



National Breast Cancer Foundation

ABN 37 144 841 707

**Full financial report
for the year ended 30 June 2017**

National Breast Cancer Foundation ABN 37 144 841 707
Annual report – 30 June 2017

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Directors' Report

The directors present their report, together with the financial statements of the National Breast Cancer Foundation (NBCF) for the year ended 30 June 2017.

Directors

The following persons were directors of NBCF during the whole of the financial year and up to the date of this report, unless otherwise shown:

Elaine Henry OAM (Chair)
Deeta Colvin (McGeogh)
Lady (Jane) Edwards AM
Winsome Hall (appointed 23 November 2016)
Professor Ross Hannan (appointed 4 May 2017)
Peta Jurd
Professor Richard Kefford
David Krasnostein
Bob Prosser
Jenny Rogers

Non-executive Directors receive no fees and provide their services to the Board of NBCF on a *pro-bono* basis.

Principal Activities

During the year the principal continuing activities of NBCF consisted of:

- (a) raising monies to fund research;
- (b) granting funds for a wide spectrum of research in relation to breast cancer;
- (c) engaging with the community.

There were no significant changes in the nature of NBCF's activities during the year.

Long Term Objectives

The long term objective of NBCF is the prevention and cure of breast cancer "towards zero deaths from breast cancer by 2030".

Short to Medium Term Objectives

- (a) Continue to drive the best research towards prevention & cure;
- (b) Enhance our science communications to supporters;
- (c) Increase fundraising for research.

Key strategies for achieving objectives

(a) Drive research towards prevention and cure

- Review and refine research strategy and decision making processes
- Continue to fund research across the spectrum of research types (e.g. basic, applied, clinical etc.)
- Continue to fund the best research across Australia
- Evaluate outcomes of NBCF funded research

(b) Enhance our science communications to supporters

- Publish on key research issues annually, including working closely with NBCF funded researchers to offer lay friendly updates, events and tours
- Work closely with other cancer research organisations in Australia, and elsewhere to maximise research opportunities and impact for breast cancer

(c) To increase fundraising:

- Review all fundraising activities to ensure optimal return on investment
- Focus resources on the more profitable activities
- Explore new areas of fundraising

Explanation of how business activities helped meet key objectives

NBCF aims to deliver a diverse and industry-leading portfolio of research initiatives to support Australia's most outstanding scientists and innovations, in order to support NBCF's overall objective of "towards zero deaths from breast cancer by 2030". NBCF will achieve this by partnering with the community to identify priorities in breast cancer research and generate income from fundraising activities to fund this research. Fundraising activity provides the income required to fund research to meet our ultimate goal of the prevention and cure of the disease.

NBCF-funded research is helping us to better understand how breast cancer originates, grows and spreads, in order to develop new tests, treatments and interventions to improve outcomes for people with the disease. Research grants cover a broad spectrum of breast cancer research, as well as supporting psychosocial research aimed at understanding and improving the quality of life for people after breast cancer treatment, their family and friends. While some research will produce immediate results that can be applied to prevention, treatment and care, other outcomes will have their main impact in future years. Grant applications are awarded based on scientific excellence, researcher track record and priority areas that support our goals. The fundraising and grant-making businesses are supported and enabled by Marketing and Corporate Services (IT, HR, Finance).

Measurement of performance

Research

For each project funded, an agreement is drawn up (typically over 2 to 5 years). The agreement contains milestones and a reporting schedule and researcher progress is tracked against these milestones through reports tabled, which are monitored by NBCF Research staff. Grant instalment payments only occur on the basis of reports tabled and milestones achieved. Other measures of research performance are also used, e.g. scientific publications and citations, as well as whether the researcher has been able to leverage other funding in addition to NBCF's.

An independent evaluation of outcomes from NBCF funded research was undertaken by the Health Economics Research Group (HERG) in 2013. The report found that research funded by NBCF has had significant impact in such critical areas as knowledge production; leveraging further funding and research; health gains; development of new therapies and diagnostics; and informing health policy. NBCF has adopted and will implement in the coming year a cloud based research evaluation tool, ResearchFish, to prospectively monitor outcomes and systematically track research impact on a regular basis, to ensure that the research funded by NBCF continues to be of world class quality.

Fundraising

At the start of each financial year fundraising business units are set income targets (as well as expenditure constraints within the budget) and other key performance indicators (e.g. % of repeat business or number of new donors acquired). Business units report on progress against these targets on a monthly basis.

Marketing and Corporate Services

Marketing is responsible for raising awareness of, and managing, the NBCF brand. Performance measures for Marketing are brand awareness, advocacy and differentiation in order to become the charity of choice, and whether opportunities for the brand have been maximised and risks minimised. Communications to our external stakeholders and supporters are critical in ensuring our purpose and the impact and outcomes from research are clearly articulated and understood.

