



MCGRATH FOUNDATION LIMITED

A.B.N. 115 566 624

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016**

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MESSAGE FROM THE PRESIDENT

“Year on year I continue to be blown away by the depths of the relationships we at the McGrath Foundation are building countrywide. Whether it's our nurses, corporate partners, Government, community fundraisers or volunteers I never could have imagined back in 2005 that the Foundation would make such a significant difference to so many people's lives.”

I'm amazed at each nurse and patient story that I hear. Our nurses are at the centre of what we do and I'm so grateful for the dedication and care they bring to their roles every day to make life for families experiencing breast cancer that little bit easier. I don't know if I can ever adequately express my sincere gratitude for what they do.

An important aspect of what we do at the Foundation is build strong relationships. As only one example, January marked an astounding eight-year friendship with Cricket Australia. And, when the Pink Test was rained out, Cricket Australia generously allowed us to take part in an international T20 match, bringing to life the first ever Pink T20; sharing our vision with a new audience and helping to generate donations. What an important gesture that directly resulted in us being able to support families across Australia.

The support of cricket lovers and donors was marked by another successful Pink Stumps Day. This grassroots campaign has grown with each passing year and now sees hundreds of communities host their own day of fun and cricket. This year Pink Stumps Day travelled further than ever, with the Cocos Islands hosting our most remote match to date.

I'd be remiss if I didn't take the opportunity to acknowledge our volunteers and community fundraisers – they work tirelessly to host pink events and coordinate activities to support the Foundation. Our largest community fundraiser to date, Hugh Bateman from Mudgee NSW, even rode his pink tractor 2,900 kms to support the Foundation. The creativity and dedication of individuals continues to astound me.

To you all I say a big thank you. Together we can make a difference!



Glenn McGrath AM

President and Co-Founder

19 September 2016

MESSAGE FROM THE CHAIRMAN

“Our vision continues to drive everything we do at the McGrath Foundation - to ensure that all families experiencing breast cancer in Australia have access to a McGrath Breast Care Nurse. It's with great pride that I report that the number of families we have touched has grown to an astonishing 44,000. I thank all of our nurses most sincerely for their tireless work.”

Over the past year we've funded 110 McGrath Breast Care Nurses across Australia. Every year we seek not only to maintain the McGrath Breast Care Nurses already in the community, but to increase the number of nurses to meet the growing need for care. Our September 2015 needs assessment report, undertaken in conjunction with the Australian Healthcare and Hospitals Association, found that there is an expected need for 109 additional breast care nurses by 2020, an increase of 38 per cent from 2015.

The report also identified those areas of Australia most in need of additional breast cancer nurses, giving us clear priorities for future nurse placements.

The cost of supporting 110 McGrath Breast Care Nurses is more than \$14m per year. We work closely with Government and health services to provide access to the best care available. This care starts at the time of diagnosis and continues through surgery, treatment and post-treatment care.

Prognosis for those living with breast cancer has improved significantly, with the five year survival rate now at 90 per cent. With more than 200,000 people living for longer with or after breast cancer, there is a genuine and growing need across the spectrum of care for more McGrath Breast Care Nurses across Australia.

The Foundation remains in a strong financial position with total income of \$16,327,854 in 2016. We have had significant contributions from generous donors, our outstanding community fundraisers, our corporate partners and, increasingly, through bequests. We appreciate greatly the continuing support from the Government.

The Board has adopted a new five year strategic plan developed by our CEO, Petra Buchanan, and her team. The McGrath Foundation is in a strong position to increase fundraising substantially over the coming years to meet the increasing costs of the additional care.

On behalf of our Board, I record deep appreciation to Petra and the dedicated team at the Foundation for their enormous contributions to families experiencing breast cancer. I record also my sincere thanks to my board colleagues, Glenn McGrath (President), Tracy Bevan, Ken Moran, Terry Brown and Peter Tracey for their enthusiastic involvement and support and wise counsel always.

Together, we are making a difference!



John Conde AO

Chairman

19 September 2016

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

“This year we've built on the Foundation's strong roots of innovation, continuing to do things that are unique and inspiring, including how we put our nurses at the front and centre of everything we do. Our mission of making a McGrath Breast Care Nurse available to all families experiencing breast cancer increases in importance as the 44 people currently diagnosed each day from breast cancer is set to grow to 47 daily diagnoses by 2020.”

