



NFMRI



2023

AUDITED
FINANCIAL
STATEMENTS

National Foundation for Medical Research and Innovation

ABN 85 001 422 895

Financial Statements - 31 December 2023

National Foundation for Medical Research and Innovation

Contents

For the year ended 31 December 2023

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	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13

National Foundation for Medical Research and Innovation
Directors' report
For the year ended 31 December 2023

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 2023. 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:

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

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
Ms A T Choy Flannigan
Honorary Company Secretary

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 \$803,158 (2022: \$1,074,127).

National Foundation for Medical Research and Innovation
Directors' report
For the year ended 31 December 2023

Financial Results

The operating profit for the year is \$2,122,983 (2022: loss \$2,615,402) including unrealised gain on financial assets of \$1,637,758 (2022: loss \$3,313,359), Equity Trustees' grant income of \$719,300 (2022: \$730,801), and other grant income of \$250,000 (2022: nil).

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

	2023	2022
	\$	\$
Operating profit/(loss) for the year	2,122,983	(2,615,402)
Unrealised (gain)/loss on financial assets	(1,637,758)	3,313,359
Equity Trustees grant - income	(719,300)	(730,801)
Equity Trustees grant - expensed	444,018	358,322
Cure 4CF – expensed	-	36,000
State Trustee - expensed		101,294
Other grant - income	(250,000)	-
Realised gain on disposal of financial assets	(33,500)	(152,398)
Share buyback	-	(435,687)
	<u>(73,557)</u>	<u>(125,313)</u>
Normalised operating (loss)/profit for the year		

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.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 2023 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
For the year ended 31 December 2023

Auditor's independence declaration

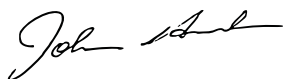
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Management of the Investment Portfolio

The Directors acknowledge the contribution of Mercer Investments (Australia) 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 2022*.

On behalf of the directors



Mr J B Harkness
Director



Dr R G Sauer
Chairman

12 April 2024

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 2023, 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: 12 April 2024

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

Report on the Audit of the Financial Report

nexia.com.au

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 2023, 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 Division 60 of 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 2023 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2022.

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 2023, 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 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_responsibilities/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 2021 (NSW)

We have audited the financial report as required by section 24 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 2021.

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 2023;
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the financial year ended 31 December 2023, 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 2023 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: 12 April 2024

National Foundation for Medical Research and Innovation
Directors' declaration
For the year ended 31 December 2023

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 - Simplified Disclosures.
- (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 2022* and Clause 21(3) of the *Charitable Fundraising Regulation 2021*.



Mr J B Harkness
Director



Dr R G Sauer
Chairman

12 April 2024

National Foundation for Medical Research and Innovation
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue			
Revenue	3	1,749,812	2,063,175
Other gains / (losses)	4	1,671,258	(3,160,961)
Expenses			
Administration expenses		(494,929)	(443,489)
Research grants made during the year		<u>(803,158)</u>	<u>(1,074,127)</u>
Surplus / (deficit) for the year		2,122,983	(2,615,402)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u><u>2,122,983</u></u>	<u><u>(2,615,402)</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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		2,560,332	2,310,550
Trade and other receivables	7	255,247	169,175
Total current assets		<u>2,815,579</u>	<u>2,479,725</u>
Non-current assets			
Financial assets at fair value	8	24,256,842	22,444,629
Total non-current assets		<u>24,256,842</u>	<u>22,444,629</u>
Total assets		<u>27,072,421</u>	<u>24,924,354</u>
Liabilities			
Current liabilities			
Trade and other payables		6,576	6,094
Employee benefits	9	125,428	101,928
Total current liabilities		<u>132,004</u>	<u>108,022</u>
Non-current liabilities			
Employee benefits	9	1,310	208
Total non-current liabilities		<u>1,310</u>	<u>208</u>
Total liabilities		<u>133,314</u>	<u>108,230</u>
Net assets		<u>26,939,107</u>	<u>24,816,124</u>
Equity			
General funds		10,845,130	10,253,322
Funds held for specific purposes	11	16,068,977	14,537,802
Endowed fund for perpetual investment		25,000	25,000
Total equity		<u>26,939,107</u>	<u>24,816,124</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 2023

