




NFMRI



2021

AUDITED
FINANCIAL
STATEMENTS

National Foundation for Medical Research and Innovation

ABN 85 001 422 895

Financial Statements - 31 December 2021

National Foundation for Medical Research and Innovation
Contents
31 December 2021

Directors' report	2
Auditor's independence declaration	5
Independent auditor's report to the members of National Foundation for Medical Research and Innovation	6
Directors' declaration	9
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14

National Foundation for Medical Research and Innovation

Directors' report

31 December 2021

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 2021. 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

Mr J B Harkness

Independent Director

Dr K J Hellestrand

Independent Director

Mr A G McGrath

Honorary Company Secretary

Independent Director

Em. Prof. A I Smith

Independent Director

Chairman of Research Advisory Committee

Dr R G Sauer

Independent Director Chairman

Dr E Saunders

Independent Director

Em. Prof. D Joshua AO

Independent Director

Member of the Research Advisory Committee

Ms A Gartner

Independent Director

Member of the Research Advisory Committee

Company Secretary

Honorary Company Secretary

Ms A T 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 \$1,154,779 (2020: \$1,159,840).

Financial Results

The operating income for the year is \$1,822,230 (2020: loss \$406,271) including unrealised gains on financial assets of \$1,085,426 (2020: loss \$995,849), and Equity Trustees' grant income of \$587,200 (2020: \$78,000).

National Foundation for Medical Research and Innovation
Directors' report
31 December 2021

The key items contributing to the profit / (loss) for the year are noted below:

	2021 \$	2020 \$
Operating profit / (loss) for the year	1,822,230	(406,271)
Unrealised (gain) / loss on financial assets	(1,085,426)	995,849
Equity Trustees grant - income	(587,200)	(78,000)
Equity Trustees grant - expensed	356,940	351,890
Cure4CF grant - income	-	(250,000)
Cure4CF grant - expensed	159,734	195,223
State Trustees grant - income	(58,408)	-
State Trustees grant - expensed	22,408	-
Realised gain on disposal of financial assets	(493,644)	(242,795)
Normalised operating profit for the year	<u>136,634</u>	<u>565,896</u>

To achieve the Foundation's principal activities over the longer term and maintain financial stability, the Board has regard to the Normalised Profit calculation to determine the funding available to be committed to medical research.

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.

The Foundation has the fundamentals in place to continue its activities. COVID-19 has had minimal impact on the Foundation's operations, and it is anticipated this will continue as the risk of COVID subsides.

As expected however, some of the research projects supported by the Foundation are impacted by COVID-19 including temporary university closures, reduction of shared services and access to some facilities. We contacted researchers to reduce their anxiety and to inform them that the Foundation is flexible with regards to time extensions and possible delays in the commencement of new projects where appropriate. As anticipated, this has not had any significant impact upon the quantum committed to research projects from the Foundation.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 2021 has been received and can be found on page 5 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 became entitled to receive a benefit.

National Foundation for Medical Research and Innovation
Directors' report
31 December 2021

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*.

On behalf of the directors



Mr J B Harkness
Director



Dr R G Sauer
Chairman

14 April 2022

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

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 2021, 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

Dated: 14 April 2022

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 2021, 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 2021 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 2021, 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 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 2021;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the financial year ended 31 December 2021, 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 2021 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 Sydney Audit Pty Ltd



Mark Boyle

Director

Dated: 19 April 2022

National Foundation for Medical Research and Innovation
Directors' declaration
31 December 2021

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 Commissions Act 2012, including:
 - giving a true and fair view of the financial position and performance of the registered entity; and
 - comply with Australian Accounting Standards - Reduced Disclosure Requirements.
- (c) In respect of fundraising appeals under the Charitable Fundraising Act 1991;
 - the Statement of Comprehensive Income gives a true and fair view of all revenue and expenditure of the organisation with respect to fundraising appeals;
 - 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;
 - 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
 - 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*.



