

Australian Cancer Research Foundation
(A company limited by guarantee)

ABN 27 076 461 360

Annual report for the year ended 31 December 2019

Australian Cancer Research Foundation

ABN 27 076 461 360

Annual report - 31 December 2019

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Principal activities

The principal activity of Australian Cancer Research Foundation (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 occurred during the year.

Review of operations

The operating surplus for the year before grants was \$10,536,004 (2018: \$6,116,481). Profits after grants contracted during the year was a Deficit of \$8,258,150 (2018 Surplus: \$416,481).

The operating deficit is reflective of the procedure where all grants are included as liabilities when the contract is signed and there are no further conditions that must be met for the grant to be paid. In 2019 this included the \$9.9 million anniversary grant to the University of Queensland which will be paid in three tranches in 2019, 2020 and 2021.

Objectives of Australian Cancer Research Foundation (ACRF)

ACRF is a private charitable Foundation dedicated solely to the funding of world class research in Australia focused on the prevention, detection and treatment of all forms of cancer. The Foundation's objectives, short and long term are to fulfil this aim with the maximum amount of funds each year. This is fulfilled through fundraising. There are many sources of fundraising, the most notable being bequests, in memoriam donations, in celebration donations, corporate donations, philanthropy, third party fundraisers, workplace giving, and annual appeals made to donors and potential donors.

Key strategies for achieving objectives

Through the Foundation's fundraising activities, funds are sourced for the sole purpose of funding exceptional cancer research in Australia through the provision of infrastructure, major-state-of-the-art technology and equipment. The competitive selection of grant awardees each year is overseen by an eminent scientific committee, known officially as the Medical Research Advisory Committee. This committee reviews all grant applications and makes recommendations to the Board of Trustees on the worthiness of such applications. Approval of research grants is decided by the Board of Trustees.

Explanation of how business activities helped meet key objectives

ACRF is governed by a Board of Trustees and operationally managed by a Chief Executive Officer (CEO). All things to do with money are managed on a day to day basis by the CEO with approval limits and procedures set by the Board of Trustees. Approval above these limits must be obtained from the Chair of the Finance, Investments and Audit Committee or the Chairman. Financial matters are overseen by a combination of the Finance Investments and Audit Committee (annually) and the Board of Trustees (quarterly) who review and approve all financial matters.

Measurement of performance

The success of ACRF is measured through pre-determined objectives for each year which become our Key Performance Indicators (KPIs). Each month, we monitor our fundraising results against a cash-flow budget. Set out below are the KPIs:

- Strict compliance with all regulatory matters and standard acceptable business practices
- Effective overall management of the organisation
- Achieve annual projected fundraising targets for both bequest and for non-bequest income
- Meet pre-agreed and acceptable expense ratios for fundraising
- Meet annual projected dollar costs for fundraising
- Meet annual budgeted operating surplus
- Compliance with agreed guidelines for the awarding of research grants, that are appropriate for the attraction and selection of high-quality research projects
- Growth in overall community awareness of ACRF
- Compliance with the Risk Management Policy and Calendar for the assessment and review of the risks associated with the operation of the Foundation.

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 2019 the Foundation paid grants (excluding GST) totalling \$10,746,716 (2018: \$6,976,600) as listed below.

| | 2019 | 2018 |
|---------------------------------------------------------------|-------------------|------------------|
| | \$ | \$ |
| University of Western Australia - Harry Perkins Institute | 1,503,629 | 241,600 |
| QIMR Berghofer Medical Research Institute | 750,000 | 1,000,000 |
| South Australian Health & Medical Research Ins (SAHMRI) | 2,500,000 | - |
| Centenary Institute of Cancer Medicine & Cell Biology | 100,000 | 300,000 |
| Griffith University (Compound Management & Logistics) | 2,000,000 | - |
| Children's Medical Research Institute (CMRI) | 100,000 | 3,100,000 |
| The University of Melbourne (Bio21 Institute) | 864,187 | - |
| University of Queensland - Diamantina Institute | 2,928,900 | - |
| University of Queensland - Institute for Molecular Bioscience | - | 335,000 |
| Olivia Newton-John Cancer Research Institute | - | 2,000,000 |
| | 10,746,716 | 6,976,600 |

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

| | 2019 | 2018 |
|---------------------------------------------------------|------------------|-------------------|
| | \$ | \$ |
| University of Queensland - Diamantina Institute | - | 9,900,000 |
| The University of Melbourne (Bio21 Institute) | - | 2,000,000 |
| South Australian Health & Medical Research Ins (SAHMRI) | - | 2,500,000 |
| Griffith University (Compound Management & Logistics) | - | 2,000,000 |
| Children's Cancer Institute of Australia (CCI) | 3,500,000 | - |
| Walter and Eliza Hall Institute for Medical Research | 3,500,000 | - |
| | 7,000,000 | 16,400,000 |

During the financial period, the timing and instalment amounts of the grants payments are contingent upon satisfactory contractual arrangements being negotiated between the respective parties. The Foundation receives annual progress reports from past grant recipients.