Corporate Services (Information Technology, Human Resources, Finance) provide business units with appropriate, timely, effective and efficient services to support their activities, so performance measurement hinges principally on internal client satisfaction and achievements. Organisation culture is an important focus for NBCF. Key priorities are increasing employee engagement and investing in leaders and staff to better lead, support and retain our employees. NBCF has in place a Risk Policy and Framework which has been deployed across the organisation and is regularly reviewed by the Board. The strategic intent of the framework is to ensure that all risks of the organisation are managed in a proactive manner, which embraces the identification, treatment, management, reporting and review of risks.

Review of operations

NBCF operations for the year resulted in a surplus before grant expense of \$13.1m (2016: \$11.1m). After the provision of research grants, of \$17.4m (2016:\$12.2m) the net deficit for the year was \$4.3m (2016: deficit of \$1.1m). No income tax is payable.

During the year NBCF established "The Endowed Chairs Program" to create more stability for emerging leaders in breast cancer research. This scheme is a new and unique concept for breast cancer research in Australia, and designed to keep mid-career researchers in Australia and focused on research that will lead to the next major breakthrough. Following the launch of the scheme, NBCF awarded two long-term 10 year research grants for a total value of \$5m each, which includes a co-contribution from the recipients' host institutions; NBCF's commitment was \$3m for each grant.

NBCF launched "The Investigator Initiated Research Scheme" during the year. This followed a review of the existing schemes and represented an amalgamation and simplification of the numerous grant schemes offered in the past (i.e. pilot study, innovator, infrastructure, accelerator) and fellowships (career development etc). The scope and extent of the research funded by NBCF will remain the same, and the focus on supporting outstanding researchers will also continue. This new framework is aimed at simplifying the process, allowing a greater role of NBCF in setting priorities, reducing the current unduly strict rules, achieving greater inclusion of high calibre scientists and increasing the focus on financial competitiveness and best value for money.

In the year NBCF took a decision to move the financial assets previously held in term deposits and place the funds with an external fund manager to be managed as a balanced portfolio. The balanced portfolio consists of listed securities, managed funds, term deposits and cash. Around half of the funds had been invested as at 30 June 2017, with the remaining funds being invested shortly thereafter.

During the year we reviewed and updated our ethical standards policy and guidelines to ensure consistent application to all NBCF activities, including our investment portfolio, corporate partnerships, health and wellbeing for staff and suppliers.

Significant changes in the state of affairs

There has been no significant change in the state of affairs of NBCF during the year.

Matters subsequent to the end of the financial year

No matter or circumstances has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (a) NBCF's operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) NBCF's state of affairs in future financial years

Likely developments and expected results of operations

NBCF expects to maintain the present status and level of operations, including continuation of investment in the Regular Giving program, to generate additional funds for research in future years. In the opinion of the Directors, there are no likely changes in the operations of NBCF that will adversely or significantly affect the results of NBCF in subsequent financial years.

Environmental Regulation

NBCF is not subject to any mandatory environmental obligations or reporting requirements, but has in place company policies that promote environmental awareness and sustainability.

Information on Directors

ELAINE HENRY OAM BSc (Hons 1), DLitt (h.c.) MAICD

Board member/Trustee for 22 years

Experience and Expertise

At the end of 2010 Elaine stepped down after almost 13 years as Chief Executive Officer of The Smith Family. In the previous 13 years, Elaine was the Executive Director of the Cancer Council (NSW). She has held multiple non-executive roles over the last three decades, mainly in the government and not-for-profit sectors as well as being a director of AXA (National Mutual) Trustees from 1998-2001. She was awarded the Medal of the Order of Australia in 1994 and a Doctorate of Letters (h.c.) from the University of NSW in 2006 for her service to the community, particularly her contribution to the control of breast cancer. She played a major role in developing the model for Australia's breast screening program, oversaw the establishment of the National Breast Cancer Centre and Breastscreen NSW and convened the National Steering Committee for Australia's inaugural Breast Cancer Day. Elaine is currently the Chair of the Australian Research Alliance for Children and Youth (ARACY); a Member of the Vice Chancellor's Industry Advisory Board at the University of Technology Sydney (UTS); a Member of the Advisory Council at the Centre for Social Impact at the University of NSW (UNSW); a Member of the Australian Government's Financial Literacy Board and a Director of Financial Literacy Australia; a Member of the Early Start Advisory Committee at the University of Wollongong and a member of the AICD's NFP Chairs' Forum.

Special responsibilities: Chair, Board; Chair, Nominations Committee; Member, People & Culture Committee.

DEETA COLVIN (McGEOGH) BA

Board member for 4 years

Experience and Expertise

Deeta currently consults to a few selected clients The Michael Cassel Group, Dom Perignon and Blainey North. She previously worked full time in a Marketing and Special Events role for CPH. Immediately prior to this, Deeta was Director of Corporate Relations and Events for PBL Media from 2002 to 2007. Prior to this role, Deeta owned her own marketing and communications agency, Colvin Communications International.

