



# **MCGRATH FOUNDATION LIMITED**

A.B.N. 23 115 566 624

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2018**

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## A MESSAGE FROM OUR PRESIDENT

Every year when I reflect on the past 12 months I'm blown away by the support we receive from the community and our partners across Australia, who enable us to fund McGrath Breast Care Nurses for individuals and families experiencing breast cancer.

This year was particularly special for the Foundation, as in January we marked an important milestone – 10 years of the Pink Test.

The tidal wave of support was nothing short of phenomenal. From the passion of our partners at Cricket Australia and the SCG Trust, through to the show of support from the NSW Police to the 750 volunteers who turned out to help us fundraise and the response of the public who continued to embrace our cause and dress in their best pink outfits - it was an extraordinary moment and really brought home how iconic the Pink Test has become!

This year we set ourselves our most ambitious Pink Test target ever – to raise \$1.3m – and thanks to the generosity of all involved we were thrilled to beat the target and hit \$1.35m! This allows us to fund 10 McGrath Breast Care Nurses who will support 1,000 individuals and families going through breast cancer in the coming year.

Our grassroots campaign, Pink Stumps Day, also continued to go from strength to strength, with the greatest number of participants ever this year. Clubs and communities from Berrimah to Bunbury held matches on beaches and country ovals, in school grounds and back yards, raising more than \$1m and showing us the Aussie community spirit is alive and kicking right across the nation.

For me this is one of the most special things about being part of the Foundation - seeing people from all walks of life come together to show they understand what it means to have the support of a McGrath Breast Care Nurse and to raise money to ensure everyone has access to a nurse for free. It truly warms my heart as I know the impact a breast care nurse had on my family.

In the thirteen years since we established the McGrath Foundation we have made significant progress and I am so proud that together we now fund 120 nurses. And although the need is growing, and there is still so much to be done, I'm filled with optimism about what we will achieve in the future.

Finally, I'd like to take this opportunity to recognise and thank our supporters from the community, our corporate partners, the Federal Government, our tireless volunteers and all of our people at the Foundation for their generosity and commitment to helping us change the lives of those going through breast cancer. My family and I are truly grateful for your passion, friendship and partnership.

Thank you. Together we are making a difference.



Glenn McGrath

President

## A MESSAGE FROM OUR CHAIRMAN

This year the McGrath Foundation has continued working towards its vision of a breast care nurse for every person experiencing breast cancer, no matter where they live or their financial situation.

We were thrilled to welcome our new CEO, Holly Masters, in October 2017 and are delighted with her achievements in the relatively short time she has been with us.

In June we were pleased to announce our 120<sup>th</sup> McGrath Breast Care Nurse position. Based at Liverpool Hospital, this nurse is dedicated to supporting people with metastatic breast cancer. This takes the number of dedicated metastatic breast care nurses across Australia to seven and is part of our commitment to supporting people across all stages of the disease.

While we've made great progress over the past 13 years, the reality is that we're still a long way from meeting the growing need for breast care nurses. The encouraging news is that the five year breast cancer survival rate has improved to 90% as a result of earlier detection and better treatment. However, the number of people diagnosed is also rising.

Taking the above into account existing research shows there's a gap of around 80 breast care nurses required across Australia. However, in FY18 we've commissioned new research to determine the future number of breast care nurses required and, with the results due in the coming months, it's expected this number will rise.

Thank you to all our donors and partners who enable us to raise the \$13m we need every year to fund our current nurse program. To add the additional nurses we need, we must accelerate growth in our revenue and continue to find service delivery improvements.

Consequently, the twelve months to June 2018 (FY18) have been about preparing for the next phase of growth. We have revisited our mid-term strategy and enhanced the team to deliver it. Under Holly's leadership, we have completed this process in addition to achieving our FY18 forecast and embarking on a major project to define the 'gold standard' Model of Care to support people with breast cancer.

Key achievements in FY18 include:

- Non-government fundraising +11.7% (total revenue +6.7%)
- Spend on our nursing program +7.6%
- Supported 9,627 individuals and their families

Being Chairman of the Foundation is an enormous honour. I remain hugely grateful to the community, our valued corporate partners and the Federal Government for their continued support. I also extend my deep appreciation to my fellow Board members who donate their time and expertise to help guide the Foundation. Most importantly, I recognise both the team at the Foundation and our wonderful McGrath Breast Care Nurses whose skill and passion are helping to drive new levels of care and support in the community.



John C Conde AO

Chairman

## A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

It was with great excitement that I stepped into the role of CEO of the McGrath Foundation in October 2017 and since then it's been an absolute privilege to lead this extraordinary team who is so passionate about working to improve the quality of life for those living with breast cancer.

Over the past 13 years the Foundation has made significant progress supporting more than 64,000 individuals and their families whilst building an enviable reputation as one of Australia's most recognised and best loved charities. However, there's still a big job to do to meet our vision of free access to a McGrath Breast Care Nurse for every person experiencing breast cancer.

When I joined the Foundation, a key priority of mine was to understand what it is that makes the Foundation so special in order to create focus, amplify our strengths and accelerate our fundraising so we can optimise our support for those with breast cancer.