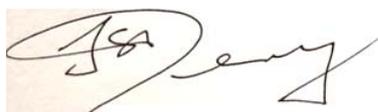
Members' contribution in winding up

If the Foundation is wound up, its constitution states that each member is required to contribute a maximum of \$100 towards meeting outstanding obligations of the Foundation. At reporting date, there were 52 members of the Foundation.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC)* is set out on page 5 and forms part of the Trustees' report.

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



Mr Tom Dery AO
Trustee



Mr Stephen Rix
Trustee
Sydney, 14 May 2020

Auditor's Independence Declaration

To the Trustees of the Australian Cancer Research Foundation

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of the Australian Cancer Research Foundation for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



A J Archer
Partner – Audit & Assurance

Sydney, 14 May 2020

Australian Cancer Research Foundation

ABN 27 076 461 360

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Australian Cancer Research Foundation
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

| | | 2019 | 2018 |
|---------------------------------------------------------------------------------|-------|--------------------|-------------|
| | Notes | (\$) | (\$) |
| Revenue from continuing operations | 3 | 11,271,243 | 10,187,866 |
| Investment income | 3 | 1,154,887 | 1,688,579 |
| Fair value gain/(loss) on financial assets at fair value through profit or loss | | 2,146,392 | (1,526,934) |
| Net loss on sale of financial assets held at fair value through profit or loss | | (155,119) | (321,685) |
| | | 14,417,403 | 10,027,826 |
| Employee benefits expense | | (2,155,295) | (2,121,488) |
| Fundraising expenses | | (1,079,833) | (1,134,944) |
| Website and domain name development expense | | (43,344) | (58,705) |
| Office and premises expenses | | (56,178) | (205,312) |
| Investment management fees | | (60,830) | (70,076) |
| Professional service fees | | (2,698) | (14,050) |
| Depreciation expense | 4 | (167,566) | (25,355) |
| Other expenses | | (315,655) | (281,415) |
| Surplus for the year before grants awarded | | 10,536,004 | 6,116,481 |
| Grants contracted and expensed during the year | 5 | (18,794,154) | (5,700,000) |
| Net (deficit)/surplus for the year after grants awarded | | (8,258,150) | 416,481 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive (loss)/income for the year | | (8,258,150) | 416,481 |

Australian Cancer Research Foundation
Statement of financial position
As at 31 December 2019

| | Notes | 2019 (\$) | 2018 (\$) |
|----------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 1,648,745 | 1,964,707 |
| Receivables | 7 | 836,130 | 725,648 |
| Financial assets | 8 | 13,765,083 | 8,652,921 |
| Other current assets | 9 | 120,013 | 122,259 |
| Total current assets | | 16,514,661 | 11,465,535 |
| Non-current assets | | | |
| Receivables | 7 | 499,190 | - |
| Financial assets | 8 | 9,355,887 | 13,669,743 |
| Other assets | 9 | 114,924 | 447,000 |
| Property, plant and equipment | 10 | 31,902 | 40,405 |
| Right of use assets | 11 | 241,150 | - |
| Total non-current assets | | 10,098,363 | 14,157,148 |
| Total assets | | 26,613,024 | 25,622,683 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 12 | 6,558,045 | 3,105,718 |
| Employee benefit obligations | 13 | 164,675 | 119,164 |
| Lease liabilities | 1(a) | 148,321 | - |
| Total current liabilities | | 6,871,041 | 3,224,882 |
| Non-current liabilities | | | |
| Payables | 12 | 5,491,090 | - |
| Employee benefit obligations | 13 | 33,602 | 28,602 |
| Lease liabilities | 1(a) | 106,242 | - |
| Total non-current liabilities | | 5,630,934 | 28,602 |
| Total liabilities | | 12,501,975 | 3,253,484 |
| Net assets | | 14,111,049 | 22,369,199 |
| ACCUMULATED FUNDS | | | |
| Endowed funds for perpetual investment | | 10,000 | 10,000 |
| General funds | 14(a) | 14,101,049 | 22,359,199 |
| Total accumulated funds | | 14,111,049 | 22,369,199 |

**Australian Cancer Research Foundation
Statement of changes in accumulated funds
For the year ended 31 December 2019**

| | Endowed funds for perpetual investment | General funds | Total accumulated funds |
|------------------------------------------------|-----------------------------------------------------------|--------------------------|----------------------------------------|
| | \$ | \$ | \$ |
| Balance at 1 January 2018 | 10,000 | 21,942,718 | 21,952,718 |
| Surplus for the year | — | 416,481 | 416,481 |
| Other comprehensive income | — | — | — |
| Total comprehensive income for the year | — | 416,481 | 416,481 |
| Balance at 31 December 2018 | 10,000 | 22,359,199 | 22,369,199 |
| Balance at 1 January 2019 | 10,000 | 22,359,199 | 22,369,199 |
| Deficit for the year | — | (8,258,150) | (8,258,150) |
| Other comprehensive income | — | — | — |
| Total comprehensive loss for the year | — | (8,258,150) | (8,258,150) |
| Balance at 31 December 2019 | 10,000 | 14,101,049 | 14,111,049 |