Deeta is a non-executive director of the Australian Committee for UNICEF Limited and has been involved with a number of not-for-profit organisations such as Breast Cancer Council, Chris O'Brien Cancer centre, Art Gallery of NSW, Opera Australia, Sydney Symphony and Brandenburg Orchestra. She is also on the Advisory Committee for the Centre of Fashion at MAAS. She was awarded an "Ordre du Merite" by the French Government in 2001 for her contribution to fostering business between France and Australia.

LADY JANE EDWARDS AM, ONM(Fr), BA, FAICD, FAIM

Board member/Trustee for 12 years

Experience and expertise

Jane (Brumfield) Edwards is a businesswoman and communications strategist, with a distinguished career spanning more than 36 years. A former Canberra journalist, Jane is a specialist in issues and reputation management. She advises senior executives and community leaders around Australia on personal profiling and business-critical issues in the public arena. Jane founded and owns the national BBS Communications Group and is an Adjunct Professor at the University of Queensland's school of Journalism and Communications. Jane is appointed to numerous government and business boards and committees including, The Lord Mayors Business Advisory Board, the City of Brisbane Investment Corporation, the Property Industry Foundation Governance Board and the French-Australian Chamber of Commerce and Industry Executive Board. Since 2001, she has been the Honorary French Consul for Queensland. She is a member of the Order of Australia, and holds the Chevalier de L'Ordre National du Merite (Knight of the French National Order of Merit).

Special responsibilities: Member, People & Culture Committee

WINSOME HALL (appointed 23 November 2016)

Experience and expertise

Winsome Hall is a non-executive director with more than 20 years' experience in a variety of private and public listed companies in the financial sector. She is Trustee/Director of Commonwealth Superannuation Corporation, Chairman of Zurich Australia Superannuation Pty Limited and director of the Medical Research Commercialisation Fund.

Her past directorships include companies responsible for financial planning, consumer protection, infrastructure and venture capital. She is active in superannuation industry organisations and is Chair of the NSW Committee of the Mothers' Day Classic, a fun run/walk fundraiser which donates all funds to the NBCF. Winsome previously held senior roles Commonwealth Public Service and was Secretary of the ACT Branch of the Community and Public Sector Union.

Special responsibilities: Member, Investment Committee

PROFESSOR ROSS HANNAN BSc PhD FAAHMS (appointed 4 May 2017)

Experience and expertise

Ross is an internationally recognised laboratory scientist, whose work on ribosome biogenesis has led to new treatment paradigms in cancer, centred on drugs that activate nucleolar stress. He received his PhD from the University of Tasmania in 1994, before undertaking postdoctoral research in the USA. Since his return to Australia in 2000, Ross has held prominent positions at the Baker Medical Research Institute and the Peter MacCallum Cancer Centre in Melbourne. Recently Ross brought together multi-disciplinary teams of laboratory and clinician researchers, and forged industry collaborations to devise 'first in class' RNA polymerase I inhibitors, that are now in clinical trial for a range of solid and blood cancers. His far-reaching contributions were recognised in his appointment in 2015 as inaugural Centenary Chair in Cancer Research and Head of the ACRF Department of Cancer Biology and Therapeutics at John Curtin School of Medical Research, Australian National University (ANU). In 2016, he was also appointed as the Director of Research for Australia Capital Territory Health where he leads strategic development and management of the ACT Government research activities. In 2017 he was elected as a Fellow of the Australian Academy of Health and Medical Sciences.

Special responsibilities: Chair, Research Advisory Committee

PETA JURD B.Com, Dip.Law, CPA, FAICD

Board member for 6 years

Experience and expertise

Peta has extensive experience in health and technology companies and is currently the Chief Commercial Officer and Company Secretary of Simavita Limited, a digital health technology company that has a first to market digital solution for the management of incontinence. Prior to that Peta was the Head of Hills Health Solutions at Hills Limited where she was responsible for providing health technology to hospitals and aged care facilities in Australia and New Zealand. She has also held senior management positions at Telstra, Veolia Environmental Services and Mayne Nickless Health Care. Peta has a strong commercial background and extensive experience running commercial and operational business units and governance areas such as compliance, risk management, human resources, safety and legal services. She has previous Board experience with a not-for-profit organisation and an industry superannuation fund.

Special responsibilities: Member, Audit & Risk Committee; Chair, People & Culture Committee.

