



# **MCGRATH FOUNDATION LIMITED**

A.B.N. 23 115 566 624

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2020**

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## DIRECTORS' REPORT

The Directors present their report together with the financial statements of McGrath Foundation Limited ("the Foundation") for the year ended 30 June 2020 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
<b>Mr John Conde AO Chairman Independent Non-Executive Director</b>	<p>John provides pro-bono support to the Board, drawing on his experience at board level with public, private and not-for-profit organisations.</p> <p>John Conde is also the Chairman of Cooper Energy Limited, President of the (Commonwealth) Remuneration Tribunal, Deputy Chairman of Whitehaven Coal Limited and Chairman of the Dexus Wholesale Property Fund. He is a Member of the Independent Parliamentary Expenses Authority. He retired in September 2020 as a director of Dexus (ASX listed entity DXS). Some of his other previous positions include Chairman of Bupa (Australia and New Zealand), Chairman of the Sydney Symphony Orchestra, Director of BHP Limited, Chairman of Ausgrid (formerly Energy Australia), Member of the Asian Football Confederation (AFC), Asian Cup Local Organising Committee and Chairman of the Australian Olympic Committee (NSW) Fundraising Committee. He has been a Director of the McGrath Foundation since 23 April 2012 and Chairman since 20 September 2013.</p>
<b>Mr Glenn McGrath AM President Non-Executive Director</b>	<p>Glenn is the co-founder and President who donates to the Foundation all of his time spent on Foundation business.</p> <p>Glenn McGrath has had a successful professional cricket career spanning 14 years. He is an Australian sporting icon and continues his contribution to cricket through his coaching activities and as a media commentator. He has been a Director on the Board of R.M. Williams since April 2015 and has been a Director of the McGrath Foundation since 20 November 2007.</p>
<b>Mrs Tracy Bevan Foundation Ambassador Director</b>	<p>Tracy helped set up the McGrath Foundation in 2005. As a Director and member of the staff of the McGrath Foundation, Tracy spends a great deal of her time travelling around the country speaking at different events to raise awareness about the vital role the McGrath Foundation plays in funding McGrath Breast Care Nurses in the community and encouraging greater breast health understanding. Tracy has been a Director of the McGrath Foundation since 11 December 2008.</p>
<b>Mr Terry Brown Independent Non-Executive Director</b>	<p>Terry is a pro-bono Director and donates all of his time spent on Foundation business.</p> <p>Terry Brown has been a practising lawyer for over 35 years, and is a fellow of the Australian and New Zealand College of Notaries. As a friend and professional advisor to the McGrath family, Terry was a co-founder of the Foundation. Terry also co-founded the Belle Property Group and presently sits on a number of Advisory Boards. He is Joint Managing Director of Tax Assure Pty Ltd.</p> <p>Terry has been a Director of the McGrath Foundation since 2 August 2005.</p>
<b>Ms Christine McLoughlin Independent Non-Executive Director</b>	<p>Christine has been a pro-bono Director since September 2016 and donates all of her time spent on Foundation business.</p> <p>Christine McLoughlin is an experienced Non-Executive Director and business adviser across a range of sectors including financial services, mining, infrastructure, telecommunications, insurance and health. Christine currently serves as Chairman on Suncorp Group Limited and Chancellor of the University of Wollongong. She is also a former Director on nib holdings and a co-founder of Minerva Group.</p>
<b>Ms Suzanne Storr Independent Non-Executive Director (resigned 24 October 2019)</b>	<p>Suzanne was a pro-bono Director of the McGrath Foundation from 19 September 2016 until her resignation from the Board on 24 October 2019. In her time with the Foundation she also served as Chair of the Risk, Investment and Audit Committee.</p>
<b>Ms Glenys Beauchamp Independent Non-Executive Director (joined 17 June 2020)</b>	<p>Glenys joined the Board of the Foundation as a pro-bono Director on 17<sup>th</sup> June 2020.</p> <p>Ms Glenys Beauchamp was Secretary of the Australian Government Department of Health from 18 September 2017 to 28 February 2020, when she retired from the Australian Public Service. From the end of March to May 2020 Glenys returned to assist the Australian Government procure personal protective equipment for the health system during the COVID-19 pandemic.</p> <p>Glenys has had an extensive career in the Australian Public Service at senior levels with responsibility for a number of significant government programs covering economic and social</p>

policy areas. She has more than 25 years' experience in the public sector and began her career as a graduate in the Industry Commission.

