



National Foundation
for Medical Research
and Innovation



NFMRI

2017

AUDITED FINANCIAL STATEMENTS

National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

Financial Statements

For the Year Ended 31 December 2017

National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

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National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

Directors' (Trustees') Report

31 December 2017

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 2017. 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:

Dr V M Cowlshaw Shortell (Resigned 21 August 2017)
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 OAM (Resigned 19 October 2017)
Independent Director (Trustee)

Mr J B Harkness
Independent Director (Trustee) Chairman

Dr K J Hellestrand
Independent Director (Trustee)

Mr A G McGrath
Honorary Secretary
Independent Director (Trustee)

Ms J Schwager AO (Resigned 31 December 2017)
Independent Director (Trustee)

Mr K Drewery
Independent Director (Trustee)

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

National Foundation for Medical Research and Innovation

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Directors' (Trustees') Report

31 December 2017

Directors (continued)

Dr I Smith (Appointed 2 August 2017)
Independent Director (Trustee)
Member of Research Advisory Committee

Dr R Sauer (Appointed 18 October 2017)
Independent Director (Trustee)

Company Secretary

Ms A Choy Flannigan

Principal activities

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.

Dividends

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

Review of operations

During the year, the foundation continued to fund medical research, providing research grants of \$669,222 (2016: \$703,457).

Financial Results

The operating profit for the year is \$ 258,632 including bequests and donations of \$1,000 (2016: \$346,232, including bequests and donations of \$140).

Changes in state of affairs

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

Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the results of those operations or the state of affairs of the Foundation in future financial years.

Future developments

The Foundation will continue to act as a charitable institution implementing its Mission to advance innovations in medical research related to the nature, prevention, diagnosis, treatment and incidence of disease and other health problems that have a significant impact on the health of humans.

National Foundation for Medical Research and Innovation

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Directors' (Trustees') Report

31 December 2017

Auditors independence declaration

The lead auditors independence declaration for the year ended 31 December 2017 has been received and can be found 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.

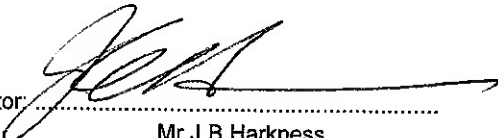
Directors' Benefits

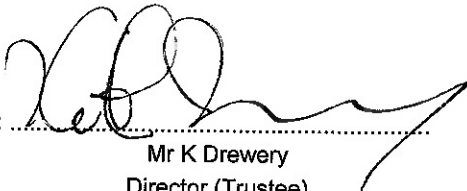
During or since the financial year, no Director of the Foundation has received or become entitled to receive a benefit because of a contract that the Director or a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest made with the Foundation 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 benefit included in the aggregate amount of the emoluments received or due and receivable by the Directors shown in note 18 to the financial statements.

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*.

Director: 
Mr J B Harkness
Director (Trustee)

Director: 
Mr K Drewery
Director (Trustee)

Dated this 4 day of MAY 2018

The Board of Trustees
National Foundation for Medical Research and Innovation
Level 31
60 Margaret Street
SYDNEY NSW 2000

4 May 2018

Dear Trustees,

Auditor's Independence Declaration to the Directors of National Foundation for Medical Research and Innovation

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of National Foundation for Medical Research and Innovation for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Yours sincerely



Nexia Sydney Audit Pty Ltd



Andrew Hoffmann

Director

Sydney, NSW

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Independent Auditor's Report to the Members of National Foundation for Medical Research and Innovation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Foundation for Medical Research and Innovation (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors are responsible for the other information. The other information comprises the information in National Foundation for Medical Research and Innovation's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our auditor's report.

Report on the Requirements of the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2015 (NSW)

We have audited the financial report as required by section 24(2) of the Charitable Fundraising Act 1991 (NSW). Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015.

