



# National Foundation for Medical Research and Innovation



# 2018

AUDITED  
FINANCIAL  
STATEMENTS

# **National Foundation for Medical Research and Innovation**

ABN: 85 001 422 895

## **Financial Statements**

For the Year Ended 31 December 2018

# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

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For the Year Ended 31 December 2018

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# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Directors' Report

31 December 2018

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 2018. 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 J Dixon Hughes OAM  
Independent director  
Member of the Research Advisory Committee

Prof. R Garrick AM (resigned 16 November 2018)  
Independent Director  
Member of the Research Advisory Committee

Mr J B Harkness  
Independent Director

Dr K J Hellestrand  
Independent Director

Mr A G McGrath  
Honorary Secretary  
Independent Director

Dr E Saunders (appointed 14 August 2018)  
Independent Director

Mr K Drewery  
Independent Director

Dr A H Bates  
Independent Director  
Member of Research Advisory Committee

Prof. A I Smith  
Independent Director  
Chairman of Research Advisory Committee

Dr R G Sauer  
Independent Director Chairman

**Honorary Company Secretary**  
Ms A T Choy Flannigan

# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Directors' Report

31 December 2018

### 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 \$892,516 (2017: \$669,222).

### Financial Results

The operating loss for the year is \$(94,043) (2017: profit \$1,114,359) including unrealised (loss)/gain on financial assets of \$(1,442,839) (2017: gain \$855,727), Equity Trustees' grant income \$653,700 (2017: nil), and share buy-back income \$602,584 (2017: nil).

### 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.

### Auditors independence declaration

The lead auditor's independence declaration for the year ended 31 December 2018 has been received and can be found on page 4 of the annual report.

# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Directors' Report

31 December 2018

### 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.


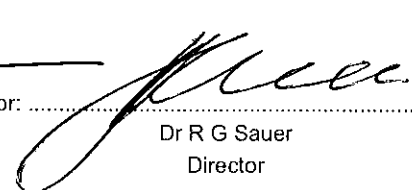
### Directors' Benefits

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 19 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:  Director:   
Mr J B Harkness  
Director  
Dr R G Sauer  
Director

Dated this 10 day of APRIL 2019

The Board of Directors  
National Foundation for Medical Research and Innovation  
Level 12  
20 Martin Place  
SYDNEY NSW 2000

Dated: 10 April 2019

Dear Board Members,

**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 2018, 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**



**Mark Boyle**  
Director

Sydney, NSW

**Nexia Sydney Audit Pty Ltd**

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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 2018, 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 2018 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 2018, 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](http://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 is 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 2018;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the financial year ended 31 December 2018, 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 2018 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**

*Mark Boyle*

**Mark Boyle**  
*Director*

Dated: *10 April 2019*

Sydney



## National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

### Directors' 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 .....  
Mr J B Harkness

Director .....  
Dr R G Sauer

Dated this 10 day of APRIL 2019

## National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue	4	2,609,740	1,233,164
Other gains and losses	5	(1,465,509)	965,106
Administration expenses		(345,758)	(414,689)
Research grants made during the year	17	(892,516)	(669,222)
<b>(Loss) / Profit for the year</b>		<b>(94,043)</b>	<b>1,114,359</b>
<b>Total comprehensive income for the year</b>		<b>(94,043)</b>	<b>1,114,359</b>

The accompanying notes form part of these financial statements.

# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	20(a)	2,718,857	2,099,345
Trade and other receivables	7	339,169	318,868
<b>TOTAL CURRENT ASSETS</b>		<b>3,058,026</b>	2,418,213
NON-CURRENT ASSETS			
Other financial assets	8	20,096,392	20,935,766
Plant and equipment	9	2,208	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,098,600</b>	20,935,766
<b>TOTAL ASSETS</b>		<b>23,156,626</b>	23,353,979
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	32,002	37,954
Employee benefits	11	48,217	36,979
Income in advance	12	106,120	113,685
<b>TOTAL CURRENT LIABILITIES</b>		<b>186,339</b>	188,618
NON-CURRENT LIABILITIES			
Employee benefits	11	22,106	17,017
Income in advance	12	-	106,120
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>22,106</b>	123,137
<b>TOTAL LIABILITIES</b>		<b>208,445</b>	311,755
<b>NET ASSETS</b>		<b>22,948,181</b>	23,042,224
<b>EQUITY</b>			
Endowed fund for perpetual investment	13	25,000	25,000
General funds	14	10,371,041	11,058,744
Funds held for specific purposes	15	12,552,140	11,958,480
<b>TOTAL ACCUMULATED FUNDS</b>		<b>22,948,181</b>	23,042,224

The accompanying notes form part of these financial statements.