**Australian Cancer Research Foundation
Statement of cash flows
For the year ended 31 December 2019**

| | 2019 | 2018 |
|-------------------------------------------------------------|--------------------|------------------|
| Note | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts in the course of operations | 11,231,730 | 10,175,993 |
| Payments in the course of operations | (3,192,632) | (3,784,313) |
| Payments in relation to grants | (10,746,716) | (6,976,600) |
| Net cash outflow from operating activities | (2,707,618) | (584,920) |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (14,372) | (16,512) |
| Payments for purchase of financial assets | (17,848,995) | (16,938,199) |
| Proceeds from disposal of financial assets | 19,035,820 | 15,899,192 |
| Dividends and distributions received | 1,157,310 | 1,389,112 |
| Interest received | 220,201 | 230,247 |
| Net cash inflow from investing activities | 2,549,964 | 563,840 |
| Cash flows from financing activities | | |
| Lease payments (principal and interest) | (158,308) | - |
| Net cash outflow from financing activities | (158,308) | - |
| Net decrease in cash and cash equivalents | (315,962) | (21,080) |
| Cash and cash equivalents at the beginning of the financial | 1,964,707 | 1,985,787 |
| Cash and cash equivalents at the end of the year | 1,648,745 | 1,964,707 |

Contents of the notes to the financial statements

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1 Summary of significant accounting policies

This financial report covers Australian Cancer Research Foundation (the "Foundation" or "ACRF") as an individual entity. Australian Cancer Research Foundation is a company limited by guarantee, incorporated and domiciled in Australia. The financial report is presented in Australian currency.

A description of the nature of the Foundation's operations and its principal activities is included in the Trustees' report on pages 1 - 5, which is not part of these financial statements.

The financial statements were authorised for issue by the Trustees on 14 May 2020. The Trustees have the power to amend and reissue the financial statements.

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC). Australian Cancer Research Foundation is a not for-profit entity for the purpose of preparing the financial statements.

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

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

| | |
|------------------------|-------------------------|
| Leases: | Note 1(a) (iv), Note 15 |
| Revenue: | Note 1(c) |
| Depreciation: | Note 1(n) |
| Employee entitlements: | Note 1(m) |

(iv) New and amended standards adopted by the Foundation

The Foundation has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2019:

- AASB 15 Revenue from Contracts with Customers,
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

1. Summary of significant accounting policies (continued)

AASB 15 & 1058 (applicable 1 January 2019)

The Foundation's major revenue streams are donation from appeals, community engagement fundraising and bequest. AASB 15 Revenue from Contracts with Customers considers whether a transaction consists of a contract with the customer. AASB 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. AASB 15 will be applied where an entity has an enforceable, sufficiently specific obligation to provide goods or services. Otherwise, AASB 1058 will be applied.

AASB 15 establishes a new five steps methodology for recognising revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

ACRF revenue is accounted in accordance with the applicable Australian Accounting Standard. The date of initial application is 1 January 2019 and the Company has assessed the effects of applying the new standards on the financial statements. The assessment has focussed on identifying revenue streams that are likely to be impacted by the adoption of the new standards, whether such revenue streams are likely to fall within the limit of AASB 15, resulting in revenue being deferred and determining the effect on the financial statements on the date of initial application.

AASB 16 (applicable 1 January 2019)

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The Foundation has only one operating lease that needs to be considered under the new standard.

AASB 16 defines the lease as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". Subject to the exemptions, the lessee is recognised on the balance sheet. This involves recognising:

- A 'right-of-use' asset; and
- A lease liability.

The only exception are short-term leases that have a remaining lease term of less than 12 months from the date of initial application (1 January 2019) and low-value leases. Foundation using the modified retrospective approach that standard allows where the comparatives have not been restated. Lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The lease liability is initially measured as the present value of future lease payments. The initial measurement of the right-of-use asset is based on the lease liability, with adjustments for any prepaid rents, lease incentives received and initial direct costs incurred. In subsequent periods, the lease liability is accounted for similarly to a financial liability using the effective interest method. The right-of-use asset is accounted for similarly to a purchased asset and depreciated.

Rental expenses incurred relating to operating lease payments reversed against lease liability and interest according to AASB 16.

The standard will affect primarily the accounting for the Foundation's operating leases, the lease is in relation to the premises occupied by the Foundation and is for a 5 year term expiring on 31 August 2021.

