

**Australian Cancer Research
Foundation**
(A company limited by guarantee)

ABN 27 076 461 360

**Annual report
for the year ended 31 December 2010**

Australian Cancer Research Foundation ABN 27 076 461 360
Annual report - 31 December 2010

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Trustees' report

The Trustees present their report together with the financial report of Australian Cancer Research Foundation ("the Foundation") for the year ended 31 December 2010 unless otherwise stated.

Trustees

The following persons were Trustees of Australian Cancer Research Foundation during the whole of the financial year and up to the date of this report:

Mr A J Boettcher OAM
Mr G J Camm
Mr T B I Crommelin
Mr T S Dery
Mr C B Gantner AO
Mr S Gerlach
Mr P A S Jones
Mr J M Millar
Mr S J Perrott
Mr S R Rix
Sir Ian Turbott AO, CMG, CVO
Dr J S Yu AC

Lady McMahon was a Trustee from the beginning of the financial year until her death on 2 April 2010.

Information on Trustees

Mr A J Boettcher OAM. Trustee since 18 June 1984

Other positions held and current directorships

- Director of Cauty Pty Ltd
- Former Honorary Governor of the Science Foundation for Physics at the University of Sydney
- Former Director of Philips Electronics Australia Limited

Mr G J Camm. MBA (University of Melbourne) BBus (Monash) CPA; SF Fin. Trustee since 6 December 2000

Other positions held and current directorships

- Chief Executive Officer of Superpartners Pty Ltd
- Director of Catholic Development Fund

Mr T B I Crommelin. BCom (University of Queensland); Advanced Management Program (University of Hawaii); Fellow Society of Land Economists (FSLE); Fellow of the Securities Institute of Australia (FSIA). Trustee since 29 March 2000

Other positions held and current directorships

- Executive Chairman of RBS Morgans Limited
- Director of Brisbane Lions Foundation and Victoria Petroleum
- Trustee of Brisbane Grammar School (Government appointee)
- Chairman of Investment Advisory Board of the Australian National University, RBS Morgans Holdings and RBS Morgans Foundation
- Member of the Senate for the University of Queensland
- Director of Victoria Petroleum

Information on Trustees (continued)

Mr T S Dery. BCom (Econ) (University of New South Wales); MBA (Stanford). *Trustee since 1 April 1994*

Other positions held and current directorships

- Worldwide Chairman of M&C Saatchi
- Director of Jetset Travelworld Limited
- Trustee of Queenswood School for Girls

Mr C B Gantner AO. BA (University of Melbourne); Master of Fine Arts (Stanford); Grad Dip Arts Admin (Harvard).
Trustee since 6 December 2000

Other positions held and current directorships

- President of the Melbourne International Arts Festival
- Chairman of Sidney Myer Fund and Sidney Myer Estate
- Director of The Myer Foundation, Mypac Pty Ltd, Barclay Custodians Pty Ltd, Sidney Myer Custodians Pty Ltd, Australian Geographic Retail Pty Ltd, Nuco Pty Ltd, The Myer Family Company Pty Ltd, Jianguo Pty Ltd, Macallister Springs Pty Ltd, K-OSSS Pty Ltd, K-OSSS II Pty Ltd, HEA (Finance) Ltd (Hong Kong) and Ward Ferry Asian Reconnaissance Fund Ltd (Hong Kong)
- Former President of The Myer Foundation, Victorian Arts Centre Trust and Mayfair Hanoi Ltd (Vietnam)

Mr S Gertach. *Trustee since 15 November 1996*

Other positions held and current directorships

- Chairman of Foodbank SA Inc
- Director of Boston Pacific Asset Management Pty Ltd, Foodbank Australia Ltd, Peter Couche Foundation, Southcorp Ltd
- Chancellor of Flinders University
- Former Chairman of Santos Limited, Futuris Corporation Ltd, Equatorial Mining Ltd, Amdel Ltd and Australian Red Cross Society SA
- Former Partner and Managing Partner of Adelaide legal firm Finlaysons

Mr P A S Jones. *Trustee since 2 June 2005*

Other positions held and current directorships

- General Counsel and Company Secretary of Tassal Group Limited
- Former Director of Wridgways Australia Limited
- Former Solicitor Partner of Allens Arthur Robinson LLB, BSurv

Mr J M Millar B.Com (University of New South Wales), FCA, FAICD, Trustee since 2 June 2005

Other positions held and current directorships

- Director of Jetset Travelworld Limited, Mirvac Limited, Mirvac Funds Limited, Vincent Fairfax Ethics in Leadership Foundation Limited and Vincent Fairfax Family Foundation Limited
- Member of the University of NSW Australian School of Business Advisory Council
- Former Chief Executive Officer of Ernst & Young Australia
- Former Member of Business Council of Australia

Mr S J Perrott. BSc (University of Melbourne); MBA (Australian Graduate School of Management). *Trustee since 6 December 2000.*

Other positions held and current directorships

- Chairman of RBS Investment Banking

Information on Trustees (continued)

Mr S R Rix, B Ec, CA, FAICD. Trustee since 1 December 2005

Other positions held and current directorships

- Chairman of Travelex Australasia
- Investment committee member of JF Infrastructure
- Director of Allen & Unwin Ply Limited, Bennelong Funds Management Ltd and International Parking Group Pty Ltd

Sir Ian Turbott AO, CMG, CVO. Hon D Litt (University of Western Sydney). Trustee since 18 June 1984

Other positions held and current directorships

- Chairman of the I T Graham Investments Pty Limited and Australian Youth Trust
- Director of the Commonwealth Council and Ted Noffs Foundation
- Fellow of the Institute of Directors Association of Australia
- Emeritus Chancellor of the University of Western Sydney

Dr J S Yu AC MB, BS (USYD), FRACP, FRACMA, DCH (RCP&S Lond), Hon. MD (USYD), Hon D.Litt (UWS), Hon DSc (UNSW). Trustee since 1 December 2005.