Consequently we've developed a new five year strategic plan that will enable the team to grow our revenue faster and deliver on our vision.

Another key priority for me was to spend significant time with our nurses and patients to truly understand what it means to have the support of a McGrath Breast Care Nurse and how we can continue to improve what we do and how we do it.

What immediately struck me – and continues to do so – is the depth and quality of the relationships between our McGrath Breast Care Nurses and their patients. It is also hugely rewarding to see how often this support is felt by the extended family and community.

Time and again patients told me about the shock of diagnosis, how overwhelmed they felt by the amount of information they had to absorb and the speed they often had to make life-changing decisions.

They described how their McGrath Breast Care Nurse helped them cut through the noise, create some time and space to think, talk freely, genuinely understand their choices and enable them to make good decisions. They said having the support of a McGrath Breast Care Nurse meant they could ring-fence their breast cancer, so it didn't affect every area of their life, creating time in their life not defined by breast cancer.

As Jane herself said back in 2007; "A breast care nurse gives that reassurance. They answer your questions and silence those demons to restore peace of mind."

With this in mind, in addition to improving access to McGrath Breast Care Nurses across Australia, we are focused on optimising the care our nurses deliver their patients. So in April we embarked on an ambitious 18 month project to establish a best practice Model of Care with the aim of defining and standardising the way breast cancer nursing is delivered across the continuum of care.

This is a once in a generation opportunity to both define the 'gold-standard' of breast cancer nursing and improve outcomes for both women and men diagnosed with breast cancer.

Finally the progress the McGrath Foundation has achieved and the impact we have had on people's lives when they need it most is only possible through the work of our team and the on-going support from our valued partners and communities across Australia. Thank you and know that what you do means so much to so many.

As we look to the future, our vision for the McGrath Foundation is crystal clear. We know what we need to do to get there and with the commitment of our team and the support of you all, we know that together we can make a difference.



Holly Masters

CEO

## DIRECTORS' REPORT

The Directors present their report together with the financial statements of McGrath Foundation Limited ("the Foundation") for the year ended 30 June 2018 and the auditor's report thereon.

### 1 Directors

The Directors of the Foundation at any time during or since the end of the financial year are:

<b>Name, qualifications and independence status</b>	<b>Experience and special responsibilities</b>
<b>Mr John Conde AO Chairman Independent Non-Executive Director</b>	<p>John provides pro-bono support to the Board by drawing on his wealth of experience at board level with public, private and not-for-profit organisations.</p> <p>John Conde is also the Chairman of Cooper Energy Limited, President of the (Commonwealth) Remuneration Tribunal and Deputy Chairman of Whitehaven Coal Limited. He is a Director of Dexus and a Member of the Independent Parliamentary Expenses Authority. He retired in March 2018 as Chairman of Bupa (Australia and New Zealand). Some of his other previous positions include Chairman of the Sydney Symphony Orchestra, Director of BHP Limited, Chairman of Ausgrid (formerly Energy Australia), Member of the Asian Football Confederation (AFC), Asian Cup Local Organising Committee and Chairman of the Australian Olympic Committee (NSW) Fundraising Committee. He has been a Director of the McGrath Foundation since 23 April 2012 and Chairman since 20 September 2013.</p>
<b>Mr Glenn McGrath AM President Non-Executive Director</b>	<p>Glenn is the co-founder and President who donates all of his time spent on Foundation business.</p> <p>Glenn McGrath has had a successful professional cricket career spanning 14 years. He has been a Director on the Board of R.M. Williams since April 2015 and has been a Director of the McGrath Foundation since 20 November 2007.</p>
<b>Mrs Tracy Bevan Foundation Ambassador Director</b>	<p>Tracy helped set up the McGrath Foundation in 2005. As a Director and member of the staff of the McGrath Foundation, Tracy spends a great deal of her time travelling around the country speaking at different events to raise awareness about the vital role the McGrath Foundation plays in funding McGrath Breast Care Nurses in the community and encouraging greater breast health understanding. Tracy has been a Director of the McGrath Foundation since 11 December 2008.</p>
<b>Mr Terry Brown Independent Non-Executive Director</b>	<p>Terry is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Terry Brown has been a practising lawyer for over 35 years, and is a fellow of the Australian and New Zealand College of Notaries. As a friend and professional advisor to the McGrath family, Terry was a co-founder of the Foundation. Terry also co-founded the Belle Property Group and presently sits on a number of Advisory Boards. He is Joint Managing Director of Tax Assure Pty Ltd.</p> <p>Terry has been a Director of the McGrath Foundation since 2 August 2005.</p>
<b>Ms Christine McLoughlin Independent Non-Executive Director</b>	<p>Christine has been a pro-bono Director since September 2016 and donates all of her time spent on Foundation business.</p> <p>Christine McLoughlin is an experienced Non-Executive Director and business adviser across a range of sectors including financial services, mining, infrastructure, telecommunications, insurance and health. Christine currently serves as Chairman on Suncorp Group Limited and Venues NSW. She is also a Director on nib holdings and a co-founder of Minerva Group.</p>
<b>Ms Suzanne Young Independent Non-Executive Director</b>	<p>Suzanne is a pro-bono Director and donates all of her time spent on Foundation business.</p> <p>Suzanne Young is the Executive General Manager, Operational Partnering at Insurance Australia Group Limited. Suzanne is a recognised senior executive and Non-Executive Director across a range of industries and regulated sectors. She has broad leadership and operational experience spanning financial services, aviation, technology, not-for-profit and professional services across Australia, New Zealand, Asia, Europe and the US. Suzanne has been a Director of the McGrath Foundation since 19 September 2016 and is Chair of the Finance, Audit and Risk Committee.</p> <p>Suzanne is also Chair of IAG's Diversity Network Advisory and a member of the Shared Value Committee. She also serves pro-bono on The University of Sydney Business School Advisory Board and Surf Sports Australia Limited.</p>