Mr J B Harkness
Director



Dr R G Sauer
Chairman

14 April 2022

National Foundation for Medical Research and Innovation
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue			
Revenue	4	1,806,719	1,914,698
Other gains / (losses)	5	1,579,070	(753,054)
Expenses			
Administration expenses		(408,780)	(408,075)
Research grants made during the year		<u>(1,154,779)</u>	<u>(1,159,840)</u>
Surplus / (deficit) for the year		1,822,230	(406,271)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u><u>1,822,230</u></u>	<u><u>(406,271)</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

National Foundation for Medical Research and Innovation
Statement of financial position
As at 31 December 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents		1,795,429	2,905,435
Trade and other receivables	7	307,072	123,228
Total current assets		<u>2,102,501</u>	<u>3,028,663</u>
Non-current assets			
Financial assets at fair value	8	25,436,866	22,698,774
Total non-current assets		<u>25,436,866</u>	<u>22,698,774</u>
Total assets		<u>27,539,367</u>	<u>25,727,437</u>
Liabilities			
Current liabilities			
Trade and other payables		5,828	13,411
Employee benefits	9	99,492	94,557
Total current liabilities		<u>105,320</u>	<u>107,968</u>
Non-current liabilities			
Employee benefits	9	2,521	10,173
Total non-current liabilities		<u>2,521</u>	<u>10,173</u>
Total liabilities		<u>107,841</u>	<u>118,141</u>
Net assets		<u>27,431,526</u>	<u>25,609,296</u>
Equity			
General funds		11,741,966	11,142,417
Funds held for specific purposes	11	15,664,560	14,441,879
Endowed fund for perpetual investment		25,000	25,000
Total equity		<u>27,431,526</u>	<u>25,609,296</u>

The above statement of financial position should be read in conjunction with the accompanying notes

National Foundation for Medical Research and Innovation
Statement of changes in equity
For the year ended 31 December 2021

	Endowed Fund for perpetual investment \$	Funds held for specific purpose \$	General funds \$	Total equity \$
Balance at 1 January 2020	25,000	14,648,266	11,342,301	26,015,567
Deficit for the year	-	-	(406,271)	(406,271)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(406,271)	(406,271)
Allocation to/(from) specific reserves	-	(206,387)	206,387	-
Balance at 31 December 2020	<u>25,000</u>	<u>14,441,879</u>	<u>11,142,417</u>	<u>25,609,296</u>

	Endowed Fund for perpetual investment \$	Funds held for specific purpose \$	General funds \$	Total equity \$
Balance at 1 January 2021	25,000	14,441,879	11,142,417	25,609,296
Surplus for the year	-	-	1,822,230	1,822,230
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,822,230	1,822,230
Allocation to/(from) specific reserves	-	1,222,681	(1,222,681)	-
Balance at 31 December 2021	<u>25,000</u>	<u>15,664,560</u>	<u>11,741,966</u>	<u>27,431,526</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

National Foundation for Medical Research and Innovation
Statement of cash flows
For the year ended 31 December 2021

	2021	2020
	\$	\$
Cash flows from operating activities		
Donation received from a non-member in NSW	-	50
Dividend income received	427,395	336,689
Interest received	2,053	11,575
Unit trust distributions received	559,683	1,221,653
Overseas or foreign income received	28,135	39,469
Other income	605,609	470,193
Payments for research grants	(1,154,779)	(1,159,840)
Payments for operating expenses	<u>(419,080)</u>	<u>(391,548)</u>
Net cash from operating activities	<u>49,016</u>	<u>528,241</u>
Cash flows from investing activities		
Proceeds from sale of investments	6,325,069	3,749,460
Payments for purchases of investments	<u>(7,484,091)</u>	<u>(4,549,875)</u>
Net cash used in investing activities	<u>(1,159,022)</u>	<u>(800,415)</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,110,006)	(272,174)
Cash and cash equivalents at the beginning of the financial year	<u>2,905,435</u>	<u>3,177,609</u>
Cash and cash equivalents at the end of the financial year	<u><u>1,795,429</u></u>	<u><u>2,905,435</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 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 adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Note 2. 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 14 April 2022 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:

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales Revenue

Events, fundraising and raffles are recognised when received or receivable.