Other positions held and current directorships

- Paediatrician and formerly Chief Executive Officer of the Children's Hospital at Westmead
- Chairman of the George Institute for International Health, Advisory Council for Asian Art and Archaeology (University of Sydney), VisAsia and Art Gallery of NSW
- Former Chancellor of University of NSW

Meetings of Trustees

The number of Trustees' meetings (including meetings of committees of Trustees) and number of the meetings attended by each of the Trustees of the Foundation during the financial year are:

	Meetings of Trustees		Meetings of Finance Investments and Audit Committee	
	A	B	A	B
Mr A J Boettcher OAM	4	4	-	-
Mr G J Camm	4	4	-	-
Mr T B I Crommelin	4	1	4	1
Mr T S Dery	4	4	4	4
Mr C B Gantner AO	4	4	-	-
Mr S Gerlach	4	2	-	-
Mr P A S Jones	4	4	-	-
Lady McMahon (died on 2nd April 2010)	1	-	-	-
Mr J M Millar	4	4	4	4
Mr S J Perrott	4	1	4	1
Mr S R Rix	4	4	4	4
Sir I Turbott AO, CMG, CVO	4	4	-	-
Dr J. S. Yu AC	4	4	-	-

A = Number of meetings eligible to attend
B = Number of meetings attended

Principal activities

The principal activity of the Foundation during the year was to act as a charitable institution providing cancer research funds. No significant change in the nature of those activities had occurred during the year.

Dividends

As the Foundation is limited by guarantee and has no share capital, no dividends are payable.

Review of operations

The operating surplus for the year before grants was \$7,420,967 (2009: surplus of \$9,270,677). Surplus after grants expense was \$6,420,823 (2009: surplus of \$4,270,677). All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenues which have been earned by the Foundation.

Objectives of Australian Cancer Research Foundation

ACRF is a private charitable Foundation dedicated solely to the funding of world class research in Australia. Our objectives, short and long term are to fulfil this aim with the maximum amount of funds each year that we can. We fulfil this aim through fundraising, all of which is sourced from private individuals and companies. There are many sources of fundraising, the most notable for us being bequests, in-memoriam donations, third party fundraisers, workplace givers, and annual appeals made to donors and potential donors.

Through our fundraising activities, funds are sourced for the sole purpose of funding great research in Australia. Every dollar of every donation we receive goes to cancer research. The selection of our grant awardees each year is overseen by our eminent scientific committee, known officially as our Medical Research Advisory Committee. This committee reviews all grant applications and makes recommendations to our Board of Trustees on the worthiness of such applications. Approval of research grants is the sole province of the Board.

ACRF is governed by a Board of Trustees and operationally managed by a Chief Executive. All things to do with money are managed by the CEO but overseen by a combination of our Finance Investments and Audit Committee, and also the Board of Trustees. Meetings of each group are held quarterly, at which time, all matters financial are reviewed by both bodies and approved. The success of our work is measured through pre-determined objectives for each year which become our KPIs. Each month, we monitor our fundraising results against a cashflow budget.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Foundation that occurred during the financial year under review.

Matters subsequent to the end of the financial year

There has been 2 grant agreements signed on 4 February 2011 by the Trustees of Australian Cancer Research Foundation:

Garvan St Vincents Cancer Centre	\$5,000,000
The centre of Cancer Biology (CCB), South Australian Pathology and the University of Adelaide	\$3,500,000

No other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Foundation will continue to act as a charitable institution and to raise funds for cancer research. The Foundation operates under a statement of compliance to the Charitable Fundraising Act 2008.

Environmental regulation

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

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Foundation has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Foundation.

During the financial year the Foundation has paid premiums in respect of Trustees' and officers' liability and legal expenses insurance contracts for the year ending 31 December 2010. Such insurance contracts insure against certain liability (subject to specific exclusions) arising against persons who are or have been Trustees or officers of the Foundation.

The Trustees have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Trustees' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Trustees' benefits

During the year no Trustee has received or become entitled to receive any benefit by reason of a contract made by the foundation with the Trustee or with a firm of which he or she is a member or a company in which he or she has a substantial financial interest.

Grants paid and awarded

In 2010 the Foundation paid grants (excluding GST) totalling \$2,918,658 (2009: \$8,281,249) as listed below.

	2010	2009
	\$	\$
Children's Cancer Institute of Australia	-	2,330,000
Queensland Institute of Medical Research	-	674,656
Diamantina Institute for Cancer	-	1,600,000
Walter and Eliza Hall Institute of Medical Research	-	320,108
University of Queensland Cancer Biology Imaging Facility	1,250,000	1,250,000
Peter MacCallum Cancer Centre	393,668	2,106,485
University of Tasmania	275,000	-
Flinders Medical Centre	250,000	-
Royal Melbourne Hospital	760,000	-
	<u>2,918,658</u>	<u>8,281,249</u>

During the year the Trustees resolved to award grants to the following organisations:

	2010	2009
	\$	\$
Garvan St Vincents Cancer Centre	2,500,000	-
Western Australian Institute for Medical Research	2,400,000	-
Walter and Eliza Hall Institute of Medical Research	2,000,000	-
Monash Institute of Medical Research	1,600,000	-
Children's Medical Research Institute (CMRI) & University of Newcastle, NSW	-	3,100,000
The Centre for Cancer Biology (CCB), South Australian Pathology and the University of Adelaide	-	3,500,000
	<u>8,600,000</u>	<u>6,600,000</u>

At year end all 2010 grants are contingent upon satisfactory contractual arrangements being negotiated between the respective parties. The Foundation receives annual progress reports from past grant recipients.

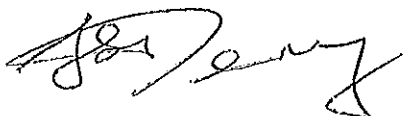
Auditor's Independence declaration

A copy of the auditor's independence declaration is set out on page 7.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Trustees.