## DIRECTORS' REPORT (cont'd)

### 2 Company Secretary

On 20 March 2018 Jo Molchanoff ceased her role as Company Secretary and in lieu Brent Pitts, the existing Finance and Commercial Director was appointed as Company Secretary from 21 March 2018. On 30 May 2018 Mr Michael Cussen was appointed as Company Secretary on Brent Pitts' resignation. Mr Michael Cussen joined the McGrath Foundation in 2017 and currently holds the position of Finance Director.

### 3 Directors' meetings

The number of directors' meetings (including meetings of committees, while holding the position of director) and number of meetings attended by each of the directors during the financial year are:

Director	Board Meetings		Finance, Audit & Risk Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr John Conde AO	4	4	3	2
Mr Glenn McGrath	4	4	3	2
Mrs Tracy Bevan	4	3	-	-
Mr Terry Brown	4	4	3	3
Ms Christine McLoughlin	4	4	3	2
Ms Suzanne Young (FARC Chair)	4	3	3	3

### 4 Principal Activities

The principal activities of the Foundation during the financial year were raising funds to provide McGrath Breast Care Nurses and increase breast health understanding in the Australian community. There was a continuing expansion in the provision of nurses during the current year. Further details on the breast care nurse program are contained in the Chairman's Report.

#### Short and Long-term objectives of the Foundation

The Foundation's short and long term objectives are to:

- Develop and implement strategies to facilitate the employment or engagement of appropriately qualified Breast Care Nurses servicing hospitals, health care agencies and communities throughout Australia, including provision of funding for this purpose
- Increase breast health understanding in the Australian community
- Undertake fundraising activities and the procurement of donations and contributions from the public for the purpose of promoting or supporting the fulfilment of the objectives of the Foundation.

#### Strategy for achieving these objectives

The Foundation intends to achieve these objectives through:

- Community fundraising activities and events including but not limited to sporting events
- Partnerships with corporate entities
- Sale of goods and branded merchandise
- Implementing breast health understanding programs
- Liaising with government at all levels.

#### Performance measures

The Foundation measures performance through monthly monitoring and oversight to:

- Assess the cost effectiveness of fundraising activities
- Assess control over the Foundation's administrative and other indirect costs
- Ensure that funds raised are directed effectively to the employment and engagement of appropriately qualified Breast Care Nurses and breast health understanding programs
- Assess the number of Australian families experiencing breast cancer who are supported by a Breast Care Nurse and the extent of such assistance.

## DIRECTORS' REPORT (cont'd)

### 4 Operating and financial review

The operating net (deficit)/surplus of the Foundation for the financial year amounted to (\$2,161,031) (2017: (\$3,215,591)).

A review of operations of the Foundation during the year and subsequent to the end of financial year is contained in the Message from the Chairman on page 4.

In the opinion of the Directors there were no significant changes in the state of affairs of the Foundation that occurred during the financial year under review.

### 5 Members

#### Members' guarantee

In accordance with the Foundation's constitution, each member is required to contribute a maximum of \$10 in the event that the Foundation is wound up. The total amount that all 4 members of the Foundation would contribute is \$40.

### 6 Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future financial years.

### 7 Future developments

The Foundation will continue to pursue its charitable objectives described above.

### 8 Environmental regulations

The Foundation's operations are not subject to significant environmental regulations under either Commonwealth or State legislation.

### 9 Indemnification and insurance of Directors

The premium for Directors' and officers' liability and legal expense insurance contracts for the year ended 30 June 2018 were provided to the Foundation free of charge. Such insurance contracts insure against certain liabilities for all directors of the Foundation.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year.

### 10 Auditor's independence declaration

The auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the financial year ended 30 June 2018.