## National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

### Statement of Changes in Equity For the Year Ended 31 December 2018

#### 2018

	Endowed fund for perpetual investment	Investment revaluation reserve	Funds held for specific purpose	General funds	Total
Note	\$	\$	\$	\$	\$
<b>Balance at 1 January 2018</b>	<b>25,000</b>	-	<b>11,958,480</b>	<b>11,058,744</b>	<b>23,042,224</b>
Loss for the year	-	-	-	(94,043)	(94,043)
Allocation to/(from) specific reserves	-	-	593,660	(593,660)	-
<b>Balance at 31 December 2018</b>	<b>25,000</b>	-	<b>12,552,140</b>	<b>10,371,041</b>	<b>22,948,181</b>

#### 2017

	Endowed fund for perpetual investment	Investment revaluation reserve	Funds held for specific purpose	General funds	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	<b>25,000</b>	<b>3,581,503</b>	<b>9,307,096</b>	<b>9,014,266</b>	<b>21,927,865</b>
Adjustment for change in accounting policy (note 2)	-	(3,581,503)	1,819,374	1,762,129	-
<b>Balance at 1 January 2017 - restated</b>	<b>25,000</b>	-	<b>11,126,470</b>	<b>10,776,395</b>	<b>21,927,865</b>
Profit for the year	-	-	-	1,114,359	1,114,359
Allocation to/(from) specific reserves	-	-	832,010	(832,010)	-
<b>Balance at 31 December 2017</b>	<b>25,000</b>	-	<b>11,958,480</b>	<b>11,058,744</b>	<b>23,042,224</b>

The accompanying notes form part of these financial statements.

# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Donation received from a non-member in NSW	1,974	-
Donation received from a member	-	1,000
Dividends received	1,094,971	425,378
Interest received	6,167	9,607
Unit trust distributions received	662,962	474,074
Overseas or foreign income received	98,399	108,846
Other income	592,079	58,029
Government grants received	-	200,000
Research grants	(892,516)	(669,222)
Operating expenses	(389,208)	(430,072)
Net cash provided by operating activities	20(b) 1,174,828	177,640
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	3,159,280	1,850,599
Payments for purchases of investments	(3,712,388)	(2,207,380)
Purchase of property, plant and equipment	(2,208)	-
Net cash used in investing activities	(555,316)	(356,781)
Net increase/(decrease) in cash and cash equivalents	619,512	(179,141)
Cash and cash equivalents at beginning of year	2,099,345	2,278,486
Cash and cash equivalents at end of financial year	20(a) 2,718,857	2,099,345

The accompanying notes form part of these financial statements.



## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 1 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 impact of the adoption of these Accounting Standards and Interpretations on the financial performance or position of the company in either the current or prior financial reporting periods has been detailed under Note 2 for changes in accounting policy.

#### 2 Change in Accounting Policy

##### Financial Instruments - Adoption of AASB 9

The Foundation has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 January 2017.

As part of the adoption of AASB 9, the Foundation adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Foundation's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively and the Foundation has restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2017.

##### Classification of financial assets

The financial assets of the Foundation have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - debt instruments (FVOCI - debt)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity)

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 2 Change in Accounting Policy (continued)

##### Financial Instruments - Adoption of AASB 9 (continued)

##### Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 January 2017 are shown below:

	Investment Revaluation Reserve	General funds	Funds held for specific purpose	Endowed fund for perpetual investment	Total
	\$	\$	\$	\$	\$
Equity balances reported under AASB 139	3,581,503	9,014,266	9,307,096	25,000	21,927,865
Recognise investments as fair value through profit or loss under AASB 9	(3,581,503)	1,762,129	1,819,374	-	-
<b>Opening equity balances at 1 January 2017 - AASB 9</b>	-	10,776,395	11,126,470	25,000	21,927,865

##### Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application being 1 January 2017.

	Carrying amount under AASB 139	Reclassification	Carrying amount under AASB 9
	\$	\$	\$
Revenue	1,233,164	-	1,233,164
Other gains and losses	109,379	855,727	965,106
Administration expenses	(414,689)	-	(414,689)
Research grants made during the year	(669,222)	-	(669,222)
<b>Profit for the year</b>	<b>258,632</b>	<b>855,727</b>	<b>1,114,359</b>
<b>Net assets</b>	<b>23,042,224</b>	<b>-</b>	<b>23,042,224</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 3 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 10 April 2019 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 and is presented net of returns, discounts and rebates.