This year we published 'Take My Hand,' which chronicles 10 years of inspiring stories, sharing the heartfelt experiences of our nurses and patients. This powerful book was a central element of our ten year anniversary bringing to life the hope and joy that our McGrath Breast Care Nurses provide to families during an overwhelmingly stressful and confusing time.

This year also saw the launch of our first advertising campaign, which was made possible through our generous partners. The campaign which ran across media including TV and outdoor featured real women experiencing breast cancer, letting people know that breast cancer isn't always about losing someone; it can actually be about gaining someone – a McGrath Breast Care Nurse to be precise.

During these past 12 months the Foundation also produced a comprehensive report assessing the growing demand for breast care nurses and the number required across the nation into the future.... The report stressed the increasing shortfall of nurses which will see more people diagnosed and living with breast cancer. In 2020 it is estimated that more than 200,000 people will be living with breast cancer Australia-wide.

This year we ranked among the top five most innovative organisations from more than 1,100 Australian not-for-profits and were named within the top ten 2015 Charity Reputation Index. This recognition came on the eve of unveiling the McGrath Foundation Mosaic, a powerful light installation which put a face and gave voice to those experiencing breast cancer. This special photo installation was projected to 2.3 million people who attended Vivid Sydney 2016. It was an amazing opportunity to bring the very personal experiences of those impacted by breast cancer to life and humanise the prevalence of the disease.

We continue to grow and evolve all the while very conscious of our commitment to carrying on Jane McGrath's legacy, to help make life for families experiencing breast cancer just that little bit easier. The enthusiasm and generosity of the many individuals, and the hard working team at the Foundation, are what allow us to continue to achieve our mission and to support ever more families.



Petra Buchanan

Chief Executive Officer

19 September 2016

DIRECTORS' REPORT

The Directors present their report together with the financial statements of McGrath Foundation Limited ("the Foundation") for the year ended 30 June 2016 and the auditor's report thereon.

1 Directors

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

Name, qualifications and independence status	Experience and special responsibilities
Mr John Conde AO Chairman Independent Non-Executive Director	<p>John provides pro-bono support to the Board by drawing on his wealth of experience at board level with public, private and not-for-profit organisations.</p> <p>John Conde is currently the Chairman of Bupa Australia, Cooper Energy Limited, President of the (Commonwealth) Remuneration Tribunal and Deputy Chairman of Whitehaven Coal Limited. He is a Director of Asian Football Confederation (AFC), Asian Cup Local Organising Committee and Chairman of the Australian Olympic Committee (NSW) Fundraising Committee. Director since 23 April 2012 – appointed Chairman 20 September 2013.</p>
Mr Glenn McGrath AM President Non-Executive Director	<p>Glenn is a co-founder and pro-bono Director who donates all of his time spent on Foundation business.</p> <p>Glenn McGrath has had a successful professional cricket career spanning 14 years. Glenn was recently appointed as a Director on the Board of R M Williams. Director since 20 November 2007.</p>
Mrs Tracy Bevan Foundation Ambassador Executive Director	<p>Tracy helped set up the McGrath Foundation in 2005. As a director and member of the staff of the McGrath Foundation, Tracy spends a great deal of her time travelling around the country speaking at different events to raise awareness about the vital role the McGrath Foundation plays in placing Breast Care Nurses in the community and encouraging all women to be breast aware. Director since 11 December 2008.</p>
Mr Ken Moran Independent Non-Executive Director	<p>Ken is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Ken Moran had a 34 year career with Pfizer Inc and was the former regional President of Northern Europe branch of Pfizer prior to his retirement in April 2004. Director since 26 February 2008 and member of the Finance, Audit and Operations Committee.</p>
Mr Peter Tracey Independent Non-Executive Director	<p>Peter is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Peter Tracey is a qualified Chartered Accountant and has been a member of the Institute of Chartered Accountants since 1996. Peter is a Partner at Trace Business Advisors and Chartered Accountants and was an integral part in the original set-up of the McGrath Foundation. As both a close family friend and advisor he played an integral role in establishing the Foundation. Director since 2 August 2005 and Chairman of the Finance, Audit and Operations Committee.</p>
Mr Terry Brown Independent Non-Executive Director	<p>Terry is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Terry Brown has been a practicing lawyer for over 30 years. As both a close family friend and advisor he played an integral role in establishing the Foundation. Director since 2 August 2005 and Chairman of the Risk Management Committee.</p>

2 Company Secretary

On 24 November 2014, Ms Joanna Molchanoff was appointed as Company Secretary. Ms Joanna Molchanoff joined the McGrath Foundation in 2013 and currently holds the position of Human Resources Director.