This report is made out in accordance with a resolution of the Directors:



Mr John Conde AO  
Director  
25 September 2018  
Sydney, NSW



# Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of McGrath Foundation Limited.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Daniel Robinson

Partner

Sydney

25 September 2018

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>Revenue</b>	4.1	19,352,880	18,136,252
<b>Expenses</b>			
<b><u>Programme Expenses</u></b>			
Foundation funded Breast Care Nurses programme expenses		7,371,274	6,238,239
Government funded Breast Care Nurse Initiative expenses		5,309,256	5,564,191
Education programme expenses		52,065	33,950
<i>Total programme expenses</i>		12,732,595	11,836,380
<b><u>Non-Programme Expenses</u></b>			
Fundraising and marketing expenses		7,626,659	8,398,547
General and administration expenses		1,599,773	1,732,816
<i>Total non-programme expenses</i>		9,226,432	10,131,363
Total expenses		21,959,027	21,967,743
Finance income	4.1	445,116	615,900
<b>Net (deficit) for the year</b>		<b>(2,161,031)</b>	<b>(3,215,591)</b>
Changes in fair value of financial instruments that will not be subsequently realised in surplus/(deficit) for the year		419,254	346,925
<b>Other comprehensive income for the year</b>		<b>419,254</b>	<b>346,925</b>
<b>Total comprehensive (loss) for the year</b>		<b>(1,741,777)</b>	<b>(2,868,666)</b>

The accompanying notes on pages 14 to 22 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and cash equivalents	5.1	3,311,310	3,890,838
Investments	5.2	-	1,400,000
Trade and other receivables	5.3	1,248,824	1,072,756
Prepayments		112,458	139,986
Inventories		59,061	33,956
Other financial assets		250,860	197,710
<b>Total Current Assets</b>		<b>4,982,513</b>	<b>6,735,246</b>
<b>Non-current Assets</b>			
Investments	5.2	16,725,426	15,982,375
Property, plant & equipment		745,696	88,468
Intangible assets – computer software		223,924	288,530
<b>Total Non-current Assets</b>		<b>17,695,046</b>	<b>16,359,373</b>
<b>Total Assets</b>		<b>22,677,559</b>	<b>23,094,619</b>
<b>Current Liabilities</b>			
Trade and other payables	5.4	2,926,723	1,562,073
Employee benefits		176,126	144,269
Provisions		24,436	82,803
Deferred income	4.3	-	-
<b>Total Current Liabilities</b>		<b>3,127,285</b>	<b>1,789,145</b>
<b>Non-current Liabilities</b>			
Employee benefits		46,780	60,203
<b>Total Non-current Liabilities</b>		<b>46,780</b>	<b>60,203</b>
<b>Total Liabilities</b>		<b>3,174,065</b>	<b>1,849,348</b>
<b>Net Assets</b>		<b>19,503,494</b>	<b>21,245,271</b>
<b>Equity</b>			
Fair value reserve		792,801	373,547
Accumulated surpluses		18,710,693	20,871,724
<b>Total Equity</b>		<b>19,503,494</b>	<b>21,245,271</b>

*The accompanying notes on pages 14 to 22 form part of these financial statements.*

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<b>Cash flow from operating activities</b>			
Donations received		6,136,604	5,365,293
Proceeds from fundraising		4,806,895	4,267,501
Proceeds from corporate partners		3,065,270	2,720,154
Proceeds from grants		5,507,700	5,298,700
Payments to suppliers and employees		(20,808,575)	(21,970,139)
Interest received from cash accounts		81,699	22,053
<b>Net cash (used in)/provided by operating activities</b>		<b>(1,210,407)</b>	<b>(4,296,438)</b>
<b>Cash flow from investing activities</b>			
Proceeds from investments		-	195,888
Payments from investments		1,400,000	5,584,951
Payments for property, plant & equipment		(741,856)	(10,717)
Payments for intangible assets		(27,265)	(22,405)
<b>Net cash provided/(used in) investing activities</b>		<b>630,879</b>	<b>5,747,717</b>
<b>Cash flow from financing activities</b>			
		-	-
Net increase/(decrease) in cash held		(579,528)	1,451,279
Cash and cash equivalents at the beginning of the financial year		3,890,838	2,439,559
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>3,311,310</b>	<b>3,890,838</b>

*The accompanying notes on pages 14 to 22 form part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	Fair value reserve \$	Accumulated surpluses \$	Total equity \$
<b>Balance at 30 June 2016</b>	26,622	24,087,315	24,113,937
Net (deficit) for the year	-	(3,215,591)	(3,215,591)
Other comprehensive income for the year:			
Changes in fair value of financial instruments that will not be subsequently realised in surplus/(deficit) for the year	346,925	-	346,925
<b>Balance at 30 June 2017</b>	<b>373,547</b>	<b>20,871,724</b>	<b>21,245,271</b>
Net (deficit) for the year	-	(2,161,031)	(2,161,031)
Other comprehensive income for the year:			
Changes in fair value of financial instruments that will not be subsequently realised in surplus/(deficit) for the year	419,254	-	419,254
<b>Balance at 30 June 2018</b>	<b>792,801</b>	<b>18,710,693</b>	<b>19,503,494</b>

*The accompanying notes on page 14 to 22 form part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1 Reporting entity

McGrath Foundation Limited (“the Foundation”) is a not-for-profit entity dedicated to raising funds for the provision of Breast Care Nurses and breast health understanding programs. The Foundation is an unlisted public company limited by guarantee which does not have any share capital. If the Foundation is wound up, the constitution states that each Member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Foundation. At 30 June 2018, the number of members was 4 (2017: 4).

The Foundation’s registered address and principal place of business is Level 1/32 Walker Street, North Sydney NSW 2060.

## 2 Basis of preparation

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 25 September 2018. Details of the Foundation’s accounting policies, including changes during the year, are included in Notes 2 to 6.