	Endowed Fund for perpetual investment \$	Funds held for specific purpose \$	General funds \$	Total equity \$
Balance at 1 January 2022	25,000	15,664,560	11,741,966	27,431,526
Deficit for the year	-	-	(2,615,402)	(2,615,402)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(2,615,402)	(2,615,402)
Allocation to/(from) specific reserves	-	(1,126,758)	1,126,758	-
Balance at 31 December 2022	<u>25,000</u>	<u>14,537,802</u>	<u>10,253,322</u>	<u>24,816,124</u>

	Endowed Fund for perpetual investment \$	Funds held for specific purpose \$	General funds \$	Total equity \$
Balance at 1 January 2023	25,000	14,537,802	10,253,322	24,816,124
Surplus for the year	-	-	2,122,983	2,122,983
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,122,983	2,122,983
Allocation to/(from) specific reserves	-	1,531,175	(1,531,175)	-
Balance at 31 December 2023	<u>25,000</u>	<u>16,068,977</u>	<u>10,845,130</u>	<u>26,939,107</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 2023

	2023	2022
	\$	\$
Cash flows from operating activities		
Donation received from a non-member	10,583	6,270
Receipts from conference	-	9,945
Other income	969,300	730,801
Payments for research grants	(803,158)	(1,074,127)
Payments for operating expenses	(469,845)	(443,101)
	(293,120)	(770,212)
Unit trust distributions received	293,426	403,897
Overseas or foreign income received	36,527	37,576
Dividend income received	293,487	1,009,844
Interest received	60,417	2,512
Net cash from operating activities	390,737	683,617
Cash flows from investing activities		
Proceeds from sale of investments	1,868,303	5,983,824
Payments for purchases of investments	(2,009,258)	(6,152,547)
Proceeds from disposal of property, plant and equipment	-	227
Net cash used in investing activities	(140,955)	(168,496)
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	249,782	515,121
Cash and cash equivalents at the beginning of the financial year	2,310,550	1,795,429
Cash and cash equivalents at the end of the financial year	<u>2,560,332</u>	<u>2,310,550</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
For the year ended 31 December 2023

Note 1. Material accounting policy information

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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, 44 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 12 April 2024 by the directors of the Company. The Company has the power to amend and reissue the financial report.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012*, as appropriate for not-for profit oriented entities.

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.

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.

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.

Income from grants without sufficiently specific performance obligations is recognised when the Foundation obtains control over the granted assets (e.g. cash). The income includes amounts received from Equity Trustees', and another Foundation.

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.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 1. Material accounting policy information (continued)

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 comprise 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.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 1. Material accounting policy information (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 receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 1. Material accounting policy information (continued)

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.

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 2. 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.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 3. Revenue

	2023	2022
	\$	\$
Income from investments	709,512	1,313,420
Grant Income - Equity Trustees' Grant	719,300	730,801
Grant income - Other	250,000	-
Donations	10,583	6,270
Interest income	60,417	2,512
Net conference income	-	9,945
Other income	-	227
	<u>1,749,812</u>	<u>2,063,175</u>

Note 4. Other gains / (losses)

	2023	2022
	\$	\$
Realised gains from disposal of financial instruments	33,500	152,398
Unrealised gain / (losses) on revaluation of financial instruments	1,637,758	(3,313,359)
	<u>1,671,258</u>	<u>(3,160,961)</u>

Note 5. Auditor's Remuneration

Remuneration of the auditor Nexia Sydney Audit Pty Ltd for:

	2023	2022
	\$	\$
Audit of the financial report	<u>19,000</u>	<u>18,500</u>

Note 6. Expenses

	2023	2022
	\$	\$
Surplus / (deficit) includes the following specific expenses:		
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>36,045</u>	<u>34,062</u>

Note 7. Trade and other receivables

	2023	2022
	\$	\$
<i>Current assets</i>		
Investment income receivable	81,910	75,100
Goods and services tax recoverable	24,529	23,153
Imputation credits receivable	140,505	70,922
Interest receivable	8,303	-
	<u>255,247</u>	<u>169,175</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 8. Financial assets at fair value

Financial assets at fair value through profit or loss

	2023	2022
	\$	\$
<i>Non-current assets</i>		
Shares in domestic companies	7,194,017	6,753,286
Domestic fixed interest fund	7,272,228	6,974,659
International fixed interest fund	2,160,279	2,032,014
Property trusts	4,104,918	3,495,765
Shares in overseas companies	3,525,400	3,188,905
	<u>24,256,842</u>	<u>22,444,629</u>