Mr T S Dery
Trustee



Mr S R Rix
Trustee

Sydney
24 March 2011

PricewaterhouseCoopers
ABN 52 780 433 757

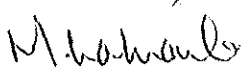
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Auditor's Independence Declaration

As lead auditor for the audit of Australian Cancer Research Foundation for the year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Cancer Research Foundation during the period.



M Laithwaite
Partner
PricewaterhouseCoopers

Sydney
24 March 2011

Australian Cancer Research Foundation ABN 27 076 461 360
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This financial report covers Australian Cancer Research Foundation as an individual entity. The financial report is presented in the Australian currency.

Australian Cancer Research Foundation is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Cancer Research Foundation
Suite 409, The Strand Arcade
412 George Street
Sydney 2000 NSW

A description of the nature of the Foundation's operations and its principal activities is included in the Trustees' report on pages 1-7, which is not part of this financial report.

The financial report was authorised for issue by the Trustees on 24 March 2011. The Foundation has the power to amend and reissue the financial report.

**Australian Cancer Research Foundation
Statement of comprehensive Income
For the year ended 31 December 2010**

	Notes	2010 \$	2009 \$
Revenue from continuing operations	3	9,262,468	11,400,898
Employee benefits expense		(881,737)	(1,023,100)
Fundraising expenses	3	(520,705)	(494,318)
Office and premises expenses		(163,762)	(148,914)
Consultancy fees		(139,401)	(94,382)
Other expenses		<u>(135,888)</u>	<u>(369,507)</u>
Surplus for the year before grants		7,420,967	9,270,677
Grants expense	5	<u>(1,000,144)</u>	<u>(5,000,000)</u>
Net surplus for the year		<u>6,420,823</u>	<u>4,270,677</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>6,420,823</u>	<u>4,270,677</u>

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

Australian Cancer Research Foundation
Balance sheet
As at 31 December 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	9,854,281	12,465,480
Trade and other receivables	8	970,471	923,214
Investments and other financial assets	9	30,892,183	24,397,715
Other current assets	10	<u>17,969</u>	<u>17,473</u>
Total current assets		<u>41,734,904</u>	<u>37,803,882</u>
Non-current assets			
Property, plant and equipment	11	104,744	139,130
Intangible assets	12	<u>34,044</u>	<u>1,567</u>
Total non-current assets		<u>138,788</u>	<u>140,697</u>
Total assets		<u>41,873,692</u>	<u>37,944,579</u>
LIABILITIES			
Current liabilities			
Payables	13	4,582,103	6,822,549
Provisions	14	<u>-</u>	<u>240,000</u>
Total current liabilities		<u>4,582,103</u>	<u>7,062,549</u>
Non-current liabilities			
Provisions	15	<u>38,327</u>	<u>49,591</u>
Total non-current liabilities		<u>38,327</u>	<u>49,591</u>
Total liabilities		<u>4,620,430</u>	<u>7,112,140</u>
Net assets		<u>37,253,262</u>	<u>30,832,439</u>
Accumulated funds			
Endowed funds for perpetual investment		10,000	10,000
General funds	16	<u>37,243,262</u>	<u>30,822,439</u>
Total accumulated funds		<u>37,253,262</u>	<u>30,832,439</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**Australian Cancer Research Foundation
Statement of changes in accumulated funds
For the year ended 31 December 2010**

	Endowed funds for perpetual investment \$	General funds \$	Total \$
Balance at 1 January 2009	10,000	26,551,762	26,561,762
Total comprehensive income for the year	<u>-</u>	<u>4,270,677</u>	<u>4,270,677</u>
Balance at 31 December 2009	<u>10,000</u>	<u>30,822,439</u>	<u>30,832,439</u>
Balance at 1 January 2010	10,000	30,822,439	30,832,439
Total comprehensive income for the year	<u>-</u>	<u>6,420,823</u>	<u>6,420,823</u>
Balance at 31 December 2010	<u>10,000</u>	<u>37,243,262</u>	<u>37,253,262</u>

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

Australian Cancer Research Foundation
Cash flow statement
For the year ended 31 December 2010

	2010	2009
Notes	\$	\$
Cash flows from operating activities		
Receipts in the course of operations	7,992,816	7,559,568
Payments in the course of operations	(2,063,374)	(1,690,196)
Payments in relation to grants	<u>(3,210,524)</u>	<u>(8,281,231)</u>
Net cash outflow (inflow) from operating activities	22 <u>2,718,917</u>	<u>(2,411,859)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	11 (7,538)	(126,803)
Payments for intangible assets	(50,000)	-
Payments for purchase of financial assets	(23,302,560)	-
Proceeds from disposal of financial assets	16,360,000	-
Dividends and distributions received	306,579	655,488
Interest received	<u>1,363,403</u>	<u>930,261</u>
Net cash (outflow) inflow from investing activities	<u>(6,330,116)</u>	<u>1,458,946</u>
Net decrease in cash and cash equivalents		
	(2,611,199)	(952,913)
Cash and cash equivalents at the beginning of the financial year	<u>12,465,480</u>	<u>13,418,393</u>
Cash and cash equivalents at end of year	7 <u>9,854,281</u>	<u>12,465,480</u>

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

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1 Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Compliance with Australian Accounting Standards (AAS) ensures that the financial statements and notes of Australian Cancer Research Foundation also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with AASB101 *Presentation of Financial Statements*.

Historical cost convention

These financial statements have been prepared on a going concern basis and under the historical cost convention.

Critical accounting estimates

Preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. There were no areas involving higher degrees of judgement or complexity, or areas where assumptions and estimates were significant to the financial statements of the Foundation.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major activities as follows:

(i) Interest revenue

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

(ii) Investment income

Securities purchased at a discount to face value are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. Income earned on investments is brought to account on an accruals basis.

(iii) Dividends and trust distributions

Revenue from dividends and trust distributions are recognised when right to receive payment is established. Franking credits from dividends are recognised on a cash basis.