Because of any inherent limitations of any assurance engagement, it possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements prescribed in the above-mentioned Act and Regulation as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) The financial report gives a true and fair view of the financial results of fundraising appeal activities for the financial year ended 31 December 2017;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the financial year ended 31 December 2017, in accordance with the Charitable Fundraising Act 1991 and Regulations;

- c) Money received as a result of fundraising appeal activities conducted during the financial year ended 31 December 2017 has, in all material respects, been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and Regulations; and
- d) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Nexia

Nexia Sydney Audit Pty Ltd

AMC

Andrew Hoffmann
Director

Dated: 4 May 2018

Sydney

National Foundation for Medical Research and Innovation


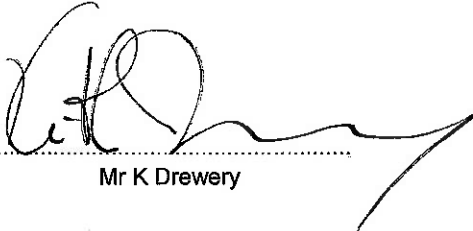
ABN: 85 001 422 895

Directors' (Trustees') Declaration

The Directors declare that, in their opinion:

- (a) there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- (b) the attached financial statements and notes thereto satisfy the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i) giving a true and fair view of the financial position and performance of the registered entity; and
 - ii) comply with Australian Accounting Standards - Reduced Disclosure Requirements.
- (a) In respect of fundraising appeals under the *Charitable Fundraising Act 1991*;
 - i) the Statement of Comprehensive Income gives a true and fair view of the all revenue and expenditure of the organisation with respect to fundraising appeals;
 - ii) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation;
 - iii) the provisions of the *Charitable Fundraising Act 1991 (NSW)*, the Regulations under that Act and the conditions attached to the fundraising authority have been complied with by the organisation; and
 - iv) the internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

Signed in accordance with a resolution of the Directors pursuant to subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and Clause 6(3) of Schedule 1 of the *Charitable Fundraising Authority Conditions 2015*.

Director  Director 
Mr J B Harkness Mr K Drewery

Dated this 4 day of May 2018

National Foundation for Medical Research and Innovation

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2017

		2017	2016
	Note	\$	\$
Revenue	3	1,233,164	1,267,269
Other Gains and Losses	4	109,379	172,777
Administration Expenses		(414,689)	(390,357)
Research Grants made during the year	16	(669,222)	(703,457)
Profit for the year		258,632	346,232
Other comprehensive income			
Current year gain/(loss) on available for sale financial assets		965,108	239,378
Reclassification of available for sale financial assets to profit or loss		(109,379)	(172,777)
Other comprehensive income for the year		855,729	66,601
Total comprehensive income for the year		1,114,361	412,833

The accompanying notes form part of these financial statements.

National Foundation for Medical Research and Innovation

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Statement of Financial Position

As at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	19(a)	2,099,345	2,278,486
Trade and other receivables	6	318,868	301,986
TOTAL CURRENT ASSETS		<u>2,418,213</u>	<u>2,580,472</u>
NON-CURRENT ASSETS			
Other financial assets	7	20,935,766	19,613,879
TOTAL NON-CURRENT ASSETS		<u>20,935,766</u>	<u>19,613,879</u>
TOTAL ASSETS		<u><u>23,353,979</u></u>	<u><u>22,194,351</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	37,954	65,087
Employee benefits	9	36,979	24,881
Income in advance	10	113,685	144,620
TOTAL CURRENT LIABILITIES		<u>188,618</u>	<u>234,588</u>
NON-CURRENT LIABILITIES			
Employee benefits	9	17,017	12,095
Income in advance	10	106,120	19,805
TOTAL NON-CURRENT LIABILITIES		<u>123,137</u>	<u>31,900</u>
TOTAL LIABILITIES		<u>311,755</u>	<u>266,488</u>
NET ASSETS		<u><u>23,042,224</u></u>	<u><u>21,927,863</u></u>
ACCUMULATED FUNDS			
Endowed fund for perpetual investment	11	25,000	25,000
Reserves	12	4,437,232	3,581,503
General Funds	13	8,885,471	9,014,260
Funds held for specific purposes	14	9,694,521	9,307,100
TOTAL ACCUMULATED FUNDS		<u><u>23,042,224</u></u>	<u><u>21,927,863</u></u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For the Year Ended 31 December 2017

2017

	Endowed fund for perpetual investment	Investment revaluation reserve	Funds held for specific purpose	General funds	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2017	25,000	3,581,503	9,307,100	9,014,260	21,927,863
Profit for the year	-	-	-	258,632	258,632
Other comprehensive income	-	855,729	-	-	855,729
Total comprehensive income for the year	-	855,729	-	258,632	1,114,361
Transfer to/(from) specific reserves	-	-	387,421	(387,421)	-
Balance at 31 December 2017	25,000	4,437,232	9,694,521	8,885,471	23,042,224