1. Summary of significant accounting policies (continued)

Financial report impact of adoption of AASB 16

The following measures and practical expedients have been used on transition:

- Contracts which had previously been assessed as not containing leases under AASB 117 and associated accounting interpretations were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using ACRFs incremental borrowing rate at 1 January 2019.

| Reconciliation of operating lease commitments | \$ |
|---------------------------------------------------------------|----------------|
| Closing balance 31 Dec 2018 | 438,150 |
| Discounted using the incremental borrowing rate at 1 Jan 2019 | (52,310) |
| Leases liabilities recognised at 1 January 2019 | <u>385,840</u> |

Upon transition, the Foundation has recognised the amount of right-of-use assets and lease liabilities \$385,840 on the balance sheet, rent paid for the year has been reversed against reducing lease liability and increase interest according to the standard. The adoption of AASB 16 also impact the cash flow financial results and this is not expected to be material.

| Maturity analysis – contractual undiscounted cash flows | 2019 |
|-----------------------------------------------------------------------------------------|-----------------------|
| | \$ |
| Less than one year | - |
| One to five years | 438,148 |
| More than five years | - |
| Total undiscounted lease liabilities at 31 December | <u>438,148</u> |
| Current | 148,321 |
| Non-current | <u>106,242</u> |
| Lease liabilities included in the statement of financial position at 31 December | <u>254,563</u> |

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Foundation's operations are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is Australian Cancer Research Foundation's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1. Summary of significant accounting policies (continued)

(c) Revenue recognition

The Company is a not-for-profit organisation and receives the principal part of its income from donations. Previously all donation was recognised when received, after adopting the new standard the foundation recognises the donation in the following category when they are received. No amounts are included in the financial report for services donated by volunteers.

(i) Bequests

Revenue from legacies comprising bequests of cash are recognised at fair value, being the market value of the shares or property at the time the Foundation becomes legally entitled to the property. There are no enforceable or sufficiently specific performance obligations linked to bequests. Therefore, AASB 1058 is applicable and there was no transitional impact upon adoption of this standard.

(ii) Direct giving

Direct giving mainly includes appeal donations and is recognised when the Foundation gains control of the asset. There are no enforceable or sufficiently specific performance obligations linked to this source of income. Therefore, AASB 1058 is applicable and there is no impact on revenue recognition on adoption of the standard.

(iii) Community fundraising & philanthropy

Community fundraising includes third party fundraising events as well as donations through a work place giving (WPG) program.

The philanthropy program raises significant donations from individuals and corporate companies and the revenue is recognised when ACRF gains control of the asset. The program is launched every year with an Investment Philanthropy document which includes updated research funding options.

There are no enforceable or sufficiently specific performance obligations linked to community fundraising and philanthropy. Therefore, AASB 1058 is applicable and there was no transitional impact upon adoption of this standard.

(iv) Collaborative funding

Collaborative funding occurs when an institute wants to give additional support to any of the ACRF grant recipients. This funding is recognised when the Foundation gains control of the asset. There are no enforceable or sufficiently specific performance obligations identified and therefore AASB 1058 is applicable. There was no transitional impact upon adoption of this standard.

(vii) Investment revenue

ACRF has term deposits and mutual fund investments that give us interest which has a contract between ACRF and invested companies. Investment revenue is recognised for the major activities as follows:

- *Interest revenue*
Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.
- *Dividends and trust distributions*

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

The Foundation's investments are managed by fund managers who report to the Foundation on a monthly basis. Investment income is brought to account on an accrual basis. Changes in fair value of investments are recorded in accordance with the policies described in note 1(j).

1 Summary of significant accounting policies (continued)

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of 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 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.

(e) 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.

(f) 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.

(g) Impairment of assets

Impairment indicators over property, plant and equipment and right of use assets are considered at each reporting date. If indicators exist, then the recoverable amount of the relevant asset / cash-generating unit is determined. The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use. An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. For plant and equipment and right of use assets, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 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.

(i) Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the Expected Credit Loss (ECL) model. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of receivables is reviewed on an ongoing basis. The Foundation makes use of a simplified approach in accounting for the loss allowance at the amount equal to the ECL losses. In using this practical expedient, the Foundation uses its historical experience, external indicators and forward-looking information to calculate the ECL.

Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. There has been no impairment loss recognised in the current year.

1 Summary of significant accounting policies (continued)

(j) Financial assets

(i) Classification

In line with AASB 9, the Foundation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Foundation has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Foundation reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) 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.

(iii) Measurement

At initial recognition, the Foundation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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 revenue from continuing operations 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.

(k) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Foundation is the current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques from the investment manager.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature.

1. Summary of significant accounting policies (continued)

(l) Payables

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

(m) Employee entitlements

(i) Short-term obligations

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

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

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

(n) Property, plant and equipment (continued)

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 |
| - Computer equipment | 3 years |

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

1. Summary of significant accounting policies (continued)

(o) Grants payable

Grants are recognised as an expense and corresponding 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 paid in future years.

Where the Trustees have 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.

(p) Website and domain name development expense

Expenditures associated with website and domain name development are recognised as an expense as incurred.

(q) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Comparative information within the Foundation's financial statements has also been reclassified where necessary to reflect a more accurate recording and classification.