(iv) Donations

Donations represent monies received into the Foundation's trust bank account.

In common with most organisations dependent on such contributions, the Foundation is unable to establish control over voluntary donations prior to their initial entry into the accounting records.

(v) Committee fundraising activities

Proceeds from the fundraising activities of the Committees, which are controlled by the Foundation, are brought to account on an accruals basis.

(vi) Bequests

The Foundation has been nominated as a beneficiary for a number of estates throughout the period. Revenue is recognised when bequests are received by the Foundation.

1 Summary of significant accounting policies (continued)

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the acquisition cost of the assets or of an item of expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

(d) Income tax

The Foundation is exempt from paying income tax. The Foundation holds an endorsement as an income tax exempt charity under subdivision 50-B of the Income Tax Assessment Act 1997.

(e) Acquisition of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where a bequest is received in the form of investments, these are recognised at fair value at the date acquired.

(f) Cash and cash equivalents

Cash assets are carried at face value of the amounts deposited. The carrying amount of cash assets approximates net fair value.

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

(g) Receivables

The recoverability of debts is assessed at year-end and specific provision is made for any doubtful accounts. The carrying amount of receivables approximates net fair value.

(h) Investments and other financial assets

Classification

The Foundation classified its investments in the following categories: financial assets at fair value through profit and loss and held-to-maturity financial assets.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are the investments held in managed portfolios which are acquired with the intention of making a positive return.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity. These investments normally have a maturity of more than three months but less than twelve months from the date of acquisition.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Subsequent measurement

Held-to-maturity investments are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Foundation's right to receive payments is established.

Fair value

The fair values of quoted investments are based on current bid prices.

(i) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. The carrying amount of accounts payable approximates net fair value.

(j) Employee entitlements

(i) Wages and salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance sheet date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

(ii) Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the balance date.

(iii) Superannuation

Contributions are made to employee superannuation funds and are charged against income as they are made.

The carrying amount of provisions for employee entitlements approximates net fair value.

(k) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on non-current 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, as follows:

Furniture, fittings and equipment	5 years
Leasehold improvements	5 years
Leased plant and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

1 Summary of significant accounting policies (continued)

(l) Grants

Grants are recognised as a liability in the financial statements when the Trustees have approved the provision of a grant to an organisation, the contract has been signed and there are no further conditions that must be met for the grant to be made. Where the Trustees has approved the provision of a grant to an organisation but no contract has been signed, a contingent liability is disclosed in the notes to the financial statements.

(m) Intangible assets

Website design

Costs incurred in developing the Foundation's website that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight-line basis, and up to 31 December 2008, the capitalised costs were amortised over 5 years. In the year to 31 December 2009, the Trustees adopted a three year amortisation period due to changes in technology.

(n) Comparative figures

Where necessary, certain items and balances in the financial statements have been amended to conform to current year presentation.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2010 reporting periods. The Foundations' assessment of the impact of these new standards and interpretations is set out below.

(i) **AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*** (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the foundation's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Foundation's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the foundation does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Foundation has not yet decided when to adopt AASB 9.

(ii) **Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards*** (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The foundation will apply the amended standard from 1 July 2011. When the amendments are applied, the Foundation will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) **AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*** (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Foundation's disclosures. The Foundation intends to apply the amendment from 1 July 2011.

2 Financial risk management

The Foundation's activities expose it to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Price risk

The Foundation is exposed to equity securities price risk. This arises from investments held by the Foundation which are classified on the balance sheet as fair value through profit or loss. The Foundation has an investment committee in place to manage and monitor its price risk including the diversification of its portfolio.

(ii) Cash flow and fair value interest rate risk

The Foundation's main interest rate risk arises from its holdings of cash, bank bills and term deposits. There is no material interest rate risk exposure on financial liabilities. During 2010 and 2009, the Foundation's investments were denominated in Australian Dollars.

(iii) Sensitivity analysis

The following table summarises the sensitivity of the Foundation's financial assets and financial liabilities to interest rate risk and other price risk. The analysis has been prepared by taking the balances of financial assets and liabilities at reporting date and calculating the sensitivity on profit and equity. The cash, bank bills and term deposits have been analysed using a 1% increase/decrease in interest rates (excluding the impact on cash which is locked at a fixed rate). The investments at fair value have been analysed using a 10% increase/decrease in the equity prices of those investments. It is considered that the 1% and 10% sensitivities are reasonably possible at period end.

31 December 2010	Carrying amount \$	Interest rate risk				Price risk			
		-1% Profit \$	Equity \$	+1% Profit \$	Equity \$	-10% Profit \$	Equity \$	+10% Profit \$	Equity \$
Financial assets									
Cash and cash equivalents	9,854,281	(98,543)	(98,543)	98,543	98,543	-	-	-	-
Bank bills and term deposits	19,997,147	40,625	40,625	(40,625)	(40,625)	-	-	-	-
Investments at fair value	10,895,036	-	-	-	-	(1,089,504)	(1,089,504)	1,089,504	1,089,504
Total Increase/ (decrease)		(57,918)	(57,918)	57,918	57,918	(1,089,504)	(1,089,504)	1,089,504	1,089,504

31 December 2009	Carrying amount \$	Interest rate risk				Price risk			
		-1% Profit \$	Equity \$	+1% Profit \$	Equity \$	-10% Profit \$	Equity \$	+10% Profit \$	Equity \$
Financial assets									
Cash and cash equivalents	12,465,480	(124,655)	(124,655)	124,655	124,655	-	-	-	-
Bank bills and term deposits	11,174,589	76,461	76,461	(76,461)	(76,461)	-	-	-	-
Investments at fair value	13,223,126	-	-	-	-	(1,322,313)	(1,322,313)	1,322,313	1,322,313
Total Increase/ (decrease)		(48,194)	(48,194)	48,194	48,194	(1,322,313)	(1,322,313)	1,322,313	1,322,313

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits held with banks and financial institutions. The maximum amount that would be exposed to credit risk is \$9,854,281 (2009: \$12,465,480). For banks and financial institutions, only independently rated parties with a high quality rating are used.

