



# **MCGRATH FOUNDATION LIMITED**

A.B.N. 115 566 624

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2015**

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## MESSAGE FROM THE PRESIDENT

**“2015 has been a big year for the McGrath Foundation. We are celebrating our Pink Decade and making life for families experiencing breast cancer just that little bit easier, with the support of specialised breast care nurses across the country.”**

January marked the seventh year of the Sydney Pink Test, now the iconic centrepiece of the Cricket Australia and McGrath Foundation friendship. Fans from both sides united in a galvanising show of pink, expressing their support for the Foundation in a variety of ways. This year, pink beards were a popular choice!

A generous grant from the NSW Government was also announced at the Test, which, along with the support of our Corporate Partners, the Australian community and the Federal Government, goes a long way towards helping us realise our mission.

To think that now we have supported over 36,000 families and currently have 100+ nurses in the community – which is growing all the time – just blows me away.

Not in a million years would we have dreamed that the Foundation would get to where it is today. It has been an amazing success story and the secret behind its success has been our wonderful, caring, passionate nurses and the incredible team we have at the McGrath Foundation, who work tirelessly to make a difference every day.

So to, does the wider community. Through donations, hosting or attending community events, or purchasing a pink product that supports our cause, the enthusiastic and committed individuals that rally to support us continue to amaze me.

For me the Foundation, and everything it stands for, is about hope. The vision we set ten years ago was that one day, every family experiencing breast cancer in Australia would have access to the support of a breast cancer nurse. My hope for the next ten years is that this dream is finally fully realised.

Together we can make a difference!



Glenn McGrath AM  
*President and Co-Founder*  
24 September 2015

## MESSAGE FROM THE CHAIRMAN

**“With unwavering dedication McGrath Breast Care Nurses support patients and families experiencing breast cancer; it is extraordinary how far this vision has been able to extend, across our country.”**

We are incredibly proud of the work our nurses have provided to families and communities over the past ten years. I thank all of our wonderful nurses for their dedication and loving service. Since 2005, the McGrath Foundation has placed 105 McGrath Breast Care Nurses across Australia and supported more than 36,000 families through the challenges of breast cancer.

With an ageing population and rising incidence of breast cancer diagnosis, we've undertaken a significant research project in collaboration with the Australian Health & Hospital Association, mapping current disease prevalence against resources to identify key gaps and the priority areas requiring service.

The report entitled *Keeping Abreast of Future Need: the Growing Demand for Breast Care Nurses* examines the way breast care nurses deliver care and allows us to understand better the gaps related to the breast cancer workforce and to plan for future services. The report findings will play a significant role in prioritising the placement of McGrath Breast Care Nurses and shaping our strategy to address the increased gap between service and growing demand.

By 2017 there will be a cumulative 200,000+ Australian women who have been diagnosed previously with breast cancer, who may require the further support of a breast care nurse.

Currently, there is a shortage of 79 breast care nurses, projected to grow to 109 by 2020.

It costs over \$13 million dollars per year to fund the current 105 McGrath Breast Care Nurses in the community, and we will continue to work in partnership with health services and the government to ensure patients and their loved ones dealing with breast cancer have access to the best specialised support – now and into the future.

The Foundation remains in a strong financial position. Our total income in 2015 was \$16,502,193 up from \$13,337,289 in 2014. Throughout the year we have increased donor outreach and fundraising through campaigns, digital activations and appeals. Innovative initiatives including the McGrath Foundation Digital Cup demonstrate the Foundation's continued drive to embrace new income streams and find engaging ways to connect effectively with our supporters.

Our accomplishments have been made possible through the collaborative support of our Corporate Partners, individual philanthropic donors, the government and of course the overwhelming involvement and support of the community, to whom I express our sincere gratitude.

I also record the appreciation of our Board to our CEO, Petra Buchanan, and her team of wonderful and capable people – all of whom work tirelessly in the pursuit of our objectives to provide supportive care. Together, we are making a difference.



John Conde AO  
Chairman  
24 September 2015

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

**“Over the past 10 years, the McGrath Foundation has grown to become one of Australia’s most respected and recognised charities. We currently rank in the top 10 of both the AMR Charity Reputation Index and the Not-for-Profit Innovation Index alongside organisations far larger in scale in both employees and income. To be positioned in this field highlights both the community’s respect for the organisation and the scale of growth possible for the McGrath Foundation.”**

The McGrath Foundation is not exactly your conventional charity. Our game-changer mentality has seen the traditional game of cricket morph in to the Pink Test; creating a new ‘gold-standard’ model of breast care nursing, through to our unique model of community and corporate engagement. We have a reputation for doing things differently which has deeply resonated with the community, our Corporate Partners, individual donors and Government; a reputation which has allowed us to grow the number of McGrath Breast Care Nurses from four in 2005, to 105 just one decade later.