The financial statements have been presented in a style which attempts to make them less complex and more relevant to the users of the financial statements, such as the supporters of the Foundation. Note disclosures are grouped into five sections: ‘Basis of preparation’, ‘Changes in accounting policies’, ‘Operations of the Foundation’, ‘Operating assets and liabilities’ and ‘Other notes’. Each section sets out the accounting policies applied in producing the relevant notes, along with details of any key judgements and estimates used.

The purpose of this format is to provide readers with a clearer understanding of what drives financial performance of the Foundation and to provide commentary on each section, or note, in plain English.

In the opinion of the Directors, having regard to the not-for-profit nature of the Foundation, the terms used in the prescribed format of the Statement of Comprehensive Income are not appropriate. “Profit or Loss” in the prescribed format of the Statement of Comprehensive Income has been substituted by “Surplus or Deficit”.

### Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Foundation’s functional currency.

### Basis of measurement

The financial statements have been prepared on the historical cost basis except for non-current investments, which are measured at fair value.

### Current/non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use within one year from the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes and include those liabilities due within one year from the reporting date or where the Foundation does not have the right to defer settlement beyond 12 months. All other liabilities are classified as non-current liabilities.

### Financial Instruments - non-derivative financial assets and liabilities

The Foundation’s non-derivative financial assets comprise cash and cash equivalents, investments, trade and other receivables and other financial assets. Non-derivative financial liabilities comprise trade and other payables.

The Foundation initially recognises cash and cash equivalents and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

#### (i) Recognition and measurement of non-derivative financial assets

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the Statement of Comprehensive Income as incurred. Financial assets at fair value through profit and loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in the Statement of Comprehensive Income.

A financial asset at amortised cost is initially recognised at fair value plus any directly attributable transaction costs, except for trade receivables which do not contain a significant financial component and are recognised at transaction price. Subsequent to initial measurement, they are measured at amortised cost using the effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 2 Basis of preparation (cont'd)

A financial asset is classified as fair value through other comprehensive income if contractual cash flows include only principal and interest in a business model where the assets are managed to collect contractual cash flows or for sale or for equity instruments where another comprehensive election is applied on initial recognition. Directly attributable transaction costs and dividend income are recognised in surplus/(deficit) as incurred. Financial assets through other comprehensive income are measured at fair value and changes therein are recognised in other comprehensive income.

#### (ii) Recognition and measurement of non-derivative financial liabilities

Financial liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowing on the effective interest basis.

#### (iii) De-recognition of non-derivative financial instruments

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### Income tax

The Foundation is a registered charity and is exempt from income tax in accordance with Section 50-B of the Income Tax Assessment Act 1997. The Foundation holds deductible gift recipient status.

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis.

#### Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefits include annual leave and other leave expected to be wholly settled within the next 12 months.

The employee related expense (including subcontractors) for the year was \$4,364,210 (2017: \$4,521,863). Within employee related expenses, \$333,812 (2017: \$321,876) in expenses relating to defined contribution plans (superannuation) was recognised.

##### (ii) Defined contribution plans

Obligations for contributions to defined contribution plans (superannuation) are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Foundation has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

##### (iii) Other long-term employee benefits

Other long-term employee benefits include annual leave not expected to be wholly settled within the next 12 months and long service leave.

The Foundation's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying probability assumptions, discounted to determine its present value. Remeasurements are recognised in the Statement of Comprehensive Income in the period they arise.

##### (iv) Breast Care Nurses

Breast Care Nurses are employed by the relevant Local Health District. The Foundation hold contracts with the Local Health Districts to fund the Breast Care Nurses employment costs. Payments made to the Local Health District by the Foundation include salaries and wages and all employee benefits. As a consequence, no employee

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

benefits are provided for in the financial statements of the Foundation. The Foundation's future commitments for Breast Care Nurses are disclosed in Note 4.2.

### 3 Changes in accounting policies

Except for the changes noted below, the Foundation has consistently applied the accounting policies set out in Notes 2 to 6 to all periods presented in these financial statements.

#### **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Foundation are set out below. The Foundation does not plan to adopt these standards early.

##### **(i) AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019. The Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 15.

##### **(ii) AASB 16 Leases**

AASB 16 Leases removes the lease classification test and requires all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption will be permitted for entities that also adopt AASB 15 Revenue from contracts with customers.

The Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 16.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 4. Operations of the Foundation

#### 4.1. Revenue and finance income

##### Revenue recognition accounting policy

Revenue is stated exclusive of GST. Selecting the appropriate timing and amount of revenue recognised requires some judgement. Revenue recognition criteria for the Foundation's key classes of revenue are recognised on the following bases:

Income stream	Nature	Recognition criteria
Donations	Amounts paid to the Foundation from supporters of the Foundation where the donor receives no material benefit or advantage.	On receipt of the cash.
Fundraising	Amounts paid to the Foundation from supporters of the Foundation where the donor is involved in a Foundation event, such as the Ladies High Tea or Pink Stumps Day. This includes revenue from the sale of merchandise related to fundraising events i.e. Pull On Your Socks.	On receipt of the cash/when goods are delivered.
Corporate partners	Partnerships with third party companies for fundraising activities and involve a contract. For example donations from the corporate partner based on sales of their product.	Recognised monthly based on third party reports confirming revenue receivable by the Foundation.
Government grant income	The Foundation's Breast Care Nurse Programme receives support from the Commonwealth Government of Australia.  The Foundation must comply with the conditions associated with the Grant, otherwise the funding is repayable to the Government.  See Note 4.2 and 4.3 for further details on the Grant.	On a systematic basis in the same period in which the related services are delivered i.e. when expenditure is incurred in relation to the Government Breast Care Nurse Programme. The grant revenue recorded will not exceed grant related expenditure in the period.
Finance income	All finance income relates to interest and dividends received on funds invested.	As it accrues using the effective interest method.