Grant revenue

Revenue from grants with sufficiently specific performance obligations is recognised as and when the Foundation satisfies a performance obligation by transferring the promised goods or services.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/ funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Note 2. Summary of Significant accounting policies (continued)

Income from grants without sufficiently specific performance obligations is recognised when the Foundation obtains control over the granted assets (e. g. cash).

When the Foundation 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.

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.

Donations

Donations and bequests are recognised as revenue when received.

Volunteer services

The Foundation has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

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.

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.

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.

Note 2. Summary of Significant accounting policies (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 for expected credit loss account, 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

Note 2. Summary of Significant accounting policies (continued)

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed 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.

Note 4. Revenue

	2021	2020
	\$	\$
Income from investments	1,199,057	1,509,097
Donation from a member in NSW	-	50
Grant Income - Equity Trustees' Grant	587,200	78,000
Grant income - Cure4CF Grant	(40,000)	250,000
Grant income - State Trustees	58,409	-
Interest income	2,053	11,575
Government grants - Cash flow stimulus	-	65,976
	<u>1,806,719</u>	<u>1,914,698</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 5. Other gains / (losses)

	2021	2020
	\$	\$
Realised gains from disposal of financial instruments	493,644	242,795
Unrealised gain / (losses) on revaluation of financial instruments	1,085,426	(995,849)
	<u>1,579,070</u>	<u>(753,054)</u>

Note 6. Auditor's Remuneration

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

	2021	2020
	\$	\$
Audit of the financial report	18,500	18,500

Note 7. Trade and other receivables

	2021	2020
	\$	\$
<i>Current assets</i>		
Investment income receivable	63,899	67,863
Goods and services tax recoverable	30,546	20,015
Imputation credits receivable	212,627	35,350
	<u>307,072</u>	<u>123,228</u>

Note 8. Financial assets at fair value

Financial assets at fair value through profit or loss

	2021	2020
	\$	\$
<i>Non-current assets</i>		
Shares in domestic companies	7,433,568	7,554,980
Domestic fixed interest fund	7,698,283	5,744,161
International fixed interest fund	1,996,626	2,213,980
Property trusts	4,562,558	3,805,070
Shares in overseas companies	3,745,831	3,380,583
	<u>25,436,866</u>	<u>22,698,774</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 9. Employee benefits

	2021 \$	2020 \$
<i>Current liabilities</i>		
Provision for annual leave	58,380	69,759
Long service leave	41,112	24,798
	<u>99,492</u>	<u>94,557</u>
<i>Non-current liabilities</i>		
Long service leave	<u>2,521</u>	<u>10,173</u>

Note 10. 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.

Note 11. Funds held for specific purposes

	Estate of Tempe Mann - Cancer / Blood Diseases	Cynthia and Patricia Gaden Fund - Allergy & Asthma	Estate of Bill & Shirley Westbrook - Cancer	In memory of Adelaide Mary Hogan (Paine) - Cancer	* Equity Trustees' Fund	* Cure4CF Fund	* State Trustees' Fund	Total
As at beginning of financial year	6,424,925	2,050,677	1,006,636	4,022,729	675,885	261,027	-	14,441,879
Transfer from general funds - share of income and expenses for financial year	618,161	197,302	96,851	387,039	-	-	-	1,299,353
Partner contributions	-	-	-	-	587,200	-	58,408	645,608
	<u>7,043,086</u>	<u>2,247,979</u>	<u>1,103,487</u>	<u>4,409,768</u>	<u>1,263,085</u>	<u>261,027</u>	<u>58,408</u>	<u>16,386,840</u>
Distribution of funds for specific purpose	(97,607)	-	(85,591)	-	(356,940)	(159,734)	(22,408)	(722,280)
Closing balance at end of financial year	<u>6,945,479</u>	<u>2,247,979</u>	<u>1,017,896</u>	<u>4,409,768</u>	<u>906,145</u>	<u>101,293</u>	<u>36,000</u>	<u>15,664,560</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 11. Funds held for specific purposes (continued)

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, except where the income and expenses are specifically for the purpose of the fund which are directly allocated.