##### (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 Foundation 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.

When grant revenue is received whereby the Foundation incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### (ii) Grant revenue (continued)

National Foundation for Medical Research and Innovation receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

### (iii) Donations

Donations and bequests are recognised as revenue when received.

### (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) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### Financial assets

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.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### (d) Investments and other financial assets (continued)

##### 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.

The Foundation's financial liabilities include trade and other payables 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.

#### (e) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

Plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Foundation, commencing when the asset is ready for use.

#### (f) 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.

## Notes to the Financial Statements

For the Year Ended 31 December 2018

**(g) 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.

**(h) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**(i) 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.

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.

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### (j) 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.

### 4 Revenue

	2018 \$	2017 \$
Revenue		
Income from investments	1,834,214	1,018,709
Donation from a member	1,974	1,000
Grant income – DPI/NFMR Research Grant	113,685	144,620
Grant Income – Equity Trustees' Grant	653,700	-
Sponsorship income	-	27,500
Interest income	6,167	9,607
Other revenue	-	22,758
Function income	-	8,970
	<b>2,609,740</b>	<b>1,233,164</b>

### 5 Other Gains and Losses

Realised (loss)/gain from disposal of financial instruments	(22,670)	109,379
Unrealised (loss)/gain on revaluation of financial instruments	(1,442,839)	855,727
	<b>(1,465,509)</b>	<b>965,106</b>

### 6 Auditors' Remuneration

Remuneration of the auditor Nexia Sydney Audit Pty Ltd, for:  
- Audit of the financial report

	<b>18,000</b>	17,500
	<b>18,000</b>	<b>17,500</b>



# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Notes to the Financial Statements

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
<b>7 Trade and Other Receivables</b>		
Trade receivables	74,346	96,555
Goods and services tax recoverable	28,330	18,930
Imputation credits receivable	236,493	203,383
	<b>339,169</b>	<b>318,868</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## 8 Other financial assets

### Financial assets at fair value through profit or loss

#### NON-CURRENT

Shares in domestic companies	5,971,682	6,971,567
Domestic fixed interest fund	5,847,001	5,249,701
International fixed interest fund	2,100,210	1,769,320
Property trusts	3,030,155	3,281,318
Shares in overseas companies	3,147,344	3,663,860
	<b>20,096,392</b>	<b>20,935,766</b>

## 9 Plant and equipment

#### NON-CURRENT

At cost	2,208	-
Accumulated depreciation	-	-
	<b>2,208</b>	<b>-</b>

## 10 Trade and Other Payables

#### CURRENT

Trade and other payables	32,002	37,954
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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.

## 11 Employee Benefits

#### CURRENT

Provision for annual leave	48,217	36,979
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#### NON-CURRENT

Provision for long service leave	22,106	17,017
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# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Notes to the Financial Statements

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
<b>12 Income in advance</b>		
CURRENT		
Grants received in advance	<b>106,120</b>	113,685
NON-CURRENT		
Grants received in advance	-	106,120
<b>13 Endowed Fund</b>		
Endowed Fund	<b>25,000</b>	25,000
<b>14 General Funds</b>		
General funds at beginning of the financial year	<b>11,058,744</b>	10,776,395
<i>Allocations (to)/from specific funds</i>		
Share of income for the Tempe Mann Cancer/Blood Fund	<b>(35,312)</b>	(431,588)
Share of income for the Cynthia & Patricia Gaden Allergy, Asthma Fund	<b>(11,451)</b>	(144,642)
Share of income for the Estate of Bill & Shirley Westbrook Cancer Fund	<b>(5,880)</b>	(71,872)
Share of income in Memory of Adelaide Mary Hogan Cancer Fund	<b>(21,969)</b>	(268,510)
Distribution of funds from the Cynthia & Patricia Gaden Allergy, Asthma Fund	<b>84,602</b>	84,602
	<b>9,990</b>	(832,010)
<i>Transactions with partners</i>		
Receipt of income from Equity Trustees' Fund	<b>(653,700)</b>	-
Distribution of funds from the Equity Trustees' Fund	<b>50,050</b>	-
	<b>(603,650)</b>	-
Operating (loss) / profit for the year	<b>(94,043)</b>	1,114,359
General funds at end of financial year	<b>10,371,041</b>	11,058,744