This year we’ve focused on putting the building blocks in place to ensure our next decade is as successful as our first. The tenth year of the Foundation marks a period of evolution. A new five year strategic plan has been developed to ensure growth within the organisation that will achieve increased annual income, incremental growth from existing campaigns and fundraising and ultimately increased support for those impacted by breast cancer.

Innovation is keys to our growth; embracing technology and employing commercial practices creating a dynamic and efficient approach that drives new fundraising streams and bolsters partnerships. This includes a commitment to research and understanding the ongoing need for breast care nurses, and the prioritisation of resources nation-wide. E-learning and continued development programs for McGrath Breast Care Nurses ensure they are at the forefront of breast care nursing, and underpin our commitment to assessing and bettering what and how we operate, while remaining true to our mission.

In the past 12 months we’ve placed five new nurses – three in Western Australia, one in Narrogin, two in Perth and two in New South Wales, in Macksville and Bankstown. One of the Western Australia positions is a metastatic nurse, focused on those patients with secondary breast cancer, allowing us to provide this essential service on both the east and west coast of Australia for the first time.

Breast cancer affects women of all ages, so being breast aware is very important. Through our educational initiative, Curve Curve, we continue to encouraging regular self-examination as an important part of your health and are targeting younger women with this important message.

Every breast cancer diagnosis is unique and no treatment or patient’s experience is the same. The McGrath Foundation still has a big job ahead to fill the unmet need for more breast care nurses in communities across Australia and remains focused on building awareness for our nurses and the service they provide, as well as the ongoing need to raise funds to employ them.



Petra Buchanan  
Chief Executive Officer  
24 September 2015

## DIRECTORS' REPORT

The Directors present their report together with the financial statements of McGrath Foundation Limited ("the Foundation") for the year ended 30 June 2015 and the auditor's report thereon.

### 1 Directors

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

<b>Name, qualifications and independence status</b>	<b>Experience and special responsibilities</b>
<b>Mr John Conde AO Chairman Independent Non-Executive Director</b>	<p>John provides pro-bono support to the Board by drawing on his wealth of experience at board level with public, private and not-for-profit organisations.</p> <p>John Conde is 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>
<b>Mr Glenn McGrath AM President Non-Executive Director</b>	<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>
<b>Mrs Tracy Bevan Foundation Ambassador Executive Director</b>	<p>Tracy helped set up the McGrath Foundation in 2005. As a director and member of the staff of the McGrath Foundation, Tracy spends a great deal of her time travelling around the country speaking at different events to raise awareness about the vital role the McGrath Foundation plays in placing Breast Care Nurses in the community and encouraging all women to be breast aware. Director since 11 December 2008.</p>
<b>Mr Kenneth Moran Independent Non-Executive Director</b>	<p>Kenneth is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Kenneth 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>
<b>Mr Peter Tracey Independent Non-Executive Director</b>	<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>
<b>Mr Terence Brown Independent Non-Executive Director</b>	<p>Terence is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Terence 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

Ms Jane Mahony resigned as Company Secretary on 24 November 2014 and was appointed as the Mission Programmes Director. On 24 November 2015, 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	5	5	-	-	-	-
Mr Glenn McGrath AM	5	4	-	-	-	-
Mrs Tracy Bevan	5	5	-	-	-	-
Mr Kenneth Moran	5	5	4	3	-	-
Mr Peter Tracey	5	4	4	4	-	-
Mr Terence Brown	5	5	-	-	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 surplus of the Foundation for the financial year amounted to \$3,070,131 (2014: \$1,564,962).

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 Company 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 Company, 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

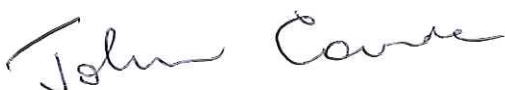
The premium for Directors' and officers' liability and legal expense insurance contracts for the year ended 30 June 2015 was provided to the Foundation free of charge. Such insurance contracts insure against certain liabilities for all directors of the Foundation.

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 8 and forms part of the Directors' Report for the financial year ended 30 June 2015.