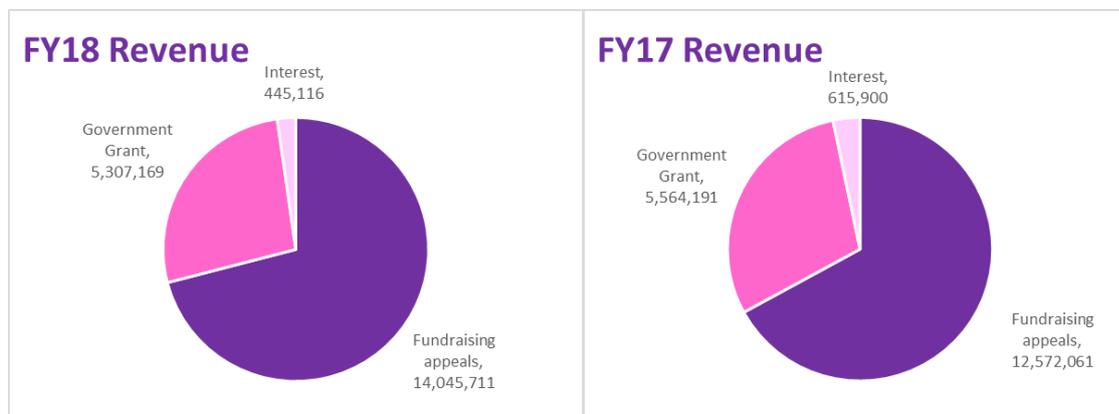
	2018 \$	2017 \$
<b>Revenue</b>		
Donations	6,136,604	5,365,293
Fundraising	4,806,895	4,267,501
Corporate partners	3,102,212	2,939,267
Government grant	5,307,169	5,564,191
	<b>19,352,880</b>	<b>18,136,252</b>
<b>Finance income</b>		
Interest income	445,116	615,900
	<b>445,116</b>	<b>615,900</b>

##### Fundraising activities conducted during the year

Major campaigns conducted during 30 June 2018 financial year included Sydney Pink Test, Pink Stumps Day and Pink Up Your Town, donations received through regular giving and major appeals (Tax Appeal and Christmas Appeal), Community Fundraising Events, High Teas and Corporate Partnerships.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 4.1 Revenue and finance income (cont'd)



The composition of revenue is from the sources outlined in the graph above. The majority of funding for the Foundation's mission is sourced from fundraising appeals, which include donations, fundraising and corporate partners.

## 4.2. Breast Care Nurse commitments

### Commonwealth Government of Australia Funded Breast Care Nurses

The Foundation receives support from the Commonwealth Government of Australia to fund Breast Care Nurses and fulfil the Foundation's mission. On 28 June 2013, the Foundation signed a contract with the Commonwealth to fund the 44 nursing positions supported under the 2008-09 Breast Cancer Nurses Budget Initiative as well as funding the procurement of a further 13 Breast Care Nurse positions in areas where there is a demonstrated need. The contract period was 1 July 2013 to 30 June 2017. The Foundation has since signed a new contract with the Commonwealth for a further four years, from 1 July 2017 to 30 June 2021.

The number of nurse positions filled under the Government contract at 30 June 2018 was 57 (2017: 57).

The commitments included in this note only include committed amounts associated with the employment costs of the Commonwealth funded Breast Care Nurses, this does not include other costs permitted under the funding agreement such as a recruitment costs, training costs, etc as these costs are not deemed to be committed.

The total undiscounted future minimum payments under Commonwealth Government of Australia Funded Breast Care Nurses fall due for payment as follows:

	2018	2017
	\$	\$
Within one year	4,585,871	4,575,689
Greater than one year but not later than five years	9,072,871	13,727,067
<b>Total (excluding GST)</b>	<b>13,658,742</b>	<b>18,302,756</b>

### McGrath Foundation Funded Breast Care Nurses

The Foundation funds all other nurses through the support of the community. The Foundation currently has support for 63 (2017: 60) Breast Care Nurse positions that are committed as at 30 June 2018 as a result of contracts executed with health care providers usually with a 3 year duration. The Foundation's goal is to fund the expansion of Breast Care Nurse positions into the future through fundraising appeals.