DIRECTORS' REPORT (cont'd)

3 Directors' meetings

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

Director	Board Meetings		Finance, Audit and Operations Committee Meetings		Risk Management Committee Meetings	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr John Conde AO	4	4	-	-	-	-
Mr Glenn McGrath AM	4	3	-	-	-	-
Mrs Tracy Bevan	4	4	-	-	-	-
Mr Ken Moran	4	4	4	4	-	-
Mr Peter Tracey	4	4	4	4	-	-
Mr Terry Brown	4	4	-	-	4	4

4 Principal Activities

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

Short and Long-term objectives of the Foundation

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

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

Strategy for achieving these objectives

The Foundation intends to achieve these objectives through:

- Community fundraising events including but not limited to sporting events
- Partnerships with corporate entities
- Sale of goods and branded merchandise
- Implementing Breast Awareness Education programs in schools and the community
- Liaising with government at all levels.

Performance measures

The Foundation measures performance through monthly monitoring and oversight to:

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

DIRECTORS' REPORT (cont'd)

5 Operating and financial review

The operating net surplus of the Foundation for the financial year amounted to \$877,513 (2015: \$3,070,131).

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

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

6 Members

Members' guarantee

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

7 Events subsequent to reporting date

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

8 Future developments

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

9 Environmental regulations

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

10 Indemnification and Insurance of Directors

The premium for Directors' and officers' liability and legal expense insurance contracts for the year ended 30 June 2016 were provided to the Foundation free of charge. Such insurance contracts insure against certain liabilities for all directors of the Foundation.

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

11 Auditor's Independence Declaration

The auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the financial year ended 30 June 2016.

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



Mr John Conde AO
Director
19 September 2016
Sydney, NSW



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

To: the directors of McGrath Foundation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

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

KPMG

KPMG

Daniel Robinson
Partner

Sydney
19 September 2016

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
Income			
Revenue	4.1	16,327,854	16,502,193
Expenses			
<u>Programme Expenses</u>			
Foundation funded Breast Care Nurses programme expenses	4.2	5,299,336	4,838,380
Government funded Breast Care Nurse Initiative expenses	4.2	5,093,832	4,546,108
Education programme expenses		91,135	614,536
<i>Total programme expenses</i>		10,484,303	9,999,024
<u>Non-Programme Expenses</u>			
Fundraising and marketing expenses		4,288,274	2,867,388
General and administration expenses		1,370,380	1,275,587
<i>Total non-programme expenses</i>		5,658,654	4,142,974
Total expenses		16,142,957	14,141,998
Finance income	4.1	692,616	709,936
Net surplus for the year	4.5	877,513	3,070,131
Changes in fair value of financial instruments that will not be subsequently realised in Profit & Loss		26,622	-
Other comprehensive income for the year		26,622	-
Total comprehensive income for the year		904,135	3,070,131

The accompanying notes on pages 14 to 23 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	5.1	2,439,559	2,305,357
Investments	5.2	6,984,951	21,355,367
Trade and other receivables	5.3	890,258	816,293
Prepayments		99,605	88,787
Inventories		38,392	50,697
Other financial assets		191,384	186,931
Total Current Assets		10,644,149	24,803,432
Non-Current Assets			
Investments	5.2	15,237,491	-
Property, plant & equipment	5.5	164,980	210,945
Intangible Assets – Computer software	5.6	350,170	329,014
Total Non-Current Assets		15,752,641	539,959
Total Assets		26,396,790	25,343,391
Current Liabilities			
Trade and other payables	5.4	1,116,414	855,781
Employee benefits		109,758	96,481
Provisions		138,519	22,828
Deferred income	4.3	873,381	1,126,781
Total Current Liabilities		2,238,072	2,101,871
Non-Current Liabilities			
Employee benefits		44,781	31,718
Total Non-Current Liabilities		44,781	31,718
Total Liabilities		2,282,853	2,133,589
Net Assets		24,113,937	23,209,802
Equity			
Fair value reserve		26,622	-
Accumulated surpluses		24,087,315	23,209,802
Total Equity		24,113,937	23,209,802