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



Mr John Conde AO  
Director  
24 September 2015  
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 2015 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

Mal Ramsay

*Partner*

Sydney

24 September 2015

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Income</b>			
Revenue	4.1	16,502,193	13,337,289
<b>Expenses</b>			
<b><u>Programme Expenses</u></b>			
Foundation funded Breast Care Nurses programme expenses	4.2	4,838,380	4,317,975
Government funded Breast Care Nurse Initiative expenses	4.2	4,546,108	3,646,414
Education programme expenses		614,536	565,229
<i>Total programme expenses</i>		9,999,024	8,529,618
<b><u>Non-Programme Expenses</u></b>			
Cost of Sales - merchandise		136,783	220,810
Fundraising and marketing expenses		2,730,605	2,672,548
General and administration expenses		1,275,587	1,065,321
<i>Total non-programme expenses</i>		4,142,974	3,958,679
Total expenses		14,141,998	12,488,297
Finance income	4.1	709,936	715,970
<b>Net surplus for the year</b>	4.5	<b>3,070,131</b>	<b>1,564,962</b>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>3,070,131</b>	<b>1,564,962</b>

*The accompanying notes on pages 13 to 21 form part of these financial statements.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	5.1	2,305,357	2,448,042
Investments	5.2	21,355,367	18,691,639
Trade and other receivables	5.3	816,293	757,585
Prepayments		88,787	33,452
Inventories	5.4	50,697	81,338
Other financial assets		186,931	180,261
<b>Total Current Assets</b>		<b>24,803,432</b>	<b>22,192,317</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	5.6	210,945	219,573
Intangible Assets – Computer software	5.7	329,014	22,439
<b>Total Non-Current Assets</b>		<b>539,959</b>	<b>242,012</b>
<b>Total Assets</b>		<b>25,343,391</b>	<b>22,434,329</b>
<b>Current Liabilities</b>			
Trade and other payables	5.5	855,781	1,081,533
Employee benefits		96,481	127,936
Provisions		22,828	21,996
Deferred income	4.3	1,126,781	1,027,615
<b>Total Current Liabilities</b>		<b>2,101,871</b>	<b>2,259,080</b>
<b>Non-Current Liabilities</b>			
Employee benefits		31,718	35,578
<b>Total Non-Current Liabilities</b>		<b>31,718</b>	<b>35,578</b>
<b>Total Liabilities</b>		<b>2,133,589</b>	<b>2,294,658</b>
<b>Net Assets</b>		<b>23,209,802</b>	<b>20,139,671</b>
<b>Equity</b>			
Accumulated surpluses		23,209,802	20,139,671
<b>Total Equity</b>		<b>23,209,802</b>	<b>20,139,671</b>

*The accompanying notes on pages 13 to 21 form part of these financial statements.*

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Cash flow from operating activities</b>			
Donations received		4,146,829	1,338,910
Sale of merchandise		434,275	475,906
Proceeds from fundraising		4,157,165	4,697,688
Proceeds from corporate friendships		3,503,509	3,442,144
Proceeds from grants		5,112,800	4,756,000
Payments to suppliers and employees		(15,192,674)	(12,548,930)
Interest received from cash accounts		63,515	29,585
<b>Net cash provided by operating activities</b>		<b>2,225,419</b>	<b>2,191,303</b>
<b>Cash flow from investing activities</b>			
Interest received from investments		687,581	517,397
Payments for investments		(2,663,729)	(2,393,243)
Payments for property, plant & equipment		(74,394)	(194,823)
Payments for intangible assets		(317,562)	(18,722)
<b>Net cash (used in) investing activities</b>		<b>(2,368,104)</b>	<b>(2,089,391)</b>
<b>Cash flow from financing activities</b>			
		-	-
Net (decrease)/increase in cash held		(142,685)	101,912
Cash and cash equivalents at the beginning of the financial year		2,448,042	2,346,130
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>2,305,357</b>	<b>2,448,042</b>

*The accompanying notes on pages 13 to 21 form part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Accumulated Surpluses</b>	<b>Total Equity</b>
	\$	\$
<b>Balance at 30 June 2013</b>	18,574,709	18,574,709
Profit for the year	1,564,962	1,564,962
Other comprehensive income for the year	-	-
<b>Balance at 30 June 2014</b>	<b>20,139,671</b>	<b>20,139,671</b>
Profit for the year	3,070,131	3,070,131
Other comprehensive income for the year	-	-
<b>Balance at 30 June 2015</b>	<b>23,209,802</b>	<b>23,209,802</b>

*The accompanying notes on page 13 to 21 form part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 1 Reporting entity

McGrath Foundation Limited ("the Foundation") is a not-for-profit entity. 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 2015, the number of members was 4 (2014: 4).

The Foundation is a not-for-profit company dedicated to raising funds for the provision of Breast Care Nurses and breast cancer awareness.