The restrictions on the use of funds held for specific purposes are as follows:

Estate of Tempe Mann - Cancer / Blood Diseases – original corpus amount of \$3,177,178 that is not held in perpetuity

Cynthia and Patricia Gaden Fund - Allergy & Asthma - original corpus amount of \$ 665,000 held in perpetuity with capital preserved and annual income distributed.

Estate of Bill & Shirley Westbrook - Cancer - original corpus amount of \$ 2,726,051 that is not held in perpetuity.

In memory of Adelaide Mary Hogan (Paine) - Cancer - original corpus amount of \$ 2,147,118 held in perpetuity with capital preserved and annual income distributed.

* Partner funds are spent in accordance with the specific grant agreements and recorded in the above table.

Note 12. 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).

Note 13. Key Management Personnel Compensation

Total Key Management Personnel remuneration during the financial year was \$229,830 (2020 : \$216,949).

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.

Note 14. Contingent Liabilities

The following GST inclusive commitments exist as at 31 December 2021, in respect of approved research grants which are contingent upon the respective researchers complying with the terms of their agreement with the Foundation:

	2021 \$	2020 \$
	-	-
Associate Professor Lezsek Lisowski An all-in one gene therapy treatment for cystic fibrosis (Research undertaken at Children's Medical Research Institute) (University of Sydney administers the research grant)	71,442	140,000
Associate Professor Branka Grubor-Bauk Novel T cell-based DNA vaccine against Zika virus (Research undertaken at University of Adelaide) (University of Adelaide administers the research grant)	175,000	220,000

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 14. Contingent Liabilities (continued)

	2021	2020
	\$	\$
Associate Professor Sarah Vreugde		
A novel treatment for non-tuberculous mycobacteria lung infections in cystic fibrosis patients (Research undertaken at University of Adelaide) (University of Adelaide administers the research grant)	29,852	81,028
Associate Professor James Chong		
Development of novel recombinant human platelet derived growth factor therapy for prevention of ischemic heart failure (Research undertaken at University of Sydney) (University of Sydney administers the research grant)	33,334	100,001
Associate Professor Bernard Flynn		
Gastrointestinal-directed S1P1-Receptor Modulators in the treatment of Inflammatory Bowel Disease (Research undertaken at Monash University) (Monash University administers the research grant)	33,925	135,700
Professor Michael Parker		
A new approach to tackle neurodegenerative diseases (Research undertaken at St Vincent's Institute of Medical Research) (St Vincent's Institute of Medical Research administers the research grant)	45,392	192,374
Professor Roger Pocock		
In vivo removal of alpha-synuclein aggregates in Parkinson's disease model (Research undertaken at Monash University) (Monash University administers the research grant)	-	199,916
Associate Professor Wei Deng		
Nanostrategy for X-ray triggered chemotherapy towards rectal cancer treatment (Research undertaken at University of New South Wales) (University of New South Wales administers the research grant)	-	25,457
Dr James Blackburn		
Improving sarcoma cancer diagnostics through implementation of a novel fusion gene test (Research undertaken at Garvan Institute of Medical Research) (University of New South Wales administers the research grant)	-	72,432
Associate Professor Nuri Güven		
Pre-clinical assessment of toxicity to select drug development candidates against mitochondrial dysfunction (Research undertaken at University of Tasmania) (University of Tasmania administers the research grant)	-	72,148
Professor Stephen Fox		
DNA nano biosensor for cancer diagnostics (Research undertaken at University of Melbourne) (University of Melbourne administers the research grant)	36,000	144,000
Associate Professor Vivien Chen		
Novel biomarker to predict thrombotic risk in myeloproliferative neoplasms (ANZAC Research Institute administers the research grant)	193,000	-

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 14. Contingent Liabilities (continued)