2 Financial risk management (continued)

(c) Liquidity risk

In order to monitor liquidity risk, the Trustees monitor forecasts of the Foundation's liquidity reserve on the basis of expected cash flow.

The tables below analyse the Foundation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows.

At 31 December 2010	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
Sundry creditors and accrued expenses	492,521	-	-	-
Grants payable	<u>4,045,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,537,847</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 31 December 2009

Sundry creditors and accrued expenses	198,985	-	-	-
Grants payable	<u>6,560,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,759,229</u>	<u>-</u>	<u>-</u>	<u>-</u>

(d) Fair value measurements

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 January 2009, the Foundation has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quotes prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Foundation's assets and liabilities measured and recognised at fair value at 31 December 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

At 31 December 2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss				
Trading securities	51,932	-	-	-
Managed portfolio investments	<u>-</u>	<u>10,843,106</u>	<u>-</u>	<u>-</u>
Total assets	<u>51,932</u>	<u>10,843,106</u>	<u>-</u>	<u>-</u>

2 Financial risk management (continued)

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Foundation is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Foundation uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. In the circumstances where a valuation technique for these instruments is based on significant observable inputs, such instruments are included in level 3.

3 Revenue and fundraising expenses

	2010 \$	2009 \$
Revenue from continuing operations		
Donations	976,804	949,875
Fundraising proceeds (note (a) below)	1,788,602	1,751,687
Bequests	4,807,985	4,745,243
Investment revenue (note (b) below)	2,136,919	1,539,004
Net fair value gains/(losses) on financial assets at fair value through profit and loss	(458,895)	2,414,629
Profit on sale of investments	10,803	-
Other revenue	240	460
	<u>9,262,458</u>	<u>11,400,898</u>
 (a) Fundraising proceeds		
Income from individual committee fundraising	335,000	456,400
Other fundraising income	1,439,819	1,273,965
Other events	13,983	21,322
	<u>1,788,602</u>	<u>1,751,687</u>
 Fundraising expenses		
Advertising	267,084	242,649
Other fundraising expenses	253,624	251,669
	<u>520,708</u>	<u>494,318</u>
 (b) Investment revenue		
Interest and bank bills discount received	1,361,727	969,713
Dividends received	9,096	23,723
Franking credits refunded	102,358	111,604
Managed trusts fund distributions	663,738	433,964
	<u>2,136,919</u>	<u>1,539,004</u>

4 (Deficit) / Surplus

	2010 \$	2009 \$
Net surplus for the year includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	41,924	32,574
<i>Amortisation</i>		
Website development	17,523	1,766
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	47,661	49,910
<i>Movement in provision for employee entitlements</i>	(47,029)	50,444

5 Grants expense

	2010 \$	2009 \$
Peter MacCallum Cancer Centre	144	2,500,000
Institute for Molecular Bioscience	-	2,500,000
Royal Melbourne Hospital	<u>1,000,000</u>	<u>-</u>
	<u>1,000,144</u>	<u>5,000,000</u>

Grants are recognised as an expense when a contract for the awarded grant has been signed.

6 Remuneration of auditors

The auditor did not receive any remuneration or benefits for audit services during the year.

	2010 \$	2009 \$
Non-audit services		
PricewaterhouseCoopers Australian firm		
Non-audit services	70,500	68,500
Taxation compliance services	<u>2,000</u>	<u>3,500</u>
Total remuneration for non-audit services	<u>72,500</u>	<u>72,000</u>

7 Current assets - Cash and cash equivalents

	2010 \$	2009 \$
Cash at bank - accumulated net investment revenues	3,607,857	4,135,782
Cash at bank - funds retained for future research projects	6,246,124	8,329,398
Petty cash	<u>300</u>	<u>300</u>
	<u>9,854,281</u>	<u>12,465,480</u>

7 Current assets - Cash and cash equivalents (continued)

The funds retained for future research projects bear floating interest rates between 4.6% and 5.8% (2009: 3.6% and 4.5%).

All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenues which have been earned by the Foundation. Surplus of expenses in any one year will be funded from accumulated investment revenues.

8 Current assets - Trade and other receivables

	2010 \$	2009 \$
General receivables	581,103	216,523
GST receivable	<u>389,368</u>	<u>706,691</u>
	<u>970,471</u>	<u>923,214</u>

(a) Past due but not impaired

As at 31 December 2010, general receivables do not contain impaired assets and are not past due. Based on the credit history of these assets, it is expected that these amounts will be received when due.

9 Current assets - Investments and other financial assets

	2010 \$	2009 \$
Bank bills and term deposits - held to maturity		
AMP Term Deposits (refer to (a))	5,281,538	5,101,082
CBA Term Deposits (refer to (b))	6,173,206	-
UBS Cash Management Trust (refer to (c))	47,703	-
ANZ Bank Bills (refer to (d))	3,266,950	2,939,739
Adelaide Bank Bills (refer to (e))	3,301,067	-
CBA Bank Bills (refer to (f))	2,956,696	-
NAB Bank Bills (refer to (g))	-	3,133,768
	<u>19,997,147</u>	<u>11,174,589</u>
Managed portfolio investments - at fair value through profit or loss		
AMP Investments (refer to (h))	1,573,803	1,584,898
Hunter Hall Fund (refer to (i))	1,911,317	1,872,486
Kaplan Master Trust Income Fund (refer to (j))	2,127,054	3,152,506
Maple-Brown Abbott Fund (refer to (k))	3,121,398	3,510,812
Goldman Sachs JBWere (refer to (l))	1,388,127	1,447,637
Perpetual Investments (refer to (m))	<u>721,404</u>	<u>744,054</u>
	<u>10,843,103</u>	<u>12,312,393</u>
Other investments - at fair value through profit or loss		
Equity securities	<u>51,933</u>	<u>910,733</u>
	<u>30,892,183</u>	<u>24,397,715</u>

(a) The AMP term deposit is a 365 day term deposit maturing on 15 March 2011. The interest rate on the deposit is 6.31% (2009: 6.95%).