Note 9. Employee benefits

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Provision for annual leave	65,145	54,297
Long service leave	60,283	47,631
	<u>125,428</u>	<u>101,928</u>
<i>Non-current liabilities</i>		
Long service leave	<u>1,310</u>	<u>208</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.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

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	* Other Fund	Total
As at beginning of financial year	6,345,238	2,053,705	929,928	3,930,308	1,278,623	-	14,537,802
Transfer from general funds - share of income and expenses for financial year	525,230	169,996	76,974	325,333	719,300	250,000	2,066,833
	<u>6,870,468</u>	<u>2,223,701</u>	<u>1,006,902</u>	<u>4,255,641</u>	<u>1,997,923</u>	<u>250,000</u>	<u>16,604,635</u>
Distribution of grant funds for specific purpose	-	-	-	(91,640)	(444,018)	-	(535,658)
Closing balance at end of financial year	<u>6,870,468</u>	<u>2,223,701</u>	<u>1,006,902</u>	<u>4,164,001</u>	<u>1,553,905</u>	<u>250,000</u>	<u>16,068,977</u>

The allocation from the General Funds to funds held for specific purposes has been calculated on a pro-rata basis for both income, administration expenses and investment gains/losses, 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 \$245,604 (2022: \$230,326).

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.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 14. Contingent Liabilities

The following GST inclusive commitments exist as at 31 December 2023, in respect of approved research grants which are contingent upon the respective researchers complying with the terms of their agreement with the Foundation:

	2023 \$	2022 \$
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)	-	20,000
Associate Professor Vivien Chen Novel biomarker to predict thrombotic risk in myeloproliferative neoplasms (Research undertaken at Sydney Local Health District) (Sydney Local Health District administers the research grant)	22,500	115,750
Professor Jake Shortt Dual-targeted inhibitors of BET bromodomains and PI3-kinase for cancer therapy (Research undertaken at Monash University) (Monash University administers the research grant)	-	91,640
Professor Peter van Wijngaarden A retinal imaging biomarker of Alzheimer's disease (Research undertaken at Centre for Eye Research Australia) (Centre for Eye Research Australia administers the research grant)	-	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)	-	62,498
Professor Nicholas Opie Dr John Raftos Medal AM (The University of Melbourne administers the research grant) (Research undertaken at the University of Melbourne)	-	12,500
Dr Jonathan Danon Innovative molecules for imaging neuroinflammation in Alzheimer's disease (Research undertaken at the University of Sydney) (University of Sydney administers the research grant)	64,050	129,278
Dr Livia Carvalho Investigating novel bile acid nanocapsules carrying neuroprotective agents for the treatment of retinitis pigmentosa (Research undertaken at the Lion's Eye Institute) (The Lion's Eye Institute administers this grant)	92,500	-
Professor Denise Doolan Development of a multi-antigen T-cell malaria vaccine (Research undertaken at James Cook University) (James Cook University administers the grant)	217,500	-

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 14. Contingent Liabilities (continued)

	2023 \$	2022 \$
Associate Professor Linda Wakim		
A novel universal influenza virus vaccine that provides long term protection against the flu (Research undertaken at University of Melbourne) (University of Melbourne administers the grant)	85,000	-
Dr Prashant Bharadwaj		
Analysis of neurofilament biomarkers for Alzheimer's disease, Parkinson's disease, Multiple sclerosis and childhood dementia (Research undertaken at Edith Cowan University) (Edith Cowan University administers the grant)	140,705	-
Dr Jenna Ziebell		
Alternate drivers of Alzheimer's disease: Are microglia the problem? (Research undertaken at The University of Tasmania) (The University of Tasmania administers the grant)	210,093	-
Dr Dorothy Wai		
Development of HsTX1[R14A], a novel peptide for reversing neuroinflammation in Alzheimer's disease (Research undertaken at Monash University) (Monash University administers the grant)	157,323	-
Total Contingent Liabilities	<u>989,671</u>	<u>461,666</u>
Research Grant Commitments		
Commitments not later than 12 months	735,088	375,116
Commitments later than 12 months but not later than five years	<u>254,583</u>	<u>86,550</u>
	<u>989,671</u>	<u>461,666</u>

Note 15. Related party transactions

Parent entity

National Foundation for Medical Research and Innovation is the parent entity.