2016

	Endowed fund for perpetual investment	Investment revaluation reserve	Funds held for specific purpose	General funds	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2016	25,000	3,514,902	9,691,768	8,283,360	21,515,030
Profit for the year	-	-	-	346,232	346,232
Other comprehensive income	-	66,601	-	-	66,601
Total comprehensive income for the year	-	66,601	-	346,232	412,833
Transfer to/(from) specific reserves	-	-	(384,668)	384,668	-
Balance at 31 December 2016	25,000	3,581,503	9,307,100	9,014,260	21,927,863

The accompanying notes form part of these financial statements.

National Foundation for Medical Research and Innovation

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Statement of Cash Flows

For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Donation received from a member	1,000	140
Dividends received	425,378	481,437
Interest received	9,607	11,492
Unit trust distributions received	474,074	490,057
Overseas or foreign income received	108,846	79,627
Other income	58,029	50,390
Government grants received	200,000	200,000
Research grants	(669,222)	(703,457)
Operating expenses	(430,072)	(357,953)
Net cash provided by operating activities	19(b) <u>177,640</u>	<u>251,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	1,850,599	3,318,303
Payments for purchases of investments	(2,207,380)	(3,537,311)
Net cash used in investing activities	<u>(356,781)</u>	<u>(219,008)</u>
Net (decrease)/increase in cash and cash equivalents	(179,141)	32,725
Cash and cash equivalents at beginning of year	<u>2,278,486</u>	<u>2,245,761</u>
Cash and cash equivalents at end of financial year	19(a) <u><u>2,099,345</u></u>	<u><u>2,278,486</u></u>

The accompanying notes form part of these financial statements.

National Foundation for Medical Research and Innovation

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Notes to the Financial Statements

For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies

Statement of Compliance

The National Foundation for Medical Research and Innovation is a company limited by guarantee and incorporated in Australia. The address of the Foundation's registered office is Level 12, 20 Martin Place, Sydney, NSW, 2000. The financial report covers the National Foundation for Medical Research and Innovation as an individual entity and was authorised for issue on 11 May 2018 by the directors of the company. The company has the power to amend and reissue the financial report.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. The Foundation is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards

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 recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Foundation and specific criteria relating to the type of revenue as noted below, has been satisfied.

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) Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Grants that are refundable should specified services not be delivered or specified conditions not be satisfied, are initially recognised as a liability and revenue is recognised as the services are performed or the conditions satisfied.

National Foundation for Medical Research and Innovation

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Notes to the Financial Statements

For the Year Ended 31 December 2017

(iii) **Bequests and Donations**

Bequests and donations represent monies received into the Foundation's bank account. The investment portfolio management services have been provided pro-bono to the Foundation.

(b) **Income Tax**

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

(c) **Cash and cash equivalents**

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

(d) **Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Foundation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

National Foundation for Medical Research and Innovation

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Notes to the Financial Statements

For the Year Ended 31 December 2017

(d) Financial instruments (continued)

The Foundation's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Foundation renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Foundation does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Foundation's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Foundation's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or

National Foundation for Medical Research and Innovation

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Notes to the Financial Statements

For the Year Ended 31 December 2017

(d) Financial instruments (continued)
loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Foundation uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Foundation's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Foundation assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(e) 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.

National Foundation for Medical Research and Innovation

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Notes to the Financial Statements

For the Year Ended 31 December 2017

(f) Employee benefits

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits not expected to be wholly settled within twelve months have been measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those estimated cash outflows are discounted using market yields on Commonwealth government bonds with terms to maturity that match the expected timing of cash flows.

(g) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(h) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates and may have impact on future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions are described below:

Provision 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. The amount of these provisions would change should any of these factors change in the next 12 months.

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Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Adoption of new and revised accounting standards

The company has adopted all of the new revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the company in either the current or prior financial reporting periods.