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 15 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 \$	Equity Trustees' Fund \$	Total \$
As at beginning of financial year	5,651,895	1,849,109	941,214	3,516,262	-	11,958,480
Transfer from General Funds - Share of Income	35,312	11,451	5,880	21,969	653,700	728,312
	5,687,207	1,860,560	947,094	3,538,231	653,700	12,686,792
Distribution of funds for specific purpose	-	(84,602)	-	-	(50,050)	(134,652)
As at end of financial year	<b>5,687,207</b>	<b>1,775,958</b>	<b>947,094</b>	<b>3,538,231</b>	<b>603,650</b>	<b>12,552,140</b>

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

### 16 Liabilities Commitments

The following GST inclusive commitments exist at 31 December 2018 in respect of approved research grants which are contingent upon the respective researchers complying with the terms of their agreement with the Foundation:

	2018 \$	2017 \$
<b>Professor Roger Chung</b>	<b>183,488</b>	-
<i>Preclinical evaluation of novel therapies for clearance of TDP-43 in amyotrophic lateral sclerosis</i>		
(Research undertaken at Macquarie University)		
(Macquarie University administers the research grant)		
<b>Professor Michael Good (General)</b>	-	12,500
<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)		

## Notes to the Financial Statements

For the Year Ended 31 December 2018

	2018 \$	2017 \$
<b>Dr Clare Stirzaker</b>	<b>141,835</b>	-
<i>Liquid Biopsy monitoring for triple negative breast cancer; a novel epigenetic test</i> (Research undertaken at Garvan Institute of Medical Research) (Garvan Institute of Medical Research administers the research grant)		
<b>Dr Steven Wise</b>	<b>95,022</b>	-
<i>Durable treatment of peripheral artery disease</i> (Research undertaken at the Heart Research Institute) (Heart Research Institute administers the grant)		
<b>Associate Professor Joanne Macdonald</b>	<b>93,700</b>	-
<i>A rapid, sensitive and portable molecular genetic test for diagnosis of malaria in blood</i> (Research undertaken at University of Sunshine Coast) (University of Sunshine Coast administers the research grant)		
<b>Dr Adam Taylor</b>	<b>33,333</b>	-
<i>Liposome delivery of a chikungunya virus vaccine candidate: a solution to vaccine delivery bottlenecks</i> (Research undertaken at Griffith University) (Griffith University administers the research grant)		
<b>Dr Nicholas Huntington</b>	<b>50,000</b>	-
<i>2019 Dr John Dixon Hughes Medal</i> (Research undertaken at the Monash University) (Monash University administers the research grant)		
<b>Professor Eric Gowans (Infectious Diseases)</b>	-	113,685
<i>A DNA vaccine for Zika virus</i> (Research undertaken at the University of Adelaide) (The University of Adelaide administers the research grant)		

## Notes to the Financial Statements

For the Year Ended 31 December 2018

	2018 \$	2017 \$
<b>Professor Des Richardson</b>	-	81,500
<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)		
<b>Associate Professor Michelle Hill</b>	-	84,602
<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)		
<b>Dr Nicholas Opie</b>	-	100,000
<i>Safety validation of the stentrode: 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)		
<b>Associate Professor Wendy Cooper</b>		
<i>Dr John Raftos AM Medal for Medical Research Innovation</i>	12,500	50,000

## Notes to the Financial Statements

For the Year Ended 31 December 2018

	2018 \$	2017 \$
<b>Associate Professor Philip Sutton</b> <i>Vaccinating against helicobacter pylori-induced gastric cancer - optimising the manufacturing process</i>	37,500	150,000
(Research undertaken at Murdoch Children's Research Institute)		
(The Murdoch Children's Research Institute administers this grant)		
<b>Professor Michael Good AO</b> <i>Manufacture and evaluation of a chemically attenuated Plasmodium falciparum whole parasite blood stage malaria vaccine</i>	-	200,000
(Research undertaken at Griffith University)		
(Griffith University administers this grant)		
<b>Associate Professor Janet Davies</b> <i>Point of care diagnosis for hayfever and asthma; development and validation of rapid subtropical specific IgE tests</i>	2,000	99,953
(Research undertaken at the Queensland University of Technology)		
(The Queensland University of Technology administers this grant)		
<b>Dr Joanna Woodcock</b> <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 &amp; Phyllis Pinter Trust (managed by Equity Trustees))</i>		
<b>Total Commitment Liabilities</b>	<b>942,103</b>	<b>942,242</b>
<b>(a) Research Grant Commitments</b>		
Commitments not later than 12 months	656,011	940,242
Commitments later than 12 months but not later than five years	286,092	2,000
	<b>942,103</b>	<b>942,242</b>