3. Revenue

| | 2019 | 2018 |
|------------------------------------------------------------------------|------------|------------|
| | \$ | \$ |
| From continuing operations | | |
| Revenue recognised under AASB 1058 Income for Not-for-profit Entities: | | |
| Bequests | 5,655,272 | 5,962,564 |
| Direct giving | 1,350,819 | 1,392,738 |
| Community fundraising | 2,074,515 | 1,941,797 |
| Philanthropy | 1,560,432 | 426,979 |
| Collaborative funding | 404,954 | 200,000 |
| Other revenue | 225,251 | 263,788 |
| | 11,271,243 | 10,187,866 |
| | | |
| | 2019 | 2018 |
| | \$ | \$ |
| Investment income | | |
| Interest and bank bills discount received | 205,603 | 228,816 |
| Franking credits refunded | 180,229 | 239,430 |
| Dividends and trust distributions | 769,055 | 1,220,333 |
| | 1,154,887 | 1,688,579 |

4. Expenses

Surplus for the year includes the following specific expenses:

| | 2019 | 2018 |
|-------------------------------|---------|--------|
| | \$ | \$ |
| Depreciation | | |
| Plant and equipment | 22,876 | 25,355 |
| Right of use assets | 144,690 | - |
| | 167,566 | 25,355 |
| | | |
| | 2019 | 2018 |
| | \$ | \$ |
| Auditor remuneration | | |
| Audit of the financial report | 24,750 | - |

The audit of the financial report in 2018 was on pro-bono basis.

5. Grants contracted and expensed during the year

| | 2019 | 2018 |
|-----------------------------------------------------------|------------|-----------|
| | \$ | \$ |
| QIMR Berghofer Medical Research Institute | - | 1,750,000 |
| Children's Medical Research Institute (CMRI) | 100,000 | 100,000 |
| University of Queensland - Diamantina Institute | 9,889,200 | - |
| Centenary Institute of Cancer Medicine & Cell Biology | 100,000 | 100,000 |
| South Australian Health & Medical Research Ins (SAHMRI) | 2,500,000 | - |
| Olivia Newton-John Cancer Research Institute | - | 2,000,000 |
| University of Western Australia - Harry Perkins Institute | 100,000 | 1,750,000 |
| Griffith University (Compound Management & Logistics) | 2,000,000 | - |
| The University of Melbourne (Bio21 Institute) | 2,104,954 | - |
| South West Sydney Local Health District | 2,000,000 | - |
| | 18,794,154 | 5,700,000 |

Australian Cancer Research Foundation
Notes to the financial statements
31 December 2019
(continued)

6. Cash and cash equivalents

| | 2019 | 2018 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash at bank - Operation Account | 275,854 | 104,142 |
| Cash at bank - Investment Account | 1,372,591 | 1,860,265 |
| Petty cash | 300 | 300 |
| | 1,648,745 | 1,964,707 |

7. Receivables

| | 2019 | | | 2018 | | |
|----------------------------------------|----------------|----------------|------------------|----------------|-------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Dividends and distributions receivable | 37,654 | — | 37,654 | 38,429 | — | 38,429 |
| Donations receivable | 55,149 | — | 55,149 | 15,636 | — | 15,636 |
| Franking credits receivable | 37,000 | — | 37,000 | 238,111 | — | 238,111 |
| Interest receivable | 6,378 | — | 6,378 | 20,977 | — | 20,977 |
| GST receivable | 699,949 | 499,190 | 1,199,139 | 412,495 | — | 412,495 |
| | 836,130 | 499,190 | 1,335,320 | 725,648 | — | 725,648 |

8. Financial assets

| | 2019 | | | 2018 | | |
|----------------------------------------------------------------------|-------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Funds retained for future research projects (term deposits) | 5,280,000 | - | 5,280,000 | 1,300,000 | 3,000,000 | 4,300,000 |
| Managed portfolio investments - at fair value through profit or loss | 8,485,083 | - | 8,485,083 | 7,352,921 | - | 7,352,921 |
| Equity securities - at fair value through profit or loss | - | 9,355,887 | 9,355,887 | - | 10,669,743 | 10,669,743 |
| | 13,765,083 | 9,355,887 | 23,120,970 | 8,652,921 | 13,669,743 | 22,322,664 |

The Foundation's investment portfolio primarily comprises investments in listed equity securities, managed investment funds and fixed interest securities. These investments are measured at fair value based on the unit price / share price as at balance date. Equity securities are classified as non-current as ACRF have the intention to hold these.

9. Other assets

| | 2019 | | | 2018 | | |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Prepayments | 120,013 | — | 120,013 | 122,259 | — | 122,259 |
| Security deposit | — | 114,924 | 114,924 | — | 447,000 | 447,000 |
| | 120,013 | 114,924 | 234,937 | 122,259 | 447,000 | 569,259 |

Security deposit represents interest bearing, irrevocable cash escrow account in relation to license application for website development and also includes rental guarantee.