The accompanying notes on pages 14 to 23 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
Cash flow from operating activities			
Donations received		3,477,373	4,146,829
Proceeds from fundraising		4,356,224	4,591,440
Proceeds from corporate partners		3,142,698	3,503,509
Proceeds from grants		5,296,500	5,112,800
Payments to suppliers and employees		(16,692,706)	(15,192,674)
Interest received from cash accounts		54,806	63,515
Net cash (used in)/provided by operating activities		(365,105)	2,225,419
Cash flow from investing activities			
Proceeds from investments		682,242	687,581
Payments for investments		(15,082,079)	(2,663,729)
Payments from investments		15,082,079	
Payments for property, plant & equipment		(75,529)	(74,394)
Payments for intangible assets		(107,406)	(317,562)
Net cash provided/(used in) investing activities		499,307	(2,368,104)
Cash flow from financing activities			
		-	-
Net increase/(decrease) in cash held		134,202	(142,685)
Cash and cash equivalents at the beginning of the financial year		2,305,357	2,448,042
Cash and cash equivalents at the end of the financial year	5.1	2,439,559	2,305,357

The accompanying notes on pages 14 to 23 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Fair value reserve \$	Accumulated Surpluses \$	Total Equity \$
Balance at 30 June 2014	-	20,139,671	20,139,671
Surplus for the year	-	3,070,131	3,070,131
Other comprehensive income for the year	-	-	-
Balance at 30 June 2015	-	23,209,802	23,209,802
Surplus for the year	-	877,513	877,513
Other comprehensive income for the year:			
Changes in fair value of financial instruments that will not be subsequently realised in Profit & Loss	26,622	-	26,622
Balance at 30 June 2016	26,622	24,087,315	24,113,937

The accompanying notes on page 14 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 Reporting entity

McGrath Foundation Limited ("the Foundation") is a not-for-profit entity dedicated to raising funds for the provision of Breast Care Nurses and breast cancer awareness. The Foundation is an unlisted public company limited by guarantee which does not have any share capital. If the Foundation is wound up, the constitution states that each Member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Foundation. At 30 June 2016, the number of members was 4 (2015: 4).

The Foundation's registered address and principal place of business is 52-54 Chandos Street St. Leonards NSW 2065.

2 Basis of preparation

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

The financial statements were authorised for issue by the Board of Directors on 19 September 2016. Details of the Foundation's accounting policies, including changes during the year, are included in Notes 2 to 6.

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

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

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

Functional and presentation currency

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

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Current/non-current distinction

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

Current liabilities include liabilities held primarily for trading purposes and include those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Financial Instruments - Non-derivative Financial Assets and Liabilities

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

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

(i) Recognition and measurement of Non-derivative Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2 Basis of Preparation (cont'd)

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

(ii) Recognition and measurement of Non-derivative Financial Liabilities

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

(iii) De-recognition of Non-derivative Financial Instruments

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

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

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

Income Tax

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

Goods and Services Tax (GST)

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

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

Employee Benefits

(i) Short-term employee benefits

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

The employee related expense (including subcontractors) for the year was \$3,669,364 (2015: \$3,144,332). Within employee related expenses, \$272,086 (2015: \$238,144) in expenses relating to defined contribution funds (superannuation) was recognised.

(ii) Defined contribution plans

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

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

(iii) Other long-term employee benefits

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

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

(iv) Breast Care Nurses

Breast Care Nurses are employed by the relevant Local Health District. The Foundation hold contracts with the Local Health Districts to fund the Breast Care Nurses employment costs. Payments made to the Local Health District by the Foundation include salaries and wages and all employee benefits. As a consequence, no employee benefits are provided for in the financial statements of the Foundation. The Foundation's future commitments for Breast Care Nurses are disclosed in Note 4.2.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3 Changes in accounting policies

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

Application of new or revised accounting standards

The Foundation has adopted the following new standards and amendments to standards with a date of initial application of 1 July 2015.

(i) AASB 9 Financial Instruments

The Foundation early adopted AASB 9 Financial Instruments as amended in December 2014 (AASB 9 (2014)). There were no changes in measurement to the Foundation's existing financial assets and liabilities as a result of the changes in classification required by AASB 9 (2014). For new investments made in the period their classification and measurement were assessed under AASB 9 (2014) as either fair value through profit and loss, fair value through other comprehensive income or amortised cost.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Foundation are set out below. The Company does not plan to adopt these standards early.