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 17 Research Grants

The sum paid in grants totalled \$892,516 (2017 \$669,222) as recorded in the income and expenditure account and funded the following research projects:

	2018	2017
	\$	\$
<b>Professor Michelle McIntosh (General)</b>	-	50,000
Recipient of the Dr John Dixon Hughes Medal		
<b>Associate Professor Janet Davies (Asthma/Allergy)</b>	100,179	-
<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)		
<b>Professor Michael Good (Infectious Diseases)</b>	200,000	37,500
<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)		
<b>Professor Stephen Haswell (Infectious Diseases)</b>	-	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>		
<b>Professor Des Richardson (Infectious Diseases)</b>	81,500	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)		



# National Foundation for Medical Research and Innovation

ABN: 85 001 422 895

## Notes to the Financial Statements

For the Year Ended 31 December 2018

	2018 \$	2017 \$
<b>Professor Michelle Hill (Cancer)</b>	<b>84,602</b>	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)		
<b>Professor Mark Kendall</b>	<b>12,500</b>	-
<i>2017 Dr John Dixon Hughes Medal for Medical Research Innovation</i>		
<b>Doctor Nicholas Opie (General)</b>	<b>100,000</b>	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)		
<b>Professor Philip Sutton</b>	<b>112,500</b>	-
<i>Vaccinating against helicobacter pylori-induced gastric cancer - optimising the manufacturing process</i> (Research undertaken at Murdoch Children's Research Institute) (The Murdoch Children's Research Institute administers this grant)		
<b>Dr Joanna Woodcock</b>	<b>50,050</b>	-
<i>Preclinical evaluation of 14-3-3 protein inhibitors for lung cancer therapy</i> (Research undertaken at the University of South Australia) (The University of South Australia administers this grant) (This is a project jointly funded by the Foundation and The NSW Community Foundation - Nicholas & Phyllis Pinter Trust (managed by Equity Trustees))		
<b>Professor Wendy Cooper</b>	<b>37,500</b>	-
<i>Dr John Raftos AM Medal for Medical Research Innovation</i>		
<b>Professor Eric Gowans (Infectious Diseases)</b>	<b>113,685</b>	144,620
<i>A DNA vaccine for Zika virus</i> (Research undertaken at the University of Adelaide) (The University of Adelaide administers the research grant) (This is a project jointly funded by NSW Department of Primary Industries and the Foundation)		
<b>Total Research Grants</b>	<b>892,516</b>	<b>669,222</b>

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 18 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).

### 19 Key Management Personnel Compensation

Total Key Management Personnel remuneration during the financial year was \$204,689 (2017: \$189,000).

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.

### 20 Notes to the cash flow statement

#### (a) Reconciliation of cash and cash equivalents

	2018	2017
	\$	\$
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	240,902	337,623
Term deposits	600,000	394,890
BT W/S Enhanced Cash Fund	1,877,955	1,366,832
	<u>2,718,857</u>	<u>2,099,345</u>

#### (b) Reconciliation of result for the year to cashflows from operating activities

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

	2018	2017
	\$	\$
(Loss)/profit for the year	(94,043)	1,114,359
Cash flows excluded from profit attributable to operating activities		
- net loss/(gain) on disposal of financial assets	22,670	(109,379)
- unrealised loss/(gains) on investments	1,442,839	(855,727)
Changes in net assets and liabilities:		
- (increase)/decrease in receivables	(115,446)	(16,880)
- decrease/(increase) in other assets	22,118	-
- (decrease)/increase in income in advance	(113,685)	55,380
- (decrease)/increase in other payables	(5,952)	(27,133)
- increase/(decrease) in employee benefits	16,327	17,020
Cashflows from operations	<u>1,174,828</u>	<u>177,640</u>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 21 Financial Instruments

##### (a) Categories of financial instruments

	2018	2017
	\$	\$
<b>Financial assets</b>		
Trade and other receivables	339,169	318,868
Cash and cash equivalents	2,718,857	2,099,345
Investments	20,096,392	20,935,766
	<u>23,126,088</u>	<u>23,353,979</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.

#### 22 Fundraising Activities

During the year the gross income and expenditure from fundraising activities was \$Nil (2017: \$Nil). As a result, the impact on the statement of financial position was \$Nil (2017: \$Nil).

#### 23 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.

National Foundation for Medical  
Research and Innovation  
ABN 85 001 422 895

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