10. Property, plant and equipment

| | Furniture and fittings \$ | Computer equipment \$ | Total \$ |
|----------------------------|---------------------------------|-----------------------------|----------------------|
| At 31 December 2018 | | | |
| Cost | 80,102 | 214,203 | 294,305 |
| Accumulated depreciation | (74,727) | (179,173) | (253,900) |
| Net book amount | <u>5,375</u> | <u>35,030</u> | <u>40,405</u> |
| At 31 December 2019 | | | |
| Opening net book amount | 5,375 | 35,030 | 40,405 |
| Additions | — | 14,373 | 14,373 |
| Depreciation charge | (1,186) | (21,690) | (22,876) |
| Closing net book amount | <u>4,189</u> | <u>27,713</u> | <u>31,902</u> |
| At 31 December 2019 | | | |
| Cost | 80,102 | 228,576 | 308,678 |
| Accumulated depreciation | (75,913) | (200,863) | (276,776) |
| Net book amount | <u>4,189</u> | <u>27,713</u> | <u>31,902</u> |

11. Right of use assets

| | Right of use assets \$ | Total \$ |
|----------------------------|------------------------------|-----------------------|
| At 31 December 2018 | | |
| Cost | — | — |
| Accumulated depreciation | — | — |
| Net book amount | <u>—</u> | <u>—</u> |
| At 31 December 2019 | | |
| Opening net book amount | — | — |
| Additions | 385,840 | 385,840 |
| Depreciation charge | (144,690) | (144,690) |
| Closing net book amount | <u>241,150</u> | <u>241,150</u> |
| At 31 December 2019 | | |
| Cost | 385,840 | 385,840 |
| Accumulated depreciation | (144,690) | (144,690) |
| Net book amount | <u>241,150</u> | <u>241,150</u> |

12. Payables

| | 2019 (\$) | | | 2018 (\$) | | |
|---------------------------------------|------------------|------------------|-------------------|------------------|-------------|------------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Grants payable | | | | | | |
| Grants payable | 5,593,938 | 4,991,900 | 10,585,838 | 2,538,400 | — | 2,538,400 |
| GST on grants payable | 559,394 | 499,190 | 1,058,584 | 253,840 | — | 253,840 |
| Total grants payable | 6,153,332 | 5,491,090 | 11,644,422 | 2,792,240 | — | 2,792,240 |
| Sundry creditors and accrued expenses | 404,713 | - | 404,713 | 313,478 | — | 313,478 |
| | 6,588,045 | 5,491,090 | 12,049,135 | 3,105,718 | — | 3,105,718 |

| Reconciliation of grants payable | 2019 (\$) | 2018 (\$) |
|------------------------------------------------|-------------------|------------------|
| Balance at 1 January | 2,792,240 | 4,196,500 |
| Grants contracted and expensed during the year | 18,794,154 | 5,700,000 |
| GST recoverable on grants paid during the year | 1,879,416 | 570,000 |
| Grants paid | (10,746,716) | (6,976,600) |
| GST recoverable of grants paid | (1,074,672) | (697,660) |
| Balance at 31 December | 11,644,422 | 2,792,240 |

13. Employee benefit obligations

| | 2019 | | | 2018 | | |
|-------------------|---------|-------------|---------|---------|-------------|---------|
| | Current | Non-current | Total | Current | Non-current | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Leave obligations | 164,675 | 33,602 | 198,277 | 119,164 | 28,602 | 147,766 |

The leave obligations cover the Foundation's liability for long service leave and annual leave.

14. General funds

| Movements in general funds | 2019 | 2018 |
|----------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Balance at 1 January | 22,359,199 | 21,942,718 |
| Net (deficit)/ surplus for the year after grants awarded | (8,258,150) | 416,481 |
| Balance at 31 December | 14,101,049 | 22,359,199 |

15. Related party transactions

Key Management Personnel of the Foundation include members of the executive management team and the Trustees. 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. No related party transactions were made during the year. The total Key Management Personnel remuneration is shown below.

| | 2019 | 2018 |
|---------------------------------------------|-----------|-----------|
| | \$ | \$ |
| Total key management personnel compensation | 1,131,456 | 1,081,971 |

16. Contingencies

(a) Contingent liabilities

The Foundation had contingent liabilities in respect of:

| <i>(i) Grants</i> | 2019 | 2018 |
|---------------------------------------------------------|-------------------------|--------------------------|
| | \$ | \$ |
| Children's Cancer Institute of Australia (CCI) | 3,500,000 | - |
| Walter and Eliza Hall Institute for Medical Research | 3,500,000 | - |
| South Western Sydney Local Health District | - | 2,000,000 |
| University of Queensland - Diamantina Institute | - | 9,900,000 |
| The University of Melbourne (Bio21 Institute) | - | 2,000,000 |
| South Australian Health & Medical Research Ins (SAHMRI) | - | 2,500,000 |
| Griffith University (Compound Management & Logistics) | - | 2,000,000 |
| | <u>7,000,000</u> | <u>18,400,000</u> |

(ii) Guarantees

The Foundation had contingent liabilities at 31 December 2019 in respect of a security deposit guarantee for the office lease amounting to \$87,000 (2018: \$87,000) held by Commonwealth Bank of Australia.