## 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 24 September 2015. 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.

### 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 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 \$3,144,332 (2014: \$3,027,892). Within employee related expenses, \$238,144 (2014: \$218,706) 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.

### 3 Changes in accounting policies

The Foundation has consistently applied the accounting policies set out in Notes 2 to 6 to all periods presented in these financial statements.

There were no new standards or amendments to standards effective from 1 July 2014 and applicable to the Foundation that were not early adopted by the Foundation in prior years. As such the Foundation have not adopted any new standards or amendments to standards in the year ended 30 June 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 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	On receipt of the cash.
Corporate Friendships	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.
Sale of Merchandise	Revenue from the sale of merchandise is recognised when the Foundation supporter orders the goods and it is delivered. Most merchandise is sold by an agency on behalf of the Foundation. For these sales, the Foundation receives a commission.	On delivery of the goods.
Finance income	All finance income relates to interest income on funds invested.	As it accrues using the effective interest method.

	2015 \$	2014 \$
<b>Revenue</b>		
Donations	4,146,829	1,338,910
Fundraising	4,157,165	4,697,688
Corporate friendships	3,250,650	3,233,986
Government grant	4,546,108	3,646,414
Merchandise	337,022	411,351
Other	64,419	8,940
	<b>16,502,193</b>	<b>13,337,289</b>
<b>Finance Income</b>		
Interest income	709,936	715,970
	<b>709,936</b>	<b>715,970</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 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 2015 was 57 (2014: 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:

	2015	2014
	\$	\$
Within one year	4,326,306	4,816,677
Greater than one year but not later than five years	4,476,868	8,005,722
Total (excluding GST)	<b>8,803,174</b>	<b>12,822,399</b>

#### McGrath Foundation Funded Breast Care Nurses

The Foundation funds all other nurses through the support of the community. The Foundation currently has support for 48 (2014: 44) Breast Care Nurse positions that are committed as at 30 June 2015 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:

	2015	2014
	\$	\$
Within one year	3,696,337	3,270,641
Greater than one year but not later than five years	3,137,171	3,308,486
Total (excluding GST)	<b>6,833,508</b>	<b>6,579,127</b>

### 4.3. Deferred Income

	2015	2014
	\$	\$
Government grant	1,115,141	951,555
Other	11,641	76,060
	<b>1,126,782</b>	<b>1,027,615</b>

#### Government grant

Funding received in the year ended 30 June 2015 amounted to \$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 2015 amounted to \$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 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 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:

	2015	2014
	\$	\$
Within one year	172,694	167,853
Greater than one year but not later than five years	373,338	558,032
Total (excluding GST)	<u>546,032</u>	<u>725,885</u>

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 2015, an amount of \$218,100 (2014: \$268,487) 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 appeals conducted during the 30 June 2015 financial year included Summer of Cricket events (Sydney Pink Test, Jane McGrath High Teas, Pink Stumps Day), donations received through major appeals (Tax Appeal and Christmas Appeal), Community Fundraising Events (Pink Polar, Host your own High Tea, Pull on your Socks) and Metro and Regional High Tea's.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<b>Results of donations, fundraising, and corporate friendships ("fundraising appeals")</b>		
Gross income from fundraising appeals	11,554,644	9,270,584
Less: direct costs of fundraising appeals	(806,129)	(733,171)
<b>Net surplus obtained from fundraising appeals</b>	<b>10,748,515</b>	<b>8,537,413</b>
<b>Application of net surplus obtained from fundraising appeals</b>		
Indirect costs of fundraising appeals	1,924,475	1,939,377
Foundation funded Breast Care Nurse programme expenses	4,838,380	4,317,975
Education programme expenses	614,536	565,229
General and administration expenses	1,275,587	1,065,321
Net expenditure (excluding government grant expenses and merchandise cost)	<b>8,652,978</b>	<b>7,887,902</b>
Net (deficit)/surplus after net surplus from fundraising appeals	<b>2,095,537</b>	<b>649,511</b>
<b>The net surplus for the year was funded from net surplus after expenditure from fundraising appeals and the following sources</b>		
Government grant income	4,546,108	3,646,414
Government grant expenses	(4,546,108)	(3,646,414)
Interest received	709,936	715,970
Merchandise income	337,022	411,351
Merchandise costs of sale	(136,783)	(220,810)
Other income	64,419	8,940
	<b>974,594</b>	<b>915,451</b>
Surplus for the year	<b>3,070,131</b>	<b>1,564,962</b>