PROFESSOR RICHARD KEFFORD AM MB BS PhD FRACP FAAHMS

Board member for 3 years

Experience and Expertise

Rick is Professor of Cancer Medicine, Head of the Department of Clinical Medicine and Head of the Cancer Clinical Program at Macquarie University, Honorary Professor in Medicine at the University of Sydney, and Consultant Medical Oncologist in breast cancer and melanoma at Westmead and Macquarie University Hospitals. He is Co-Director of Research at Melanoma Institute Australia (MIA). He is Chief Investigator on NHMRC and CINSW Program Grants researching the molecular biology of cancer, with particular focus on immuno-oncology. He has been an investigator on over 55 Phase I, II, III and adjuvant Clinical Trials in

melanoma and breast cancer, including the recent development of targeted therapies and immunotherapy in both diseases.

He is a member of the Australian NHMRC Research Translation Faculty Cancer Steering Group and has served as a member of its Academy, Research Committee, and Project and Program Research Committees and expert review Panels. He is a Member of the Ethics Committee of the Medical Oncology Group of Australia (MOGA). He serves as a consultant to multiple biotechnology and pharmaceutical companies on cancer drug development and clinical trials. He was awarded as Member of the Order of Australia (AM) in 2009 for "services to medicine in the area of oncology research, to professional organisations, and as an educator".

Special responsibilities: Member, Nominations Committee

DAVID KRASNOSTEIN B.Juris (Honors), LL.B, LL.M

Board member/Trustee for 8 years

Experience and expertise

David Krasnostein was former CEO of MLC Private Equity, Australia's oldest and largest private equity investor with over \$4b of assets globally. He was former Chief General Counsel of National Australia Bank, Telstra's first General Counsel and Head of Strategic and Corporate Planning, and a Partner of Sidley Austin in Washington DC. David is a Director of the Qualitas Advisory Board and a Director of the Melbourne Symphony Orchestra. He was previously Chairman of WorkSafe Victoria and Director of the Traffic Accident Commission of Victoria (TAC) and Chairman of its Audit and Risk Committee. David has law degrees from the Universities of WA and Virginia, and attended the International Executive Program at INSEAD.

Special responsibilities: Chair, Investment Committee; Member, Nominations Committee; Member, Audit & Risk Committee; Member, People & Culture Committee

BOB PROSSER MA Oxf, FCA, MAICD

Board member for 6 years

Experience and Expertise

Bob is a Chartered Accountant and an experienced Company Director. He is a non-executive Director of the Song Company, including being chair of the Audit and Risk Committee. During the year he was a non-executive director of the Frasers Australia Property Group, and chair of its Audit and Risk Committee, until retiring from the Board in July 2017. He was a Partner of PricewaterhouseCoopers from 1987 to 2008.

Special responsibilities: Chair, Audit & Risk Committee; Chair, Register4 Committee

JENNY ROGERS

Board member for 3 years

Experience and expertise

Jenny is Director and shareholder of R M Black Morgan Management Pty Ltd, the company that trades under the licence of Patersons Wealth Management. She is a Director and shareholder of 197 Adelaide Terrace Unit Trust. Jenny is also a Director and shareholder of a family Company for the past 48 years. Jenny manages the finances of many private and corporate clients. She has chaired the NBCF Global Illumination Committee in Perth for 11 years. For the past 10 years she has held the position of Vice Chair Alzheimers Australia WA and recently chaired the Alzheimers Disease International conference in Perth. Jenny was a Director of Lotterywest for 8 years and was Chair of their Medical Research programme with yearly discretionary funding. She has previously held the position of President of Women Chiefs of Enterprise WA.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of Investment, People & Culture and Nomination committees		Meetings of Audit & Risk Committee	
	A	B	A	B	A	B
Elaine Henry OAM	6	6	4	4		
Deeta Colvin	5	6				
Jane Edwards AM	5	6	1	1		
Winsome Hall	5	5	1	1		
Ross Hannan	2	2				
Peta Jurd	6	6	1	1	5	6
Rick Kefford	4	6	2	3		
David Krasnostein	6	6	5	6	6	6
Bob Prosser	6	6			6	6
Jenny Rogers	4	6	2	2		

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Indemnification of officers

During the financial year, NBCF paid a premium of \$3.5k (2016: \$3.0k) for insurance to indemnify directors and NBCF against any matter arising from or by reason any wrongful act committed by them in their capacity as directors.

The Liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of NBCF, and any other payments arising from Liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of the position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court.

Member's Guarantee

NBCF is a company limited by guarantee. If NBCF is wound up, its constitution states that each member is required to contribute a maximum of \$100 towards meeting outstanding obligations of NBCF. At the date of this report, there were 10 members of the entity.

Indemnification of Auditors

To the extent permitted by law, NBCF has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). However, the indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 9.

Auditor

EY continues in office.