(i) AASB 15 Revenue from Contracts with Customers

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

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(ii) IFRS 16 Leases

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

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

The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. Operations of the Foundation

4.1. Revenue and Finance Income

Revenue recognition accounting policy

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

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

	2016 \$	2015 \$
Revenue		
Donations	3,477,373	4,146,829
Fundraising	4,356,224	4,494,187
Corporate partners	3,400,425	3,250,650
Government grant	5,093,832	4,546,108
Other	-	64,419
	16,327,854	16,502,193
Finance Income		
Interest income	692,616	709,936
	692,616	709,936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4.2. Breast Care Nurse Commitments

Commonwealth Government of Australia Funded Breast Care Nurses

The Foundation receives support from the Commonwealth Government of Australia to fund Breast Care Nurses and fulfil the Foundation's mission. On 28 June 2013, the Foundation signed a new contract with the Government to fund the 44 nursing positions supported under the 2008-09 Breast Cancer Nurses Budget Initiative as well as funding the procurement of a further 13 Breast Care Nurse positions in areas where there is a demonstrated need. The contract period is 1 July 2014 to 30 June 2017.

The number of nurse positions filled under the Government contract at 30 June 2016 was 57 (2015: 57).

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

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

	2016	2015
	\$	\$
Within one year	4,469,850	4,326,306
Greater than one year but not later than five years	-	4,476,868
Total (excluding GST)	4,469,850	8,803,174

McGrath Foundation Funded Breast Care Nurses

The Foundation funds all other nurses through the support of the community. The Foundation currently has support for 53 (2015: 48) Breast Care Nurse positions that are committed as at 30 June 2016 as a result of contracts executed with health care providers usually with a 3 year duration. The Foundation's goal is to fund the expansion of Breast Care Nurse positions into the future through fundraising appeals.

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

	2016	2015
	\$	\$
Within one year	4,845,507	3,696,337
Greater than one year but not later than five years	3,841,668	3,137,171
Total (excluding GST)	8,687,175	6,833,508

4.3. Deferred Income

	2016	2015
	\$	\$
Government grant	873,381	1,115,141
Other	-	11,641
Total	873,381	1,126,782

Government grant

Funding received in the year ended 30 June 2016 amounted to \$5,296,500 (inc GST) (2015: \$5,112,800 inc GST) and was conditional on the funding being used for the provision of training to, assistance with the recruitment of, and funding of employment costs of, Commonwealth-funded McGrath Foundation Breast Care Nurses under the initiative and administration activities performed by McGrath Foundation Limited to implement the initiative. The funding is received in instalments over the period of the funding agreement and is initially recognised as deferred income.

Revenue recognised in relation to the government grant for the year ended 30 June 2016 amounted to \$5,093,832 (2015: \$4,546,108). Revenue is released to the income statement when costs that fulfil the conditions of the funding agreement relating to the Commonwealth-funded McGrath Foundation Breast Care Nurses initiative are incurred.

See Note 4.2 for details of future commitments for Commonwealth-funded McGrath Foundation Breast Care Nurses as at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4.4. Operating leases

Leases accounting policy

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

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

Operating leases commitments

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

	2016 \$	2015 \$
Within one year	181,888	172,694
Greater than one year but not later than five years	191,450	373,338
Total (excluding GST)	373,338	546,032

The Foundation entered into a 5 year commercial lease for business premises at 52-54 Chandos Street, St Leonards NSW 2065, commencing 1 July 2014 with an option to renew the lease for a further 5 years, with lease payments increased each year by a factor of 4% p.a.

During the year ended 30 June 2016, an amount of \$244,209 (2015: \$218,100) was recognised as an expense in the income statement in respect of operating leases.

