b> (The Sydney Foundation for Medical Research directly finances the purchase of new publications for the Winston Library at Sydney Hospital)	2,126	2,455
	774,502	966,416

## 17 MEMBERS' LIABILITIES

The liability of the members is limited. Every member of the Foundation undertakes to contribute to the assets of the Foundation, in the event of the same being wound up while they are a member, or within one year after they cease to be a member, for payment of the debts and the liabilities of the Foundation (contracted before they cease to be a member) and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding fifty dollars (\$50.00).

## 18 KEY MANAGEMENT PERSONNEL COMPENSATION

CEO Dr Noel Chambers received \$155,890 in emoluments in 2014 (2013: 102,949 for 9 month period). The Directors of the Foundation received \$nil emoluments (2013: \$nil).

McGrathNicol, Chartered Accountants charged discounted fees of \$680 (2013: \$7,331) for accounting services rendered throughout the financial year. Mr A G McGrath is a member of the firm and Honorary Secretary of the Foundation and donates his time.

# National Foundation for Medical Research and Innovation

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 21 FINANCIAL INSTRUMENTS (continued)

#### e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Foundation does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

#### f) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

#### g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long-term funding and liquidity management requirements.

The Foundation manages liquidity risk by maintaining adequate reserves and banking facilities and by frequently monitoring forecast and actual cash flows.

#### Liquidity and interest risk tables

The following table details the Foundation's expected maturity for its non-derivative financial assets, as well as remaining contractual maturity for its non-derivative financial liabilities. The table of financial assets have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Foundation anticipates that the cash flow will occur in a different period. The table of financial liabilities have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Foundation can be required to pay.

# National Foundation for Medical Research and Innovation

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

### 21 FINANCIAL INSTRUMENTS (continued)

	Weighted average interest rate	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$
<b>2014</b>						
<i>Financial Assets</i>						
Non-interest bearing	-	-	283,751	-	12,743,128	-
Variable interest rate instruments	2.69%	2,322,851	-	-	-	-
Fixed interest rate instruments	4.86%	-	-	-	5,885,947	-
		<u>2,322,851</u>	<u>283,751</u>	<u>-</u>	<u>18,629,075</u>	<u>-</u>
<i>Financial Liabilities</i>						
Non-interest bearing	-	-	271,265	-	-	-
<b>2013</b>						
<i>Financial Assets</i>						
Non-interest bearing	-	-	250,518	-	12,350,896	-
Variable interest rate instruments	3.33%	3,489,040	-	-	-	-
Fixed interest rate instruments	2.95%	-	-	-	3,947,395	-
		<u>3,489,040</u>	<u>250,518</u>	<u>-</u>	<u>16,298,291</u>	<u>-</u>
<i>Financial Liabilities</i>						
Non-interest bearing	-	-	53,143	-	-	-

### 22 SUBSEQUENT EVENTS

As at 20 April 2015 the investments (disclosed at Note 7) have increased in fair value by \$2,536,076 since 31 December 2014 which also reflects purchases and sales within the portfolio.





**National Foundation for Medical Research and Innovation**

**ABN 85 001 422 895**

**GPO Box 9986  
Sydney NSW 2001  
W: [www.nfmri.org.au](http://www.nfmri.org.au)  
E: [enquiries@nfmri.org.au](mailto:enquiries@nfmri.org.au)  
T: 0413 922 370**