This report is made in accordance with a resolution of directors



Elaine Henry OAM
Director




Professor Sarah Hosking
CEO

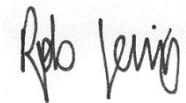
Sydney
18 October 2017

Auditor's Independence Declaration to the Directors of National Breast Cancer Foundation

In relation to our audit of the financial report of National Breast Cancer Foundation for the financial year ended 30 June 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Rob Lewis
Partner
18 October 2017

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This is a financial report of the National Breast Cancer Foundation as an individual entity. The financial report is presented in the Australian Currency and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

National Breast Cancer Foundation is a "not-for-profit" company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

National Breast Cancer Foundation
Level 9, 10 Barrack Street
SYDNEY
NSW 2000

A description of the nature of NBCF operations and its principal activities is included in the directors' report on pages 1 to 7, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 18 October 2017. The directors have the power to amend and reissue the financial statements.

National Breast Cancer Foundation
Statement of comprehensive income
For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Revenue from fundraising activities	3a	25,663	25,592
Donations in kind		670	669
Other Income	3b	<u>1,405</u>	<u>1,270</u>
Revenue from continuing operations		<u>27,738</u>	<u>27,531</u>
Cost of goods sold		(16)	(219)
Donations in kind		(670)	(669)
Advertising and events expenses		(967)	(1,427)
Regular Giving Investment direct expenses		(5,310)	(5,858)
Salaries and allowances		(4,273)	(4,210)
Administrative expenses		(730)	(1,012)
Contractor and consultant fees		(353)	(464)
Rent	4	(439)	(429)
Printing, stationery and postage		(1,244)	(1,552)
Computer and website expenses		(196)	(242)
Travel		(113)	(204)
Depreciation and amortisation	4	(156)	(133)
Net fair value losses on financial assets		(134)	-
Other expenses		<u>(31)</u>	<u>(22)</u>
Surplus before grant expense and income tax		<u>13,106</u>	<u>11,090</u>
Grant expenses	12b	<u>(17,401)</u>	<u>(12,155)</u>
(Deficit) before income tax		<u>(4,295)</u>	<u>(1,065)</u>
Income tax expense	5	<u>-</u>	<u>-</u>
(Deficit) for the year		<u>(4,295)</u>	<u>(1,065)</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (deficit) for the year		<u>(4,295)</u>	<u>(1,065)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

National Breast Cancer Foundation
Statement of financial position
As at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	15,889	3,012
Trade and other receivables	7	4,484	5,283
Financial assets	8	27,481	39,000
Total current assets		<u>47,854</u>	<u>47,295</u>
Non-current assets			
Financial assets – term deposits		305	305
Property, plant and equipment	9	313	464
Total non-current assets		<u>618</u>	<u>769</u>
Total assets		<u>48,472</u>	<u>48,064</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	879	1,502
Provisions	11	16,742	15,714
Total current liabilities		<u>17,621</u>	<u>17,216</u>
Non-current liabilities			
Provisions	12	13,924	9,626
Total non-current liabilities		<u>13,924</u>	<u>9,626</u>
Total liabilities		<u>31,545</u>	<u>26,842</u>
Net assets		<u>16,927</u>	<u>21,222</u>
EQUITY			
Accumulated funds	13	16,927	21,222
Total equity		<u>16,927</u>	<u>21,222</u>

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

National Breast Cancer Foundation
Statement of changes in equity
For the year ended 30 June 2017

	Accumulated funds	Total equity
	\$'000	\$'000
Balance at 1 July 2015	22,287	22,287
Surplus/ (Deficit) for the year	(1,065)	(1,065)
Other comprehensive income	-	-
Total comprehensive surplus for the year	(1,065)	(1,065)
Balance at 30 June 2016	21,222	21,222
Balance at 1 July 2016	21,222	21,222
(Deficit) for the year	(4,295)	(4,295)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(4,295)	(4,295)
Balance at 30 June 2017	16,927	16,927

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

National Breast Cancer Foundation
Statement of cash flows
For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from grants, donations and fundraising activities		26,080	25,764
Payments for research grants, suppliers and employees		<u>(25,805)</u>	<u>(27,038)</u>
		275	(1,274)
Investment income received		10	-
Interest income received		<u>1,213</u>	<u>1,547</u>
Net cash (outflow)/inflow from operating activities		<u>1,498</u>	<u>273</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	(6)	(424)
Proceeds/(payments) from short-term deposits (net)		<u>11,385</u>	<u>1,695</u>
Net cash (outflow)/inflow from investing activities		<u>11,379</u>	<u>1,271</u>
Net increase/(decrease) in cash		12,877	1,544
Opening cash		<u>3,012</u>	<u>1,468</u>
Closing cash end of year	6	<u>15,889</u>	<u>3,012</u>

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

Cover page to the notes to the financial statements

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*. National Breast Cancer Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

(i) *Compliance with Australian Accounting Standards - Reduced Disclosure Requirements*

The financial statements of the National Breast Cancer Foundation (NBCF) also comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) *Early adoption of standards*

NBCF has elected to early adopt AASB 9 Financial Instruments (2014) with an initial application date of 1 July 2016.