The total undiscounted future minimum payments under McGrath Foundation Funded Breast Care Nurses fall due for payment as follows:

	2018	2017
	\$	\$
Within one year	5,885,765	4,604,941
Greater than one year but not later than five years	5,801,238	4,464,893
<b>Total (excluding GST)</b>	<b>11,687,003</b>	<b>9,069,834</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 4.3. Deferred income

	2018	2017
	\$	\$
Government grant	-	-
Other	-	-
	<u>-</u>	<u>-</u>

#### *Government grant*

Funding received in the year ended 30 June 2018 amounted to \$5,507,700 (inc GST) (2017: \$5,298,700 inc GST) and was conditional on the funding being used for the provision of training to, assistance with the recruitment of, and funding of employment costs of, Commonwealth-funded McGrath Foundation Breast Care Nurses under the initiative and administration activities performed by McGrath Foundation Limited to implement the initiative. The funding is received in instalments over the period of the funding agreement and is initially recognised as deferred income. Any residual unspent grant at 30 June 2018 is payable to the Government and presented within Trade and other payables. Amounts outstanding from the Government at 30 June 2018 are presented within Trade and Other Receivables.

Revenue recognised in relation to the government grant for the year ended 30 June 2018 amounted to \$5,307,169 (2017: \$5,564,191). Revenue is released to the income statement when costs that fulfil the conditions of the funding agreement relating to the Commonwealth-funded McGrath Foundation Breast Care Nurses initiative are incurred.

See Note 4.2 for details of future commitments for Commonwealth-funded McGrath Foundation Breast Care Nurses as at 30 June 2018.

### 4.4. Operating leases

#### **Leases accounting policy**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. The Foundation has no finance leases.

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

#### **Operating leases commitments**

The total undiscounted future minimum lease payments under non-cancellable operating leases fall due for payment as follows:

	2018	2017
	\$	\$
Within one year	235,599	191,450
Greater than one year but not later than five years	1,077,213	-
Total (excluding GST)	<u>1,312,812</u>	<u>191,450</u>

The Foundation entered into a 5 year commercial lease for business premises at 32 Walker Street North Sydney, NSW, 2060 commencing 1 July 2018, with lease payments increased each year by a factor of 4% p.a. This commitment is included in the table above.

During the year ended 30 June 2018, an amount of \$280,098 (2017: \$261,650) was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 5. Operating assets and liabilities

#### 5.1. Cash and cash equivalents

##### Accounting policy

Cash and cash equivalents comprise cash balances, call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents is considered to approximate fair value.

	2018	2017
	\$	\$
Cash at bank and on hand	1,624,902	886,231
Term deposits	1,686,408	3,004,607
	<b>3,311,310</b>	<b>3,890,838</b>

#### 5.2. Investments

##### Accounting policy

Investments comprise term-deposits invested for terms exceeding three months, equity and debt instruments.

	2018	2017
	\$	\$
<b>Current</b>		
Investments in term deposits	-	1,400,000
<b>Non-current</b>		
Investments measured at fair value through profit and loss	12,230,282	5,191,193
Investments measured at fair value through other comprehensive income	4,495,144	10,791,182
	<b>16,725,426</b>	<b>15,982,375</b>

Investments in equity instruments are measured at fair value through other comprehensive income and are measured at fair value on a recurring basis using Level 1 inputs. Investments in debt instruments are measured at fair value through profit and loss. Total interest income recognised in relation to investments measured at fair value through other comprehensive income for the year ended 30 June 2018 was \$131,675 (2017: \$305,176).

The Foundation does not commit to additional nurses until funding for the full contract period is raised. The investment funds are used to fund Foundation nurses and future increases including additions to nurse positions.

#### 5.3. Trade and other receivables

##### Accounting policy

Trade receivables are classified and measured as a financial asset at amortised cost. Financial assets at amortised cost are recognised at fair value. Credit terms are available to corporate partners with contracts for fundraising and a third party who manages merchandise sales. Timing differences may also occur between a Government grant funding due date and payment date which results in a receivable being recorded.

Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. These estimates include such factors as historical experience and industry specific factors. A provision for impairment of trade receivables is established when there is sufficient evidence that the Foundation will not be able to collect all amounts due.

The carrying value of trade receivables is considered to approximate fair value.

	2018	2017
	\$	\$
Trade receivables	619,169	566,074
Provision for impairment	-	(30,289)
	619,169	535,785
Other receivables (accrued interest income; net GST receivable)	474,908	536,971
Receivable in respect of Commonwealth funded Breast Care Nurses	154,747	-
	<b>1,248,824</b>	<b>1,072,756</b>

Movement in the provision for impairment of trade receivables is as follows:

Balance at 1 July 2017	30,289
Impairment loss recognised during the year	51,732
Unused amount reversed during the year (amounts recovered)	-
Amounts written off during the year (utilisation of provision)	(82,021)
<b>Balance at 30 June 2018</b>	<b>-</b>

The impairment expense recognised in the period is \$51,732 (2017: \$67,944) and was recognised within Fundraising and marketing expenses on the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 5.4. Trade and other payables

#### Accounting policy

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered to approximate fair value.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,734,218	1,157,289
Accrued expenses	1,192,505	404,784
	<b>2,926,723</b>	<b>1,562,073</b>

### 5.5. Property, plant and equipment

#### Accounting policy

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of these assets is the amount initially paid for them. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Foundation.