	2021	2020
	\$	\$
Associate Professor Jake Shortt Dual-targeted inhibitors of BET bromodomains and PI3-kinase for cancer therapy (Monash University administers the research grant)	190,000	-
Dr Lesley Cheng Specificity testing and cross-laboratory validation of a blood test for Alzheimer's Disease (Research undertaken at LaTrobe University) (LaTrobe University administers the research grant)	20,200	20,200
Professor Peter van Wijngaarden Translating an eye imaging biomarker for Alzheimer's Disease to the clinic (Research undertaken at Centre for Eye Research Australia) (Centre for Eye Research Australia administers the research grant)	-	51,250
Professor Ralph Martins AO In-depth neurofilament analysis as potential biomarkers for Alzheimer's disease (Research undertaken at Edith Cowan University) (Edith Cowan University administers the research grant)	82,500	140,000
Associate Professor Lyndsey Collins-Praino / Dr Andrew Care "Cage vs. Age": Development of an innovative nanotechnology to halt the spread of abnormal Tau protein in Alzheimer's disease (Research undertaken at University of Adelaide) (University of Adelaide administers the research grant)	156,244	187,493
Professor Stuart Dashper A polymicrobial aetiology for Alzheimer's disease (Research undertaken at University of Melbourne) (University of Melbourne administers the research grant)	60,000	120,000
Professor Nicholas Opie Dr John Raftos Medal AM (The University of Melbourne administers the research grant) (Research undertaken at the University of Melbourne)	50,000	-
Professor Merlin Thomas Inhaled oligonucleotides modulating ACE2 splicing to prevent coronavirus infection (Monash University administers the research grant) (Research undertaken at Monash University)	175,000	-
Total Contingent Liabilities	<u>1,351,888</u>	<u>1,901,999</u>
Research Grant Commitments		
Commitments not later than 12 months	1,119,000	1,477,692
Commitments later than 12 months but not later than five years	<u>232,888</u>	<u>424,307</u>
	<u>1,351,888</u>	<u>1,901,999</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 15. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 13.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 16. Research Grants

The sum paid in grants totalled \$1,154,779 (2020: \$1,159,839) as recorded in the income and expenditure account and funded the following research projects:

	2021 \$	2020 \$
Associate Professor Sarah Vreugde		
A novel treatment for non-tuberculous mycobacteria lung infections in cystic fibrosis patients (Research undertaken at University of Adelaide) (University of Adelaide administers the research grant)	51,176	63,972
Associate Professor James Chong		
Development of novel recombinant human platelet derived growth factor therapy for prevention of ischemic heart failure (Research undertaken at University of Sydney) (University of Sydney administers the research grant)	66,667	99,999
Associate Professor Bernard Flynn		
Sphingosine Kinase-1 inhibitors for the treatment of pulmonary hypertension (Research undertaken at Monash University) (Monash University administers the research grant)	-	110,400
Gastrointestinal-directed S1P1-Receptor Modulators in the Treatment of Inflammatory Bowel Disease (Research undertaken at Monash University) (Monash University administers the research grant)	101,775	-

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 16. Research Grants (continued)

	2021 \$	2020 \$
Professor Michael Parker		
A new approach to tackle neurodegenerative diseases (Research undertaken at the St Vincent's Institute of Medical Research) (The St Vincent's Institute of Medical Research administers the research grant)	146,982	-
Professor Marc Pellegrini		
Eradicating life-threatening infections in people with cystic fibrosis (Research undertaken at Walter & Eliza Hall Institute of Medical Research) (Walter & Eliza Hall Institute of Medical Research administers the research grant)	-	131,250
Dr Lesley Cheng		
Specificity testing and cross-laboratory validation of a blood test for Alzheimer's (Research undertaken at LaTrobe University) (LaTrobe University administers the research grant)	-	18,825
Associate Professor Anthony White		
A personalised medicine approach for screening neuroinflammatory drug efficacy in Alzheimer's Disease (Research undertaken at QIMR Berghofer) (QIMR Berghofer administers the research grant)	-	25,000
Dr Adam Taylor		
Liposome delivery of a chikungunya virus vaccine candidate: a solution to vaccine delivery bottlenecks (Research undertaken at Griffith University) (Griffith University administers the research grant)	(3,331)	16,667
Professor Stephen Fox		
DNA nano biosensor for cancer diagnostics (Research undertaken at the University of Melbourne) (University of Melbourne administers the research grant)	108,000	-
Professor Roger Pocock		
In vivo removal of alpha-synuclein aggregates in Parkinson's disease model (Research undertaken at Monash University) (Monash University administers the research grant)	199,916	-