In the current financial year NBCF has placed funds with an external fund manager to be externally managed as a balanced portfolio. The portfolio consists of listed securities, managed funds, term deposits and cash. NBCF will measure the listed securities and managed funds at fair value through profit and loss with changes in value being recognised directly in the income statement. All term deposits or cash components will be measured at amortised cost.

Under the adoption of AASB 9, cash and cash equivalents, trade receivables and other receivables and term deposits will continue to be measured at amortised cost.

The adoption of this standard has no material impact on the measurement of NBCF's financial assets and no restatement of prior period is required.

Other than AASB 9 Financial Instruments, NBCF has not elected to apply any other pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iv) *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying NBCF's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Revenue recognition

Revenue is recognised at the fair value of consideration received, or receivable, when NBCF is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office. Revenue not received at the balance sheet date is reflected in the statement of financial position as a receivable. Revenue received in respect of future periods is reflected in the statement of financial position as a liability.

Revenue is recognised for the major business activities as follows:

(i) *Revenue from fundraising*

Generally community fundraising and donations are recognised when received. NBCF, in common with most

organisations dependent on contributions, is unable to establish control over voluntary donations prior to their initial entry into NBCF's accounting records. Corporate Partner and Women in Super Mother's Day Classic donations are recognised when received or receivable.

Bequests are recognised when NBCF is notified of an impending finalised distribution or the bequest is received, whichever occurs earlier. Bequests comprising shares or other property are recognised at fair value, being the market value of the shares or property at the date NBCF becomes legally entitled to the shares or property.

Revenue from the sale of goods is comprised of revenue earned (net of returns and discounts) from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

(ii) Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(iii) Donations in kind

Donations in kind of goods or services are included at the fair value to NBCF when received, where this can be quantified and where a third party is bearing the cost.

No amounts are included in the financial statements for services donated by volunteers or directors.

(iv) Other income sources

Revenue from other sources is brought to account on an accrual basis.

(c) Expenditures

All expenditures are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the categories. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

(d) Income tax

NBCF is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*. This exemption has been confirmed by the Australian Taxation Office. NBCF holds deductible gift recipient status and has been endorsed as a health promotion charity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to NBCF as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of less than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash includes cash on hand and in banks in the name of NBCF and the cash component of NBCF's managed investments.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is recognised pursuant to an expected loss impairment model.

(i) Investments and financial assets

Classification

NBCF manages its investment portfolio for growth and income and classifies its entire portfolio as financial assets at fair value through profit and loss.

Financial assets at fair value through profit and loss, comprised principally of marketable equity securities and unlisted managed funds and are included in current assets unless the investment matures or management intends to dispose of the investment more than 12 months from the end of the financial year.

Measurement

At initial recognition, NBCF measures a financial asset at its fair value and subsequent changes in fair value are recognised directly in profit or loss.

(j) Property, plant and equipment

Plant and equipment acquired are measured on the cost basis less, where applicable, depreciation and impairment losses.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Office equipment, fixtures and fittings	10% - 40%
- Leasehold improvements	16% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is NBCF's policy to transfer any amounts included in other reserves in respect of those assets to accumulated funds.

A leasehold improvement's carrying amount is written down immediately when the item is no longer used in the operations of NBCF or when it has no sale value. Any gain or loss arising on derecognition of the leasehold improvement is calculated as the difference between the net disposal proceeds and the carrying amount of the leasehold improvement. These gains or losses are included in the statement of comprehensive income.

(k) Intangible assets

(i) Trademarks

Trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(ii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to NBCF prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are measured at the present value of Directors' best estimate of the expenditure required to settle the present obligation at the end of each reporting period. Liabilities expected to be settled within 12 months after the end of each reporting period are classified as current liabilities. The liabilities not expected to be settled within 12 months after the end of the reporting period are measured as the present value of expected future payments to be made in respect of research grants and are classified as non-current liabilities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The movement in the provisions due to the passage of time and the impact of changes in discount rates each reporting period are included in grant expenses in the statement of comprehensive income. The impact of discounting is disclosed separately in note 12.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. 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 end of the reporting period on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

NBCF has no legal obligation to cover any shortfall in any fund's obligation to provide benefits to employees on retirement.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

(p) Fair value estimation

The fair value of financial assets traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by NBCF is the current bid price. The fair value of managed funds is based on the unit price of each fund as reported by the funds at balance sheet date.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

NBCF makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Net present value of future research grants payable

NBCF has adopted AASB 137.45 *Provisions Contingent Liabilities and Assets*, whereby the future grants provisions are discounted to appropriately reflect the time value of money. These grants are discounted based on government bond rates for 2-10 year bonds, which is assessed at the end of each year. The key assumptions used by the directors in determining fair value are as follows:

Discount rate 1.59%-2.41% (2016 (2-5 year bonds):1.55%-1.65%).