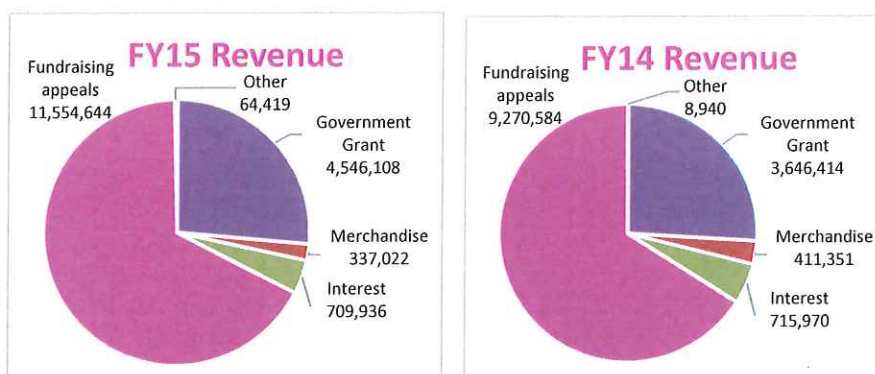
### Comparisons of certain monetary figures and percentages

	2015		2014	
	\$	%	\$	%
Direct cost of fundraising appeals / Gross income from fundraising appeals	806,129 11,554,644	7.0	733,171 9,270,584	7.9
Net surplus obtained from fundraising appeals / Gross income from fundraising appeals	10,748,515 11,554,644	93.0	8,537,413 9,270,584	92.1
Total cost of services provided (total programme expenses per P/L) / Total expenditure (excluding Fundraising and marketing expenses and Costs of sale per P/L)	9,999,024 11,274,610	88.7	8,529,618 9,594,938	88.9
Total cost of services provided (total programme expenses per P/L) / Total income received (total revenue per P/L)	9,999,024 16,502,193	60.6	8,529,618 13,337,289	64.0

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 2015



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

### 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.

Cash at bank and in hand

2015	2014
\$	\$
<b>2,305,357</b>	<b>2,448,042</b>

#### 5.2. Investments

##### Accounting policy

Investments comprise term-deposits invested for terms exceeding three months.

Investments in term deposits

2015	2014
\$	\$
<b>21,355,367</b>	<b>18,691,639</b>

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 recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). 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.

Trade receivables  
Provision for impairment

Other receivables (accrued interest income; net GST receivable)

2015	2014
\$	\$
268,387	561,561
(15,887)	-
252,500	561,561
563,793	196,024
<b>816,293</b>	<b>757,585</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

Balance 1 July 2014	-
Impairment loss recognised during the year	15,866
Unused amount reversed during the year (amounts recovered)	-
Amounts written off during the year (utilisation of provision)	-
<b>Balance at 30 June 2015</b>	<b>15,866</b>

The impairment expense recognised in the period is \$18,880 (2014: \$11,172 reversal) and was recognised within Fundraising and marketing expenses on the Statement of Comprehensive Income.

### 5.4. Inventories

#### Accounting policy

*Inventory held for resale*

Inventories are measured at the lower of cost or net realisable value.

In the current year, McGrath Foundation did not recognise any write-downs of inventories (2014: \$59,297).

### 5.5. 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.

	2015	2014
	\$	\$
Trade payables	6,344	89,699
Accrued expenses	849,437	991,834
	<b>855,781</b>	<b>1,081,533</b>

### 5.6. 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 \$82,744 (2014: \$65,711).

### 5.7. 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 \$317,561 (2014: \$18,722) 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 \$11,106 (2014: \$15,874).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 6. Other notes

#### 6.1. Auditors remuneration

	2015	2014
	\$	\$
Audit of statutory financial statements	-	-
Audit/review of Government Grant funding	5,000	6,000
Assistance with preparation of financial statements	7,000	7,000
Total auditors remuneration	<b>12,000</b>	<b>13,000</b>

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 \$415,129 (2014: \$384,841) for the year ended 30 June 2015. 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 2015.

#### 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 2015.
- 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 2015.
- 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 2015;
- 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 2015; 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  
24 September 2015  
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 9 to 21 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 2015 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  
24 September 2015  
Sydney, NSW





## **Independent auditor's report to the members of McGrath Foundation Ltd**

### **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 2015, and 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 directors' declaration.

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 judgement, 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, 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.

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* including:

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2015 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 2015;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2014 to 30 June 2015, 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 2014 to 30 June 2015 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 2015, 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 2015, has complied in all material respects with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947*.

KPMG

KPMG

Mal Ramsay  
*Partner*

Sydney

24 September 2015