(b) The CBA term deposit is a 243 day term deposit maturing on 24 January 2011. The interest rate on the deposit is 5.80%.

(c) The UBS Cash Management Trust is primarily used by ACRF as a cash account with UBS as its investment advisers. The average interest rate for the year ended 31 December 2010 was 3.69%.

9 Current assets - Investments and other financial assets (continued)

- (d) The ANZ bank bill has a face value of \$3,300,000 (2009: \$3,000,000) and matures on 15 March 2011 (2009: nil). The interest rate is fixed at 4.99% (2009: 4.35).
- (e) The Adelaide bank bill has a face value of \$3,370,000 (2009: \$nil) and matures on 6 May 2011 (2009: nil). The interest rate is fixed at 6.05% (2009: nil).
- (f) The CBA bank bill has a face value of \$3,000,000 (2009: nil) and matures on 18 April 2011 (2009: nil). The interest rate is fixed at 4.95% (2009: nil).
- (g) The NAB bank bill matured on 7 May 2010 and was not rolled over.
- (h) The AMP Responsible Investment Leaders International Share Fund units were initially purchased in September 2006. In January 2009, a distribution was reinvested to acquire 27,473 units at an issue price of \$0.5707 totalling \$15,678. In July 2009, a distribution was reinvested to acquire 8,826 units at an issue price of \$0.5502 totalling \$4,856. In January 2010 a distribution was reinvested to acquire 589 units at an issue price of \$0.5722 per unit, totalling \$337. As at 31 December 2010 the redemption price of these units was \$0.5645 (2009: \$0.5686).
- (i) The Hunter Hill Value Growth Trust Fund units were initially purchased in September 2006. In January 2010 a distribution was reinvested to acquire 20,491 units at an issue price of \$2.2270 per unit totalling \$45,634. In August 2010 a further distribution was reinvested to acquire 3,758 units at an issue price of \$2.0346 per unit totalling \$7,647. As at 31 December 2010 the redemption price of these units was \$2.2563 (2009: \$2.2756).
- (j) The Kaplan Master Trust Income Fund units were initially purchased in October 2003. In April 2010 1,330,318 units were redeemed at the redemption price of \$0.7517 per unit, totalling \$1,000,000. As at 31 December 2010 the redemption price of these units was \$0.7290 (2009: \$0.7421).
- (k) The Maple Brown Abbott Diversified Investment Trust, units were initially purchased in July 2004. In September 2006, this investment was transferred to the Maple Brown Abbott Australian Equity Trust, consisting of 2,343,040 units at an issue price of \$2.3186 per unit totalling \$5,432,521. As at 31 December 2010 the redemption price of these units was \$1.3322 (2009: \$1.4984).
- (l) The Goldman Sachs JBWere Managed Accounts Portfolio funds were invested in during September 2007 for a total of \$2,000,000. The portfolio consists of directly held Australian stocks. As at 31 December 2010 the market value of the portfolio was \$1,388,127 (2009: \$1,447,637).
- (m) Perpetual Investments - Wholesale Property Securities Fund units were initially purchased in September 2006. In January 2009 a distribution of \$13,157 was received. In April 2009 a distribution of \$8,476.71 was received. In July 2009 a distribution of \$1,495 was received. In October 2009 a distribution of \$10,261 was received. As at 31 December 2010 the redemption price of these units was \$0.6370 (2009: \$0.6570).

10 Current assets - Other current assets

	2010 \$	2009 \$
Prepayments	17,569	17,073
Returnable float	200	200
Deposits (security)	200	200
	<u>17,969</u>	<u>17,473</u>

11 Non-current assets - Property, plant and equipment

	Furniture and fittings \$	Leasehold improvements \$	Computer equipment \$	Computer software \$	Total \$
At 1 January 2009					
Cost	18,014	47,582	92,657	-	158,253
Accumulated depreciation	<u>(12,610)</u>	<u>(47,070)</u>	<u>(53,672)</u>	<u>-</u>	<u>(113,352)</u>
Net book amount	<u>5,404</u>	<u>512</u>	<u>38,985</u>	<u>-</u>	<u>44,901</u>
Year ended 31 December 2009					
Opening net book amount	5,404	512	38,985	-	44,901
Additions	40,217	-	17,036	69,550	126,803
Depreciation charge	<u>(8,275)</u>	<u>(270)</u>	<u>(20,394)</u>	<u>(3,635)</u>	<u>(32,574)</u>
Closing net book amount	<u>37,346</u>	<u>242</u>	<u>35,627</u>	<u>65,915</u>	<u>139,130</u>
At 31 December 2009					
Cost	58,231	47,582	109,693	69,550	285,056
Accumulated depreciation	<u>(20,885)</u>	<u>(47,340)</u>	<u>(74,066)</u>	<u>(3,635)</u>	<u>(145,926)</u>
Net book amount	<u>37,346</u>	<u>242</u>	<u>35,627</u>	<u>65,915</u>	<u>139,130</u>
Year ended 31 December 2010					
Opening net book amount	37,346	242	35,627	65,915	139,130
Additions	667	-	6,871	-	7,538
Depreciation charge	<u>(10,209)</u>	<u>(180)</u>	<u>(17,625)</u>	<u>(13,910)</u>	<u>(41,924)</u>
Closing net book amount	<u>27,804</u>	<u>62</u>	<u>24,873</u>	<u>52,005</u>	<u>104,744</u>
At 31 December 2010					
Cost	58,898	47,582	116,564	69,550	292,594
Accumulated depreciation	<u>(31,094)</u>	<u>(47,520)</u>	<u>(91,691)</u>	<u>(17,545)</u>	<u>(187,850)</u>
Net book amount	<u>27,804</u>	<u>62</u>	<u>24,873</u>	<u>52,005</u>	<u>104,744</u>