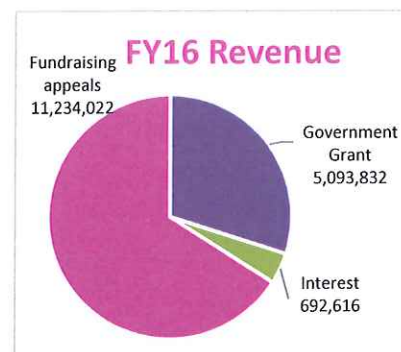
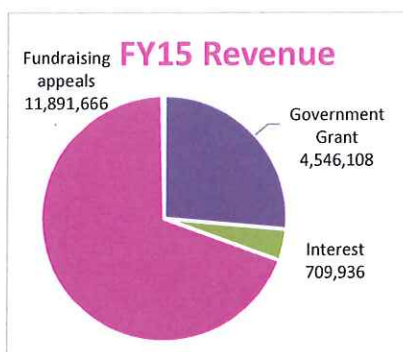
4.5. This information is presented in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations

Fundraising activities conducted during the year

Major campaigns conducted during 30 June 2016 financial year included Sydney Pink Test, Pink Stumps Day and Pull on Your Socks and 10 year anniversary gala dinner, donations received through regular giving and major appeals (Tax Appeal and Christmas Appeal), Community Fundraising Events, Metro High Teas and Corporate Partnerships.

Fundraising costs

Direct fundraising costs relate to costs incurred by the McGrath Foundation in respect of fundraising activities. This primarily includes expenses relating to event kits, venue hire, travel, and event catering.



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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

4.5. This information is presented in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations (cont'd)

	2016 \$	2015 \$
Results of donations, fundraising, and corporate partners ("fundraising appeals")		
Gross income from fundraising appeals	11,234,022	11,554,644
Less: direct costs of fundraising appeals	(1,961,837)	(806,129)
Net surplus obtained from fundraising appeals	9,272,185	10,748,515
Application of net surplus obtained from fundraising appeals		
Indirect costs of fundraising appeals	2,326,437	1,924,475
Foundation funded Breast Care Nurse programme expenses	5,299,336	4,838,380
Education programme expenses	91,135	614,536
General and administration expenses	1,370,380	1,275,587
Net expenditure (excluding government grant expenses and merchandise cost)	9,087,288	8,652,978
Net surplus after net surplus from fundraising appeals	184,897	2,095,537
The net surplus for the year was funded from net surplus after expenditure from fundraising appeals and the following sources		
Government grant income	5,093,832	4,546,108
Government grant expenses	(5,093,832)	(4,546,108)
Interest received	692,616	709,936
Merchandise income	-	337,022
Merchandise costs of sale	-	(136,783)
Other income	-	64,419
	692,616	974,594
Surplus for the year	877,513	3,070,131

Comparisons of certain monetary figures and percentages

	2016		2015	
	\$	%	\$	%
Direct cost of fundraising appeals	<u>1,961,837</u>	17.5	<u>806,129</u>	7.0
/ Gross income from fundraising appeals	11,234,022		11,554,644	
Net surplus obtained from fundraising appeals	<u>9,272,185</u>	82.5	<u>10,748,515</u>	93.0
/ Gross income from fundraising appeals	11,234,022		11,554,644	
Total cost of services provided (total programme expenses per P/L)	<u>10,484,303</u>	88.4	<u>9,999,024</u>	88.7
/ Total expenditure (excluding Fundraising and marketing expenses and Costs of sale per P/L)	11,854,683		11,274,610	
Total cost of services provided (total programme expenses per P/L)	<u>10,484,303</u>	64.2	<u>9,999,024</u>	60.6
/ Total income received (total revenue per P/L)	16,327,854		16,502,193	

The total cost of services provided over total income received ratio relates to spend in the current financial year and does not take into account funds that have been received and invested to cover the following two years of contracted funding for all current nurse positions.

For further information on the total amount invested and its purpose please see Note 5.2 Investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. Operating Assets and Liabilities

5.1. Cash and cash equivalents

Accounting policy

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

	2016	2015
	\$	\$
Cash at bank and on hand	2,439,559	2,305,357

5.2. Investments

Accounting policy

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

	2016	2015
	\$	\$
Current		
Investments in term deposits	6,984,951	21,355,367
Non-Current		
Investment in equity and debt instruments	15,237,491	-

Investments in equity instruments are measured at fair value through other comprehensive income and are measured at fair value on a recurring basis using Level 1 inputs. Investments in debt instruments are measured at amortised cost.