3 Revenue

	2017	2016
	\$'000	\$'000
(a) Revenue from fundraising activities		
Corporate partners	3,109	3,681
Income from campaigns	1,856	1,908
Community Fundraising Events	3,136	3,372
Women in Super Mother's Day Classic	2,800	3,000
Donations - Regular Giving	10,918	9,181
Donations - Other	3,536	3,996
Bequest income	308	454
	25,663	25,592
(b) Other Income		
Interest income	1,042	1,270
Investment income	363	-
	1,405	1,270

4 Expenses

	2017	2016
	\$'000	\$'000
Profit before income tax Includes the following specific expenses:		
<i>Depreciation</i>		
Office Equipment, fixtures & fittings	111	99
Leasehold improvements	45	34
Total depreciation	156	133
Total depreciation and amortisation	156	133
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	439	429
<i>Defined contribution superannuation expense</i>	360	349
<i>Non-executive Directors fees</i>	-	-

5 Income Tax expense

NBCF is exempt from income tax in accordance with section 50-100 of the *Income Tax Assessment Act (1997)*.

6 Current assets - Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Cash at bank and in hand	15,889	3,012
	15,889	3,012

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2017	2016
	\$'000	\$'000
Balances as above	15,889	3,012
Balances per statement of cash flows	15,899	3,012

7 Current assets - Trade and other receivables

	2017	2016
	\$'000	\$'000
Trade receivables	538	871
Provision for impairment of trade receivables	(32)	(119)
Accrued income	3,580	3,747
GST receivables	69	282
Prepayments	329	502
	4,484	5,283

8 Financial assets

	2017	2016
	\$'000	\$'000
Current		
<i>Financial assets held at amortised cost</i>		
Short-term deposits	10,270	39,000
<i>Financial assets at fair value through profit and loss</i>		
Listed securities	4,074	-
Managed investments	13,137	-
	27,481	39,000
Non - Current		
<i>Financial assets held at amortised cost</i>		
Term deposits	305	305

9 Non-current assets - Property, plant and equipment

	Office equipment, fixtures and fittings \$'000	Leasehold improvements \$'000	Total \$'000
At 30 June 2016			
Cost	866	226	1,092
Accumulated depreciation	(614)	(14)	(628)
Net book amount	<u>252</u>	<u>212</u>	<u>464</u>
Year ended 30 June 2017			
Opening net book amount	252	212	464
Additions	6	-	6
Disposals	(84)	-	(84)
Disposals – depreciation write back	83	-	83
Depreciation charge	(110)	(46)	(156)
Closing net book amount	<u>147</u>	<u>166</u>	<u>313</u>
At 30 June 2017			
Cost	788	226	1,014
Accumulated depreciation	(641)	(60)	(701)
Net book amount	<u>147</u>	<u>166</u>	<u>313</u>

10 Current liabilities - Trade and other payables

	2017 \$'000	2016 \$'000
Trade payables	192	624
Accrued expenses	258	134
Other payables	-	50
Collaborative grant received in advance	200	500
Deferred revenue	229	194
	<u>879</u>	<u>1,502</u>

11 Current Liabilities - Provisions

	2017	2016
	\$'000	\$'000
Employee benefits	173	153
NBCF breastscreen cohort provision	-	500
Future research grants provision	16,298	14,774
Register4 provision	271	287
	16,742	15,714

12 Non-Current Liabilities - Provisions

	2017	2016
	\$'000	\$'000
Employee benefits - long service leave	33	22
Future research grants provision	13,891	9,362
Register4 provision	-	242
	13,924	9,626

(a) Movements in provisions (current and non-current)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	NBCF breastscreen cohort provision	Future research grants provision	Register4 provision	Total
	\$'000	\$'000	\$'000	\$'000
2017				
Current and Non-Current				
Carrying amount at start of year	500	24,136	529	25,165
Charged/(credited) to profit or loss				
- additional provisions recognised	-	18,770	-	18,770
- unused amounts reversed	-	(690)	-	(690)
- discount of additional provision	-	(902)	-	(902)
- finance expense incurred as a result of change in discount rate and unwinding of provision	-	215	8	223
Amounts used during the year	(500)	(11,340)	(266)	(12,106)
Carrying amount at end of year	-	30,189	271	30,460
 Of which:				
Short term	-	16,298	271	16,569
Long term	-	13,891	-	13,891
	-	30,189	271	30,460

(b) Reconciliation of movement in provisions to statement of comprehensive income

	2017	2016
	\$'000	\$'000
Additional provision recognised	18,770	13,059
Unused amounts reversed	(690)	(1,111)
Discount of additional provisions recognised	(902)	(190)
Finance expense incurred as a result of change in discount rate and unwinding of provision	<u>223</u>	<u>397</u>
Total grant expenses per statement of comprehensive income	<u>17,401</u>	<u>12,155</u>

13 Accumulated funds

	2017	2016
	\$'000	\$'000
Movements in accumulated funds were as follows:		
Opening balance 1 July	21,222	22,287
Net surplus/(deficit) for the year	<u>(4,295)</u>	<u>(1,065)</u>
Closing balance 30 June	<u>16,927</u>	<u>21,222</u>

14 Key management personnel disclosures

NBCF has determined that 6 (5.8 Full Time Equivalents (FTEs)) management personnel had authority and responsibility for planning, directing and controlling the activities of NBCF, directly or indirectly, during the financial year (2016: 10 (6.2 FTEs)).