12 Non-current assets - Intangible assets

	Website development \$
At 1 January 2009	
Cost	4,000
Accumulated amortisation	<u>(667)</u>
Net book amount	<u>3,333</u>
Year 31 December 2009	
Opening net book amount	3,333
Amortisation charge	<u>(1,766)</u>
Closing net book amount	<u>1,567</u>
At 31 December 2009	
Cost	4,000
Accumulated amortisation	<u>(2,433)</u>
Net book amount	<u>1,567</u>
Year 31 December 2010	
Opening net book amount	1,567
Additions	50,000
Amortisation charge	<u>(17,523)</u>
Closing net book amount	<u>34,044</u>
At 31 December 2010	
Cost	54,000
Accumulated amortisation	<u>(19,956)</u>
Net book amount	<u>34,044</u>

Amortisation is calculated on a straight-line basis, and up to 31 December 2008, the capitalised costs were amortised over 5 years. For the years ended 31 December 2009 and 31 December 2010 the Trustees adopted a three year amortisation period due to changes in technology.

13 Current liabilities - Payables

	2010 \$	2009 \$
Grants payable		
Royal Prince Alfred Hospital	600,000	900,000
Peter MacCallum Cancer Centre	-	393,514
Institute for Molecular Bioscience	-	1,250,000
Flinders Medical Centre	750,000	1,000,000
Westmead Institute	1,000,000	1,000,000
Queensland Institute of Medical Research	1,077,569	1,145,344
Royal Melbourne Hospital	250,000	-
University of Tasmania	-	275,000
GST on grants payable	<u>367,767</u>	<u>596,386</u>
Total grants payable	<u>4,045,326</u>	<u>6,560,244</u>
Provision for annual leave	44,256	63,320
Sundry creditors and accrued expenses	<u>492,521</u>	<u>198,985</u>
	<u>4,582,103</u>	<u>6,822,549</u>

Reconciliation of grants payable

	2010 \$	2009 \$
Balance at 1 January	6,560,244	8,244,617
Grants expensed	1,000,144	5,000,000
GST recoverable on grants expensed	100,014	500,000
Grants reclassified as non-current	-	1,750,000
GST on grants reclassified as non-current	-	175,000
Grants paid	(2,918,658)	(8,281,249)
GST recoverable of grants paid	(291,866)	(828,124)
Grants payable reclassified to current payables	(367,774)	-
GST on grants reclassified to current payables	<u>(36,778)</u>	<u>-</u>
Balance at 31 December	<u>4,045,326</u>	<u>6,560,244</u>

14 Current liabilities - Provisions

	2010 \$	2009 \$
Provision for legal claim (refer to (a))	<u>-</u>	<u>240,000</u>

(a) Movements in provisions

	Provision for legal claim \$
Carrying amount at start of year	240,000
Payment of claim liability	<u>(240,000)</u>
Carrying amount at end of year	<u>-</u>

15 Non-current liabilities - Provisions

	2010	2009
	\$	\$
Employee benefits - long service leave (refer to (a))	<u>38,327</u>	<u>49,591</u>

(a) Movements in provisions

	Employee benefits - long service leave \$
Carrying amount at start of year	49,591
Payment for claimed liability	-
- additional provisions recognised	(28,482)
- unused amounts reversed	<u>17,218</u>
Carrying amount at end of year	<u>38,327</u>

16 General funds

	2010	2009
	\$	\$
General funds at beginning of year	30,822,439	26,551,762
Net surplus for the year	<u>6,420,823</u>	<u>4,270,677</u>
Total general funds	<u>37,243,262</u>	<u>30,822,439</u>

17 Contingent liabilities

	2010	2009
	\$	\$
Future grants approved by the Trustees at balance date but agreements not signed:		
Garvan St Vincents Cancer Centre*	5,000,000	2,500,000
Centenary Institute	5,000,000	5,000,000
Royal Melbourne Hospital	-	1,000,000
Children's Medical Research Institute (CMRI) & University of Newcastle NSW	3,100,000	3,100,000
The Centre for Cancer Biology (CCB), South Australian Pathology and the University of Adelaide*	3,500,000	3,500,000
Western Australian Institute for Medical Research	2,400,000	-
Walter and Eliza Hall Institute of Medical Research	2,000,000	-
Monash Institute of Medical Research	<u>1,600,000</u>	<u>-</u>
	<u>22,600,000</u>	<u>15,100,000</u>

* See Note 21.

18 Related party transactions

Details of the Trustees are disclosed in the Trustees' report. No emoluments were received or due and receivable by the Trustees of the Foundation during this year.

Some Trustees are associated with companies or firms which provide services to the Foundation. Invoices rendered to and paid by the Foundation for such services are stated to represent recovery by those companies and firms only of actual costs they have incurred in providing such services.

19 Commitments

Operating leases

	2010	2009
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	43,013	46,924
Later than one year but not later than five years	<u>-</u>	<u>43,013</u>
Commitments not recognised in the financial statements	<u>43,013</u>	<u>89,937</u>

The lease is in relation to the premises occupied by the Foundation and is for a 5 year term expiring on 25 November 2011. There is no option to renew before the termination date. There is no option to review the rent. The rent of \$46,924 per annum gross as at 26 November 2006 is fixed for the duration of the lease.

20 Members liabilities

The liability of the members is limited to \$100 (2009: \$100).