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.

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 16. Research Grants

The sum paid in grants totalled \$803,158 (2022: \$1,074,127) as recorded in the income and expenditure account and funded the following research projects:

	2023	2022
	\$	\$
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
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
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
Professor Merlin Thomas		
Inhaled oligonucleotides modulating ACE2 splicing to prevent coronavirus infection (Research undertaken at Monash University) (Monash University administers the research grant)	-	175,000
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)	-	45,392
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)	-	20,200
Professor Stephen Fox		
DNA nano biosensor for cancer diagnostics (Research undertaken at the University of Melbourne) (University of Melbourne administers the research grant)	-	36,000

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 16. Research Grants (continued)

	2023	2022
	\$	\$
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)	30,000	10,000
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)	-	71,442
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)	20,000	155,000
Dr Jonathan Danon		
Innovative molecules for imaging neuroinflammation in Alzheimer's disease (Research undertaken at University of Sydney) (University of Sydney administers the research grant)	65,228	14,626
Dr Jenna Ziebell		
Alternate drivers of Alzheimer's disease: Are microglia the problem? (Research undertaken at The University of Tasmania) (The University of Tasmania administers the grant)	54,393	-
Dr Dorothy Wai		
Development of HsTX1[R14A], a novel peptide for reversing neuroinflammation in Alzheimer's disease (Research undertaken at Monash University) (Monash University administers the grant)	29,354	-
Professor Jake Shortt		
Dual-targeted inhibitors of BET bromodomains and PI3-kinase for cancer therapy (Research undertaken at the Monash University) (Monash University administers the research grant)	91,640	98,360
Associate Professor Vivien Chen		
Novel biomarker to predict thrombotic risk in myeloproliferative neoplasms (Research undertaken at the Sydney Local Health District) (Sydney Local Health District administers the research grant)	93,250	77,250
Professor Nicholas Opie		
Dr John Raftos Medal AM (Research undertaken at the University of Melbourne) (The University of Melbourne administers the research grant)	12,500	37,500

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 16. Research Grants (continued)

	2023 \$	2022 \$
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
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)	62,498	93,746
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
Associate Professor Linda Wakim		
A novel universal influenza virus vaccine that provides long term protection against the flu (Research undertaken at University of Melbourne) (University of Melbourne administers the grant)	60,000	-
Dr Livia Carvalho		
Investigating novel bile acid nanocapsules carrying neuroprotective agents for the treatment of retinitis pigmentosa (Research undertaken at the Lion's Eye Institute) (The Lion's Eye Institute administers this grant)	52,500	-
Professor Denise Doolan		
Development of a multi-antigen T-cell malaria vaccine (Research undertaken at James Cook University) (James Cook University administers the grant)	72,500	-
Dr Joshua Ooi		
Targeted regulatory T cells (Tregs) to treat SLE (Research undertaken at Monash University) (Monash University administers the grant)	50,000	-
Dr Prashant Bharadwaj		
Analysis of neurofilament biomarkers for Alzheimer's disease, Parkinson's disease, Multiple sclerosis and childhood dementia (Research undertaken at Edith Cowan University) (Edith Cowan University administers the grant)	109,295	-
Total Research Grants	<u>803,158</u>	<u>1,074,127</u>

National Foundation for Medical Research and Innovation
Notes to the financial statements
For the year ended 31 December 2023

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company'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:

	2023	2022
	\$	\$
Profit/(Loss) for the year	2,122,981	(2,615,402)
Gains on disposal of financial assets	(33,500)	(152,399)
Unrealised (gain) / loss on investments	(1,637,758)	3,313,359
Decrease / (increase) in receivables	(86,070)	137,899
(Increase) / decrease in other assets	-	(227)
Increase / (decrease) in trade and other payables	482	266
Increase / (decrease) in employee benefits provisions	24,602	121
	<u>390,737</u>	<u>683,617</u>
Cash flows from operations	<u>390,737</u>	<u>683,617</u>

Note 19. Fundraising Activities

During the year the gross income and expenditure from fundraising activities was \$nil (2022: \$nil). As a result, the impact on the statement of financial position was \$nil (2022: \$nil).

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

PO Box 6247
Highton VIC 3216

W: www.nfmri.org.au
E: enquiries@nfmri.org.au
T: 1 300 233 147