17. Members liabilities

The liability of the members is limited to \$5,200 (2018: \$4,800).

18. Events occurring after the reporting period

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The scale and duration of these developments remain uncertain as at the date of this report; however, the outbreak will have an impact on our earnings, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer effects. Specially, ACRF fundraising efforts will be negatively affected by the crisis but the board of Trustees consider the following important points to assess ACRF's short and long term financial position:

ACRF's single largest income source is from Bequests. In the short to medium term the pipeline of bequests being received is unlikely to be materially affected by the crisis. In addition other fundraising income is continuing to be received but may be at reduced levels. On the other hand, ACRF's single largest expenditure is Grants. In respect to future grant awards this expenditure is fully variable and is controlled by the Trustees. At 13 May 2020 ACRF had cash and investments of approximately \$23,424,616 (after taking into account recent market movements) and has commitments for grants payable of \$15,831,167 from 2020 to 2022. ACRF's investments are all readily liquid with a large proportion of ACRF's investments in the form of cash, term deposits and fixed interest investments.

Accordingly ACRF has no current or future financial strains. Nevertheless, the Trustees will take a prudent approach going forward until the current crisis has fully passed.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

19. Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW)

The following information is included to comply with the *Charitable Fundraising Act 1991 (NSW)*. 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

| | 2019 | 2018 |
|--------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Gross proceeds from fundraising activities | | |
| Bequests* | 5,655,275 | 5,962,564 |
| Direct giving | 1,350,819 | 1,392,738 |
| Community fundraising | 2,074,515 | 1,941,797 |
| Philanthropy | 1,560,432 | 426,979 |
| Collaborative funding | 404,954 | 200,000 |
| Other revenue | 224,991 | 263,569 |
| | 11,270,983 | 10,187,647 |
| Less: Total costs of fundraising activities | | |
| Advertising | 132,709 | 184,810 |
| Business development | 45,195 | 67,715 |
| Employee expenses | 1,382,563 | 1,383,459 |
| Events management | 46,114 | 26,925 |
| Printing, postage and stationery | 69,482 | 54,995 |
| Promotion expenses | 69,204 | 102,160 |
| Direct mail - survey and appeals | 268,862 | 292,706 |
| Other fundraising costs | 448,267 | 366,803 |
| | 2,462,396 | 2,479,573 |
| | 8,808,587 | 7,708,074 |

* Under the Charitable Fundraising Act, bequests are not considered fundraising appeals.

(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 annually award cancer research grants upwards of a minimum of \$1.5 million (2018: \$1.5 million) each for world-class research being conducted in research centres throughout Australia. The selection of awardees is based on recommendations made to the Foundation's Board of Trustees by the Foundation's distinguished Medical Research Advisory Committee. The selection process occurs, in any one year, over a six month period.

During the year the Foundation had a net surplus of \$8,808,587 (2018: \$7,708,074) from fundraising and a net gain of \$1,154,887 (2018: \$1,688,579) from investment revenue.

Medical research grants expensed during the year totalled \$18,794,154 (2018: \$5,700,000).

Administration costs incurred during the year totalled \$1,375,655 (2018: \$1,359,236). The deficit for the year is \$8,258,150 (2018: Surplus \$416,481) and is applied against general funds.

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

Direct mail
Regular Giving donations
Corporate donations
Bequests
Third party fundraising
Philanthropy

(c) Comparison by monetary figures and percentages

| | 2019 | 2018 | 2019 | 2018 |
|---------------------------------------------------------------------|-------------------|-------------------|-------------|-------------|
| | \$ | \$ | % | % |
| Total cost of fundraising | <u>2,462,396</u> | <u>2,518,403</u> | 22% | 24% |
| Gross income from fundraising | 11,270,983 | <i>10,187,647</i> | | |
| Net surplus from fundraising | <u>8,808,587</u> | <u>7,708,074</u> | 78% | 76% |
| Gross income from fundraising | 11,270,983 | <i>10,187,647</i> | | |
| Total cost of service* | <u>18,794,154</u> | <u>5,700,000</u> | 83% | 59% |
| Total expenditure | 22,675,550 | <i>9,672,759</i> | | |
| Total cost of service* | <u>18,794,154</u> | <u>5,700,000</u> | 130% | 57% |
| Total income received from fundraising, bequests and investments | 14,417,403 | <i>10,027,826</i> | | |

* 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 addition to contracted grants, the Foundation awarded \$7,000,000 of new grants in 2019.