21 Events occurring after the reporting period

On 4 February 2011, the Trustees of Australian Cancer Research Foundation signed 2 grant agreements:

Garvan St Vincents Cancer Centre	\$5,000,000
The Centre of Cancer Biology (CCB), South Australian Pathology and the University of Adelaide	\$3,500,000

22 Reconciliation of surplus/(deficit) after grants to net cash inflow from operating activities

	2010	2009
	\$	\$
Surplus/(deficit) for the year	6,420,823	4,270,677
Depreciation and amortisation	59,447	34,340
Dividend and distributions income	(672,834)	(457,687)
Interest income	(997,148)	(969,713)
Net fair value (gains)/losses on sale of financial assets	(10,803)	-
Fair value adjustment to investments	458,895	(2,414,629)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(47,257)	395,622
Decrease/(increase) in other operating assets	(496)	(4,317)
(Decrease)/increase in trade and grants payables	(2,240,446)	(3,471,335)
(Decrease)/increase in other operating liabilities	<u>(251,264)</u>	<u>205,183</u>
Net cash (outflow) inflow from operating activities	<u>2,718,917</u>	<u>(2,411,859)</u>

23 Information and declaration to be furnished under the Charitable Fundraising Act 2008

The following information is included to comply with the Charitable Fundraising Act 2008.

As in previous years the Foundation has complied with the Charitable Fundraising Act with respect to expenses recognised as costs of fundraising activities. Those costs that are directly attributable to fundraising activities, and can be reliably identified as such, have been included as a cost of fundraising activities in this note. This provides a comparatively more accurate measure of the Foundation's fundraising performance from year to year.

(a) Statement of Income and expenditure of all fundraising activities conducted during the financial year

	2010	2009
	\$	\$
Gross proceeds from fundraising activities		
Donations - Corporate and private	960,394	928,295
Donations - Committees	16,410	21,580
Bequests	4,807,985	4,745,243
Proceeds from fundraising activities	<u>1,788,602</u>	<u>1,751,687</u>
	<u>7,573,391</u>	<u>7,446,805</u>
 Less: Totals cost of fundraising activities		
Advertising	287,081	242,649
Business development	63,322	64,337
Employee expenses	476,134	609,427
Events management	5,601	7,576
Printing, postage & stationery	48,161	85,107
Promotion expenses	39,960	24,320
Other fundraising activities	<u>96,580</u>	<u>70,329</u>
	<u>996,839</u>	<u>1,103,745</u>
	<u>6,576,552</u>	<u>6,343,060</u>

(b) Information on any material occurrence

The Foundation is not aware of any material matter or occurrence, including those of an adverse nature affecting the conduct of and financial results of fundraising activities during the year.

Statement on the application of funds to charitable purposes

The current policy of the Foundation is to make medical research grants upwards from a minimum of \$1.5 million (2009: \$1.5 million) each to selected research units. The selection process, which is carried out by the Foundation's Medical Research Advisory Committee, can extend over a period of one year or more.

During the year the Foundation received net income of \$6,576,553 (2009: \$6,343,060) from fundraising and a net gain of \$1,678,024 (2009: net gain of \$3,953,633) from the investment of fundraising monies and from other sources.

All expenses of the Foundation, including fundraising expenses, are fully funded from investment revenues which have been earned by the Foundation.

Accumulated net investment revenue held in cash at bank which are available to meet future expenses of the Foundation amount to \$3,607,857 (2009: \$4,135,782).

Medical research grants expensed during the year totalled \$1,000,144 (2009: \$5,000,000). Administration costs incurred during the year totalled \$844,651 (2009: \$1,011,510). The surplus for the year of \$6,420,823 (2009: Surplus of \$4,270,677) was transferred to general funds.

List of all forms of fundraising appeals conducted during the financial year

Direct mail
Regular direct debit donations
Corporate donations
Private donations and bequests
Third party fundraising

**23 Information and declaration to be furnished under the Charitable Fundraising Act 2008
(continued)**

(c) Comparison by monetary figures and percentages

	2010 \$	2009 \$	2010 %	2009 %
Total cost of fundraising	<u>996,839</u>	<u>1,103,745</u>		
Gross income from fundraising	7,573,391	7,466,805	13	15
Net surplus from fundraising	<u>6,576,543</u>	<u>6,343,060</u>	87	85
Gross income from fundraising	7,573,391	7,466,805		
Total cost of service*	<u>1,000,144</u>	<u>5,000,000</u>	35	70
Total expenditure	2,841,636	7,115,255		
Total cost of service*	<u>1,000,144</u>	<u>5,000,000</u>	11	44
Total income received from fundraising and investment	9,262,458	11,400,898		

* "Total cost of service" relates to amounts expensed on direct services in accordance with the objectives or purposes of the Foundation, that is, to provide cancer research grants.

In the Trustees' opinion:

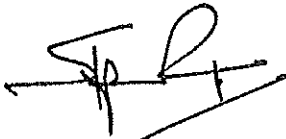
- (a) the financial statements and notes set out on pages 8 to 30 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2010 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Reporting Standards as Issued by the International Accounting Standards Board.

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



Mr T S Dery
Trustee



Mr S R Rix
Trustee

Sydney
24 March 2011

Declaration by Chairman in respect of fundraising appeals

Declared opinion

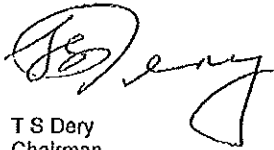
I, T S Dery, Chairman of the Board of Trustees of the Australian Cancer Research Foundation, declare in my opinion:

(a) the financial report gives a true and fair view of all income and expenditure of Australian Cancer Research Foundation with respect to fundraising appeal activities for the financial year ended 31 December 2010;

(b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 31 December 2010;

(c) the provisions of the Charitable Fundraising (NSW) Act 2008 and the Regulations and conditions attached to the authority have been complied with for the financial year ended 31 December 2010; and

(d) the internal controls exercised by Australian Cancer Research Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



T S Dery
Chairman

Sydney
24 March 2011



Independent auditor's report to the members of
Australian Cancer Research Foundation

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Auditor's Independence Declaration

As lead auditor for the audit of Australian Cancer Research Foundation for the year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Cancer Research Foundation during the period.



M Laithwaite
Partner
PricewaterhouseCoopers

Sydney
24 March 2011