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 16. Research Grants (continued)

	2021 \$	2020 \$
Professor Peter van Wijngaarden		
Translating an eye imaging biomarker for Alzheimer's Disease to the clinic (Research undertaken at Centre for Eye Research Australia) (Centre for Eye Research Australia administers the research grant)	51,250	125,000
Associate Professor Lezsek Lisowski		
An all-in-one gene therapy treatment for cystic fibrosis (Children's Medical Research Institute) (University of Sydney administers the research grant)	68,558	-
Associate Professor Branka Grubor-Bauk		
Novel T cell-based DNA vaccine against Zika virus (Research undertaken at University of Adelaide) (University of Adelaide administers the research grant)	45,000	-
Associate Professor Wei Deng		
Nanostrategy for X-ray triggered chemotherapy towards rectal cancer treatment (Research undertaken at University of New South Wales) (University of New South Wales administers the research grant)	25,457	76,368
Dr James Blackburn		
Improving sarcoma cancer diagnostics through implementation of a novel fusion gene test (Research undertaken at Garvan Institute of Medical Research) (Garvan Institute of Medical Research administers the research grant)	72,432	72,433
Associate Professor Nuri Güven		
Pre-clinical assessment of toxicity to select drug development candidates against mitochondrial dysfunction (Research undertaken at University of Tasmania) (University of Tasmania administers the research grant)	72,148	72,152
Associate Professor Joanne Macdonald		
A rapid, sensitive and portable molecular genetic test for diagnosis of malaria in blood (NSW DPI) (Research undertaken at University of Sunshine Coast) (University of Sunshine Coast administers the research grant)	-	70,275

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 16. Research Grants (continued)

	2021 \$	2020 \$
Associate Professor Lenka Munoz		
2020 Dr John Raftos Medal (Research undertaken at University of Sydney) (University of Sydney administers the research grant)	-	50,000
Associate Professor Bernard Flynn		
2020 Dr John Raftos Medal (Research undertaken at Monash University) (Monash University administers the research grant)	-	50,000
Dr Sanjaya Kuruppu		
Improving the efficacy of a new venom derived drug for Alzheimer's Disease (Research undertaken at Monash University) (Monash University administers the research grant)	-	45,000
Professor Ralph Martins AO		
In-depth neurofilament analysis as potential biomarkers for Alzheimer's disease (Research undertaken at Edith Cowan University) (Edith Cowan University administers the research grant)	57,500	30,000
Associate Professor Lyndsey Collins-Praino / Dr Andrew Care		
"Cage vs. Age": Development of an innovative nanotechnology to halt the spread of abnormal Tau protein in Alzheimer's disease (Research undertaken at University of Adelaide) (University of Adelaide administers the research grant)	31,249	62,498
Professor Stuart Dashper		
A polymicrobial aetiology for Alzheimer's disease (Research undertaken at University of Melbourne) (University of Melbourne administers the research grant)	<u>60,000</u>	<u>40,000</u>
 Total Research Grants	 <u>1,154,779</u>	 <u>1,159,839</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
31 December 2021

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

Grants brought to account as revenue in the 2020 and 2021 financial years in accordance with the Foundation's accounting policies but not yet expended to researchers total \$1,043,437 as at 31 December 2021 (2020: \$936,911) as set out in Note 1.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Note 18. Reconciliation of result for the year to cash flows from operating activities

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

	2021	2020
	\$	\$
Profit / (loss) for the year	1,822,230	(406,271)
Gains on disposal of financial assets	(493,644)	(166,578)
Unrealised (gain) / loss on investments	(1,085,426)	995,849
(Increase) / decrease in receivables	(183,844)	88,714
Decrease in trade and other payables	(7,583)	(1,070)
(Decrease) / Increase in employee benefits provisions	(2,717)	17,597
	<u>49,016</u>	<u>528,241</u>
Cash flows from operations	<u>49,016</u>	<u>528,241</u>

Note 19. Fundraising Activities

During the year the gross income and expenditure from fundraising activities was \$nil (2020: \$nil). As a result, the impact on the statement of financial position was \$nil (2020: \$nil).

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