3 Revenue

	2017	2016
	\$	\$
Revenue		
Income from investments	1,018,709	1,128,021
Donation from a member	1,000	140
Grant income	144,620	72,075
Sponsorship income	27,500	25,000
Interest income	9,607	11,492
Other revenue	22,758	30,541
Function income	8,970	-
	<u>1,233,164</u>	<u>1,267,269</u>

4 Other Gains and Losses

	2017	2016
	\$	\$
Cumulative gain/(loss) reclassified from equity on disposal of available for-sale investments	<u>109,379</u>	<u>172,777</u>

5 Auditors' Remuneration

Remuneration of the auditor Nexia Sydney Audit Pty Ltd, for:		
- Audit of the financial report	17,500	16,700
- Non assurance services	-	2,500
	<u>17,500</u>	<u>19,200</u>

6 Trade and Other Receivables

CURRENT		
Trade receivables (i)	96,555	97,320
Goods and services tax recoverable	18,930	16,206
Imputation credits receivable	203,383	188,460
	<u>318,868</u>	<u>301,986</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.

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Notes to the Financial Statements

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7 Other financial assets

Available-for-sale investments carried at fair value

	2017	2016
	\$	\$
Non-current		
Shares in Public Companies	6,971,567	6,297,810
Westpac Australian Bond Fund	5,249,701	4,978,542
BT Institute Enhanced Global	1,769,320	1,742,340
Property Trusts	3,281,318	3,185,785
Shares in overseas companies	3,663,860	3,409,402
	<u>20,935,766</u>	<u>19,613,879</u>

8 Trade and Other Payables

Current

Trade and other payables	<u>37,954</u>	<u>65,087</u>
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The Average period for payment on research grants is 30 days after receipt of invoice. No interest is charged on the outstanding balance.

9 Employee Benefits

	2017	2016
	\$	\$
CURRENT		
Provision for annual leave	<u>36,979</u>	<u>24,881</u>
NON-CURRENT		
Provision for long service leave	<u>17,017</u>	<u>12,095</u>

10 Income in advance

CURRENT

Grants received in advance	<u>113,685</u>	<u>144,620</u>
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NON-CURRENT

Grants received in advance	<u>106,120</u>	<u>19,805</u>
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11 Endowed Fund

Endowed Fund	<u>25,000</u>	<u>25,000</u>
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Notes to the Financial Statements

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12 Reserves

	2017	2016
	\$	\$
Investment revaluation reserve		
Balance at beginning of financial year	3,581,503	3,514,902
Net gain/(loss) arising on revaluation of available-for-sale financial assets	965,108	239,378
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(109,379)	(172,777)
Balance at end of financial year	<u>4,437,232</u>	<u>3,581,503</u>

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets.

13 General Funds

	2017	2016
	\$	\$
General funds at beginning of the financial year	9,014,260	8,283,360
Reallocation of funds between reserves	-	704,939
<i>Transfer (to)/from specific funds</i>		
Share of income for the Tempe Mann Cancer/Blood Fund	(221,464)	(236,644)
Share of income for the Cynthia & Patricia Gaden Allergy, Asthma Fund	(75,896)	(87,507)
Share of income for the Estate of Bill & Shirley Westbrook Cancer Fund	(36,880)	(43,551)
Share of income in Memory of Adelaide Mary Hogan Cancer Fund	(137,783)	(147,225)
Distribution of funds from Estate of Bill & Shirley Westbrook Cancer Fund	-	76,438
Distribution of funds from the Cynthia & Patricia Gaden Allergy, Asthma Fund	84,602	118,218
	<u>(387,421)</u>	<u>(320,271)</u>
Operating profit for the year	258,632	346,232
General funds at end of financial year	<u>8,885,471</u>	<u>9,014,260</u>

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Notes to the Financial Statements

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14 Analysis of Funds held for specific purposes

	Estate of Tempe mann- Cancer/Blood diseases \$	Cynthia and Patricia Gaden Fund - Allergy and Asthma \$	Estate of Bill & Shirley Westbrook - Cancer \$	In memory of Adelaide Mary hogan (Paine) - Cancer \$	Total \$
As at beginning of financial year	4,366,694	1,496,525	727,189	2,716,692	9,307,100
Transfer from General Funds - Share of Income	221,464	75,896	36,880	137,783	472,023
	4,588,158	1,572,421	764,069	2,854,475	9,779,123
Distribution of funds for specific purpose	-	(84,602)	-	-	(84,602)
As at end of financial year	4,588,158	1,487,819	764,069	2,854,475	9,694,521

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.