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

5.3. Trade and other receivables

Accounting policy

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

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

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

	2016	2015
	\$	\$
Trade receivables	571,125	268,387
Provision for impairment	-	(15,887)
	571,125	252,500
Other receivables (accrued interest income; net GST receivable)	319,133	563,793
	890,258	816,293

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

Balance at 1 July 2015	15,866
Impairment loss recognised during the year	-
Unused amount reversed during the year (amounts recovered)	-
Amounts written off during the year (utilisation of provision)	(15,866)
Balance at 30 June 2016	-

The impairment expense recognised in the period is \$nil (2015: \$18,880) and was recognised within Fundraising and marketing expenses on the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5.4. Trade and other payables

Accounting policy

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

	2016	2015
	\$	\$
Trade payables	48,796	6,344
Accrued expenses	1,067,618	849,437
	<u>1,116,414</u>	<u>855,781</u>

5.5. Property, plant and equipment

Accounting policy

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

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

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

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

The depreciation expense recognised in the year was \$92,608 (2015: \$82,744).

5.6. Intangible assets – computer software

Accounting policy

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

Intangible additions for the year total \$107,406 (2015: \$317,561) and relate to the capitalisation of expenses pertaining to the development and implementation of a new accounting and revenue system.

The amortisation expense recognised in the year was \$55,859 (2015: \$11,106).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. Other notes

6.1. Auditors remuneration

	2016	2015
	\$	\$
Audit of statutory financial statements	-	-
Audit/review of Government Grant funding	5,200	5,000
Assistance with preparation of financial statements	7,300	7,000
Total auditors remuneration	<u>12,500</u>	<u>12,000</u>

The audit of the Foundation is conducted by KPMG on a pro-bono basis.

6.2. Related parties

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

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

Key management personnel compensation

Key management personnel compensation was \$479,089 (2015: \$415,129) for the year ended 30 June 2016. Non-Executive Directors do not receive any remuneration from the Foundation for their Director duties.

Transactions with key management personnel

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

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. None of these entities transacted with the Foundation during the year ended 30 June 2016.

6.3. Significant events after balance date

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

DECLARATION OF CHIEF EXECUTIVE OFFICER IN RESPECT OF FUNDRAISING APPEALS

I, Petra Buchanan, Chief Executive Officer of McGrath Foundation Limited, declare that in my opinion:

- 1 The financial statements give a true and fair view of all income and expenditure of McGrath Foundation Limited with respect to fundraising appeal activities for the financial year ended 30 June 2016.
- 2 The statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2016.
- 3 The provisions of the Charitable Collections (WA) Act 1946 and the conditions attached to the authority have been complied with for the financial year ended 30 June 2016;
- 4 The provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2016; and
- 5 The internal controls exercised by McGrath Foundation Limited are appropriate and effective in accounting for all income received and applied by McGrath Foundation Limited from any of its fundraising appeals.



Ms Petra Buchanan
Chief Executive Officer
19 September 2016
Sydney, NSW

DIRECTORS' DECLARATION

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

- (a) the Foundation is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 10 to 23 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Foundation's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Mr John Conde
Director
19 September 2016
Sydney, NSW



Independent auditor's report to the members of McGrath Foundation Limited

Report on the financial report

We have audited the accompanying financial report of McGrath Foundation Limited (the Foundation), which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 6 comprising a summary of significant accounting policies and other explanatory information and the director's declaration of the Foundation.

This audit report has also been prepared for the members of the Foundation pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 (collectively the Acts and Regulations).

Directors' responsibility for the financial report

The Directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC, the Acts and Regulations. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards – Reduced Disclosure Requirements. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC and, a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Foundation to meet the requirements of the Acts and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year-end financial report preparation.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

ACNC - Reporting under the Australian Charities and Not-for-profits Commission Act 2012

Auditor's opinion

In our opinion, the financial report of McGrath Foundation Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 2012* including:

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

NSW – Reporting under Charitable Fundraising (NSW) Act 1991

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- (a) the financial report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 30 June 2016;



- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2015 to 30 June 2016, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2015 to 30 June 2016 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (d) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due

WA – Reporting under Charitable Collections Act (WA) 1946

Audit opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In accordance with the requirements of Section 15(2) of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* (the Act and Regulations), we have reviewed the Act and Regulations for the purpose of reporting whether, as a result of completing our audit procedures on the financial report of the Foundation for the year ended 30 June 2016, we have not become aware of any condition or event that constitute a material default by the Foundation in the performance of, or compliance with, any requirements of the Act or Regulations.

In our opinion, the Foundation for the year ended 30 June 2016, has complied in all material respects with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947*.

KPMG

KPMG

Daniel Robinson
Partner

Sydney

19 September 2016