The following amounts were paid to them in respect of such duties:

	2017	2016
	\$'000	\$'000
Employee benefits	1,113	1,212

There were no transactions between key management personnel and the NBCF during the year other than on an employee-employer basis.

Non-executive Directors receive no fees and provide their services to the Board of NBCF on a *pro-bono* basis.

15 Contingencies

NBCF had no contingent liabilities or contingent assets at 30 June 2017 (2016: Contingent liabilities of \$Nil and contingent assets of \$Nil)

16 Commitments

(a) Lease Commitments

Future non-cancellable operating lease rentals not provided for in the financial statements and payable:

	2017 \$'000	2016 \$'000
Within one year	428	407
Later than one year but not later than five years	1,247	1,675
	1,675	2,082

17 Related party transactions

(a) Transactions with related parties

No transactions occurred with related parties during 2017 financial year (2016: nil).

18 Members' Guarantee

NBCF is an entity limited by guarantee. If the entity is wound up, the entity's constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the entity. At reporting date, there were 10 (2016: 8) members of the entity.

19 Charitable fundraising comparisons information - Financial Highlights 2017

NBCF has four categories of fundraising income:

- Corporate partners
- Pink ribbon campaigns
- Community fundraising (includes Women in Super Mother's Day Classic (MDC))
- Donations and bequests

	Income \$'000	Fundraising Income %	Fundraising Expense \$'000	Expense % of Income %
Corporate partners	3,109	12%	378	12%
Pink Ribbon Campaigns	1,856	7%	334	18%
Community Fundraising (incl MDC)	5,936	23%	303	5%
Donations - regular giving	10,918	43%	5,650	52%
Donations - other & Bequest	3,844	15%	1,569	41%
Total Fundraising	25,663	100%	8,234	32%

Fundraising expenses include specific direct costs other than salaries & allowances, and other expenses not directly related to fundraising. NBCF has continued to invest in Regular Giving (commitments from supporters to make monthly donations). The cost of acquiring new supporters is expensed in the year they become a supporter, resulting in a high ratio of expense to income, whereas income from these new supporters is received over a number of years with relatively little additional costs.

20 Charitable fundraising comparisons information

	2017	2016
	\$'000	\$'000
Summary of operating expenses:		
Direct costs of fundraising (note 19)	8,234	9,784
Costs of fundraising staff	1,636	1,956
Research Administration costs	548	469
Marketing/Speakers/Volunteers	1,060	1,335
Administration including Finance/IT/HR/All office costs	2,350	2,228
Operating expenses	13,828	15,772
Donations in kind	670	669
Operating expenses (including Donation in kind)	14,498	16,441
Net fair value losses on financial assets	134	-
Research grant funding	17,401	12,155
Total expenses	32,033	28,596


21 Events occurring after the reporting period

There were no significant events occurring after 30 June 2017 that require disclosure in this financial report.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 27 are in accordance with *the Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards – Reduced Disclosure Requirements, *the Australian Charities and Not-for-profits Commission Regulation 2013* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Elaine Henry OAM
Director



Professor Sarah Hosking
CEO

Sydney
18 October 2017

Independent Auditor's Report to the Members of National Breast Cancer Foundation

Qualified Opinion

We have audited the financial report of National Breast Cancer Foundation (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the financial position of the Company as at 30 June 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Qualified Opinion

Cash from donations, other cash fundraising activities and in-kind donations are a significant source of revenue for National Breast Cancer Foundation. The Company has determined that it is impracticable to establish control over the collection of revenue from cash donations, other cash fundraising activities and in-kind donations prior to entry in its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to revenue from cash donations, other cash fundraising activities and in-kind donations had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion whether the revenue from cash donations, other cash fundraising activities and in-kind donations obtained by the Company are complete.

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 relating 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 Responsibilities 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. 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 *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.


Because of the 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 described in the above-mentioned Act(s) and Regulations 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

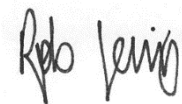
In our opinion:

- a) the financial report of the Company has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2017, in all material respects, in accordance with:
- i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
 - ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;
 - iii. the WA Charitable Collections Act (1946); and
 - iv. the WA Charitable Collections Regulations (1947).

the money received as a result of fundraising appeals conducted by the company the financial year ended 30 June 2017 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations



Ernst & Young



Rob Lewis
Partner
Sydney
18 October 2017