15 Liabilities Commitments

The following GST inclusive commitments exist at 31 December 2017 in respect of approved research grants which are contingent upon the respective researchers complying with the terms of their agreement with the Foundation:

	2017 \$	2016 \$
Professor Michael Good (General)	12,500	73,600
<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)		
Professor Stephen Haswell (General)	-	38,500
<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>		

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For the Year Ended 31 December 2017

	2017	2016
	\$	\$
Professor Eric Gowans (Infectious Diseases)	113,685	258,305
<i>A DNA vaccine for Zika virus</i>		
(Research undertaken at the University of Adelaide)		
(The University of Adelaide administers the research grant)		
Professor Des Richardson	81,500	105,500
<i>Commercial translation of innovative null hepcidin analogues that prevent the anaemia of chronic diseases</i>		
(Research undertaken at The University of Sydney)		
(The University of Sydney administers this grant)		
Associate Professor Michelle Hill	84,602	169,204
<i>Blood glycoprotein panel for early detection of oesophageal cancer</i>		
(Research undertaken at the QIMR Berghofer Medical Research Institute)		
(The QIMR Berghofer Medical Research Institute administers this grant)		
Dr Nicholas Opie (University of Melbourne)	100,000	390,000
<i>Safety validation of the stentrod: a biomedical device for paralysis that converts thoughts into computer commands</i>		
Associate Professor Michelle McIntosh (Monash University)	-	50,000
<i>Dr John Dixon Hughes Medal for Medical Research Innovation</i>		
Professor Mark Kendall	-	50,000
<i>2017 Dr John Dixon Hughes Medal for Medical Research Innovation</i>		
Associate Professor Wendy Cooper		
<i>Dr John Raftos AM Medal for Medical Research Innovation</i>	50,000	-
Associate Professor Philip Sutton		
<i>Vaccinating against helicobacter pylori-induced gastric cancer - optimising the manufacturing process</i>	150,000	-
(Research undertaken at Murdoch Children's Research Institute)		
(The Murdoch Children's Research Institute administers this grant)		
Professor Michael Good AO		
<i>Manufacture and evaluation of a chemically attenuated Plasmodium falciparum whole parasite blood stage malaria vaccine</i>	200,000	-

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For the Year Ended 31 December 2017

	2017	2016
	\$	\$
(Research undertaken at Griffith University) (Griffith University administers this grant)		
Associate Professor Janet Davies <i>Point of care diagnosis for hayfever and asthma; development and validation of rapid subtropical specific IgE tests</i>	99,953	-
(Research undertaken at the Queensland University of Technology) (The Queensland University of Technology administers this grant)		
Dr Joanna Woodcock <i>Preclinical evaluation of 14-3-3 protein inhibitors for lung cancer therapy</i>	50,002	-
(Research undertaken at the University of South Australia) (The University of South Australia administers this grant) <i>(this is a project jointly funded by the Foundation and The NSW Community Foundation - Nicholas & Phyllis Pinter Trust (managed by Equity Trustees))</i>		
Total Commitment Liabilities	942,242	1,135,109
(a) Research Grant Commitments		
Commitments not later than 12 months	940,242	827,424
Commitments later than 12 months but not later than five years	2,000	307,685
	942,242	1,135,109

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16 Research Grants

The sum paid in grants totalled \$669,222 (2016: \$703,457) as recorded in the income and expenditure account and funded the following research projects:

	2017	2016
	\$	\$
Professor Michelle McIntosh (General)	50,000	-
Inaugural recipient of the Dr John Dixon Hughes Medal		
Associate Professor Janet Davies (Asthma/Allergy)	-	38,140
<i>Towards an improved allergen immunotherapy vaccine targeting subtropical grass pollens</i>		
(Research undertaken at the Queensland University of Technology)		
(The Queensland University of Technology administers the research grant)		
Professor Michael Good (Infectious Diseases)	37,500	121,050
<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)		
Professor Stephen Haswell (Infectious Diseases)	38,500	170,000
<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>		
Professor Des Richardson (Infectious Diseases)	24,000	-
Commercial translation of innovative null hepcidin analogues that prevent the anaemia of chronic diseases		
(Research undertaken at the University of Sydney)		
(The University of Sydney administers the research grant)		
Professor Michelle Hill (Cancer)	84,602	-
<i>Blood glycoprotein panel for early detection of oesophageal cancer</i>		
(Research was undertaken at the QIMR Berghofer Medical Research Institute)		
(The QIMR Berghofer Medical Research Institute research grant)		