20. Company Information

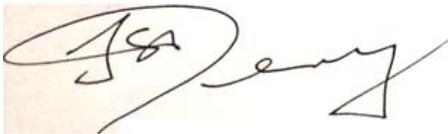
The registered office and principal place of business is:

Level 3, Suite 2
77 King Street
Sydney NSW 2000

In the Trustees' opinion:

- (a) the financial statements and notes set out on pages 6 to 26 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC)*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2019 and of its performance for the 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.

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



Mr Tom Dery AO
Trustee



Mr Stephen Rix
Trustee

Sydney
Dated 14 May 2020

**Australian Cancer Research Foundation
Declaration by Chairman in respect of fundraising appeals
31 December 2019**

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 2019;

(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 2019;

(c) the provisions of the *Charitable Fundraising Act 1991 (NSW)* and the Regulations and conditions attached to the authority have been complied with for the financial year ended 31 December 2019; 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.

A handwritten signature in black ink, appearing to read 'T S Dery', written over a light-colored rectangular background.

Mr Tom Dery AO
Chairman

Sydney
Dated 14 May 2020

Independent Auditor's Report

To the Trustees of the Australian Cancer Research Foundation

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of the Australian Cancer Research Foundation (the "Registered Entity" or the "Foundation") which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Trustees' declaration.

In our opinion, the financial report of the Australian Cancer Research Foundation:

- 1 has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - a giving a true and fair view of the Registered Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended;
 - b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- 2 is in accordance with the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2015, including showing a true and fair view of the Foundation's financial result of fundraising appeals for the year ended 31 December 2019.

Basis for opinion

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

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

Emphasis of matter – COVID-19

We draw attention to Note 18 of the financial report, which describes the circumstances relating to the material subsequent events regarding COVID-19 and the uncertainty surrounding any future potential financial impact. Our opinion is not modified in relation to this matter.

Information other than the financial report and auditor's report thereon

The Responsible Entities of the Registered Entity are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the financial report

The Trustees of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustees are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2015

We have audited the compliance of the Australian Cancer Research Foundation with the requirements of Section 24(2) of the NSW Charitable Fundraising Act 1991 for the year ended 31 December 2019.

Opinion

In our opinion:

- a the Australian Cancer Research Foundation has properly kept the accounts and associated records during the year ended 31 December 2019 in accordance with the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulations 2015 (section 24(2)(b) of the CF Act); and

- b the Australian Cancer Research Foundation, has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 31 December 2019 in accordance with section 24(2)(c) of the CF Act; and
- c there are reasonable grounds to believe that the Australian Cancer Research Foundation will be able to pay its debts as and when they fall due over the 12 month period from the date of this report (section 24(2)(d) of the CF Act).

The Responsible Entities' responsibility under the Charitable Fundraising Act 1991

The Responsible Entities of the Australian Cancer Research Foundation are responsible for compliance with the requirements and conditions of the NSW Charitable Fundraising Act 1991 and NSW Charitable Fundraising Regulation 2015 and for such internal control as the Trustees determine is necessary for compliance with the Act and the Regulation. This responsibility includes establishing and maintaining internal control over the conduct of all fundraising appeals; ensuring all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for; and maintaining proper books of account and records.

The Trustees are also responsible for ensuring the Foundation will be able to pay its debts as and when they fall due.

Auditor's responsibility

Our responsibility is to form and express an opinion on the Australian Cancer Research Foundation compliance, in all material respects, with the requirements of the Act and Regulations, as specified in section 24(2)(b), 24(2)(c) and 24(2)(d) of the Charitable Fundraising Act 1991.

Our audit has been conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 *Compliance Engagements*), issued by the Auditing and Assurance Standards Board. Our audit has been conducted to provide reasonable assurance that the Australian Cancer Research Foundation has complied with specific requirements of the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015, and whether there are reasonable grounds to believe the Registered Entity will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report (future debts).

Audit procedures selected depend on the auditor's judgement. The auditor designs procedures that are appropriate in the circumstances and incorporate the audit scope requirements set out in *the Act*. The audit procedures have been undertaken to form an opinion on compliance of that the Australian Cancer Research Foundation with the Act and Regulations and its ability to pay future debts. Audit procedures include obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Australian Cancer Research Foundation's compliance with specific requirements of the Act and Regulation, and assessing the reasonableness and appropriateness of the Australian Cancer Research Foundation's assessment regarding the Registered Entity's ability to pay future debts.

Inherent limitations

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error or noncompliance may occur and not be detected. An audit is not designed to detect all instances of noncompliance with the requirements of the Act and Principles, as the audit procedures are not performed continuously throughout the year and are undertaken on a test basis.

Whilst evidence is available to support the Registered Entity's ability to pay future debts, such evidence is future orientated and speculative in nature. As a consequence, actual results are likely to be different from the information on which the opinion is based, since anticipated events frequently do not occur as expected or assumed and the variations between the prospective opinion and the actual outcome may be significant.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A J Archer
Partner – Audit & Assurance
Sydney, 14 May 2020