Depreciation is provided and is charged to the Statement of Comprehensive Income to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years the Foundation expects the asset to be used (useful economic life) and is expensed to the Statement of Comprehensive Income on a straight-line basis over the useful economic life. Major categories of property, plant & equipment are depreciated as follows:

<u>Asset class</u>	<u>Depreciation policy</u>
Leasehold improvements	Lease term
Furniture and fittings	5 years
Computer equipment	3 years

Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology.

Property, plant and equipment additions for the year total \$741,856 (2017: \$10,717) and relate to the capitalisation of expenses pertaining to the fit out of the new North Sydney premises and computer hardware.

The depreciation expense recognised in the year was \$81,246 (2017: \$87,229).

### 5.6. Intangible assets – computer software

#### Accounting policy

Software is recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated lives of 3 to 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Intangible additions for the year total \$27,265 (2017: \$22,405) and relate to the capitalisation of expenses pertaining to the implementation of software on new machines and the development and implementation of new regular giving platform software.

The amortisation expense recognised in the year was \$91,870 (2017: \$84,045).

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 6. Other notes

### 6.1. Auditors remuneration

	2018	2017
	\$	\$
Audit of statutory financial statements	39,500	35,000
Audit/review of Government Grant funding	5,300	6,700
Assistance with compilation of financial statements	7,450	7,300
Total auditors remuneration	<b>52,250</b>	<b>49,000</b>

### 6.2. Related parties

The related parties identified by the Directors include key management personnel (the Foundation does not have any joint ventures, associated undertakings or direct equity investments). To enable users of our financial statements to form a view about the effects of related party relationships on the Foundation, we disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.

Key management personnel consists of McGrath Foundation Limited Executive and Non-executive Directors and the McGrath Foundation Chief Executive Officer.

#### Key management personnel compensation

Key management personnel compensation was \$411,580 (2017: \$633,893) for the year ended 30 June 2018. Non-Executive Directors do not receive any remuneration from the Foundation for their Director duties.

#### Transactions with key management personnel

The Directors of McGrath Foundation Limited and their related entities from time to time make donations to McGrath Foundation Limited under the same terms and conditions as donations received from members of the public and corporate organisations.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. None of these entities transacted with the Foundation during the year ended 30 June 2018 (2017: \$nil).

### 6.3. Significant events after balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Company, in future financial years.

## DECLARATION OF CHAIRMAN IN RESPECT OF FUNDRAISING APPEALS

I, John Conde, Chairman of McGrath Foundation Limited, declare that in my opinion:

- 1 The financial statements give a true and fair view of all income and expenditure of McGrath Foundation Limited with respect to fundraising appeal activities for the financial year ended 30 June 2018.
- 2 The statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2018.
- 3 The provisions of the Charitable Collections (WA) Act 1946 and the conditions attached to the authority have been complied with for the financial year ended 30 June 2018;
- 4 The provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2018; and
- 5 The internal controls exercised by McGrath Foundation Limited are appropriate and effective in accounting for all income received and applied by McGrath Foundation Limited from any of its fundraising appeals.



Mr John Conde AO  
Chairman  
25 September 2018  
Sydney, NSW

## DIRECTORS' DECLARATION

In the opinion of the directors of McGrath Foundation Limited (the Foundation):

- (a) the Foundation is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 10 to 22 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Foundation's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Mr John Conde AO  
Director  
25 September 2018  
Sydney, NSW



# Independent Auditor's Report

To the members of McGrath Foundation Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report**, of the McGrath Foundation Limited (the Foundation).

In our opinion, the accompanying **Financial Report** of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

- i. giving a true and fair view of the Foundation's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises the:

- i. Statement of financial position as at 30 June 2018.
- ii. Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration
- v. Declaration by the Chairman in respect of fundraising appeals of the Foundation.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards – Reduced Disclosure Requirements*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and 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 fulfilled our other ethical responsibilities in accordance with the Code.

## Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *ACNC Act 2012*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose.

Our report is intended solely for the members of the Foundation and ACNC and should not be used by any other party. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Financial Report to which it relates to any person other than the members of the Foundation and ACNC. Our opinion is not modified in respect of this matter.

## Other information

Other Information is financial and non-financial information in McGrath Foundation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations and with Section 15(1) and 15(2) of the *WA Charitable Collections Act 1946* and Regulations 1947, collectively the Acts and Regulations.
- iii. Determining that the basis of preparation described in Notes 2 to the Financial Report is appropriate to meet the requirements of the ACNC, the Acts and Regulations. The basis of preparation is also appropriate to meet the needs of the members.
- iv. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- v. Assessing the Foundation's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards – Reduced Disclosure Requirements*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. 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.
- ii. 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 registered Foundation's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. 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 registered Foundation'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 registered Foundation to cease to continue as a going concern.
- v. 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 of the registered Foundation 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.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

## Report on Other Legal and Regulatory Requirements

### Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion,

- i. the Financial Report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 30 June 2018;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2017 to 30 June 2018, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2017 to 30 June 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

### Opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In our opinion, the Foundation has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2018.



KPMG

Daniel Robinson

Partner

Sydney

25 September 2018