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For the Year Ended 31 December 2017

	2017	2016
	\$	\$
Dr Andrew Mitchell (General)	-	(15,179)
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)		
Dr Tim Molloy (Cancer)	-	42,000
<i>miR-12748 as a biomarker and druggable target for radiotherapy resistance in breast cancer</i>		
(Research undertaken at the St Vincent's Institute of Applied Medical Research)		
(St Vincent's Institute of Applied Medical Research administers the research grant)		
Dr Lenka Munoz (Cancer)	-	34,438
<i>Improving chemotherapy response rates in brain cancer</i>		
(Research undertaken at The University of Sydney)		
(The University of Sydney administers the research grant)		
Doctor Nicholas Opie (General)	290,000	-
<i>Safety validation of the stentrod: a biomedical device for paralysis that converts thoughts into computer commands</i>		
(Research undertaken at the University of Melbourne)		
(The University of Melbourne administers the research grant)		
Preservation of Pathology Museum Specimens (GST Free) (General)	-	7,355
(Specimens reside in the Lucy Osborne/Nightingale Museum at Sydney Hospital)		
(The University of Sydney administered the research grant)		
Dr Sanjaya Kuruppu (Alzheimers)	-	90,000
<i>A potential new treatment for Alzheimer's Disease from a snake venom</i>		
(Research undertaken at Monash University)		
(Monash University administers the research grant)		
Associate Professor Bernard Flynn (Heart)	-	100,000
<i>Sphingolipid targeting agents in the treatment of cardiac fibrosis</i>		
(Research undertaken at Monash University)		
(Monash University administers the research grant)		

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	2017	2016
	\$	\$
Professor Eric Gowans (Infectious Diseases)	144,620	35,575
<i>A DNA vaccine for Zika virus</i>		
(Research undertaken at the University of Adelaide)		
(The University of Adelaide administers the research grant)		
<i>(this is a project jointly funded by NSW Department of Primary Industries and the Foundation)</i>		
Professor Mark Smythe (Asthma/Allergy)	-	80,078
<i>The development of human hematopoietic prostaglandin D2 synthase inhibitors (HPGD2s) for allergic asthma'</i>		
(Research undertaken at the University of Queensland)		
(The University of Queensland administers the research grant)		
Total Research Grants	669,222	703,457

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

Total Key Management Personnel remuneration during the financial year was \$189,000 (2016: \$181,458).

During or since the financial year, no remuneration has been paid to the directors as a result of holding office as a member of the governing body of the Company.

19 Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

	2017	2016
	\$	\$
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments.		
Cash and cash equivalents	337,623	554,261
Term deposits	394,890	385,828
Westpac Investment Pool Managed Cash	-	287,697
BT W/S Enhanced Cash Fund	1,366,832	1,050,700
	2,099,345	2,278,486

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Notes to the Financial Statements

For the Year Ended 31 December 2017

(b) Reconciliation of profit for the year to net cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017	2016
	\$	\$
Profit for the year	258,632	346,232
- net gain on disposal of financial assets	(109,379)	(172,777)
Changes in net assets and liabilities:		
- (increase)/decrease in receivables	(16,880)	(97,872)
- increase/(decrease) in income in advance	55,380	127,925
- (decrease)/increase in payables	(27,133)	39,955
- increase/(decrease) in employee benefits	17,020	8,270
Cash flows from operations	<u>177,640</u>	<u>251,733</u>

20 Financial Instruments

(a) Categories of financial instruments

Financial Assets

Trade and other receivables	323,903	301,986
Cash and cash equivalents	2,418,213	2,278,486
Investments	20,935,766	19,613,879
	<u>23,677,882</u>	<u>22,194,351</u>

(b) 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.

21 Fundraising Activities

During the year the gross income and expenditure from fundraising activities was \$Nil (2016: \$Nil). As a result, the impact on the statement of financial position was \$Nil (2016: \$Nil).

22 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in future financial years.