Ms Beauchamp was Secretary of the Department of Industry, Innovation and Science (2013–2017) and Secretary of the Department of Regional Australia, Local Government, Arts and Sport (2010–2013). She served as Deputy Secretary in the Department of the Prime Minister and Cabinet (2009–2010) and the Department of Families, Housing, Community Services and Indigenous Affairs (2002–2009).

Ms Beauchamp also held several executive positions in the ACT Government.

Qualifications: BEc (ANU), MBA (UC)

Current Board membership: Australian Commission on Safety and Quality in Health Care, Advisory Board of Region Media and member of the Centre of Strategy and Governance.

**Ms Christine Holman  
Independent Non-  
Executive Director  
(joined 1 July 2020)**

Christine joined the Board of the McGrath Foundation on 1 July 2020. Christine is a professional company director and a Non-Executive Director at four ASX listed boards, CSR Ltd, Blackmores Ltd, Collins Foods Ltd and Metcash Ltd. Christine also sits on the Board of a Federal Government Business Enterprise, The Moorebank Intermodal Company.

In line with her passion for cricket, preserving the history and heritage of the game, and our country, Christine also sits on the Boards of The Bradman Foundation, the ICC T20 Cricket World Cup 2020 and the State Library of NSW Foundation.

In her previous executive capacity, as both CFO & Commercial Director of Telstra Broadcast Services, Christine brings a deep understanding of legacy and emerging technologies. During her time in private investment management, Christine assisted management and the Board of investee companies on strategy development, mergers & acquisitions, leading due diligence teams, managing large complex commercial negotiations and developing growth opportunities.

Christine has an MBA and Post-Graduate Diploma in Management from Macquarie University and is a Graduate of the Australian Institute of Company Directors. Christine is a member of Chief Executive Women (CEW).

## 2 Company Secretary

Mr Michael Cussen joined the McGrath Foundation in 2017 and currently holds the position of Finance Director. Michael has been Company Secretary since 30 May 2018.

## 3 Directors' meetings

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

Director	Board Meetings *		Risk, Investment & Audit Committee	
	A	B	A	B
Mr John Conde AO	4	4	-	2
Mr Glenn McGrath	4	4	-	-
Mrs Tracy Bevan	4	4	-	-
Mr Terry Brown	4	4	4	4
Ms Christine McLoughlin	4	3	4	4
Ms Suzanne Storrie (RIAC Chair)**	1	1	1	1
Ms Glenys Beauchamp	1	1	-	-

\* In addition to these Board meetings, 3 Board consultation meetings took place during the financial year.

\*\* Suzanne Storrie resigned on 24 October 2019.

A = Number of meetings held during the time the Director held office during the year.

B = Number of meetings the Director attended.

## DIRECTORS' REPORT (cont'd)

### 4 Principal Activities

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

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

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

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

#### Strategy for achieving these objectives

The Foundation intends to achieve these objectives through:

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

#### Performance measures

The Foundation measures performance through monthly monitoring and oversight to:

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

### 5 Operating and financial review

The operating net (deficit)/surplus of the Foundation for the financial year amounted to (\$1,153,437), 2019: \$155,492.

#### Impact of COVID-19

The Foundation met the revenue reduction criteria to be eligible for the JobKeeper scheme (the Federal Government's wage subsidy in response to COVID-19) and this support began in April 2020 and will continue until the end of September 2020. Refer to note 4.4 of the financial statements for details on the JobKeeper subsidies received during the period.

Other support received by the Foundation included the Federal Government's Boosting cash flow for employers, which has been received and recognised within the current period as well as rent reductions on lease property. Refer to note 4.4 of the financial statements for details of this support received during the period.

In the opinion of the Directors there were no significant changes in the state of affairs of the Foundation, other than those disclosed 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.

## **DIRECTORS' REPORT (cont'd)**

### **7 Events subsequent to reporting date**

As at the date of this report, the future impact of COVID-19 on the domestic economy and the impact on the Foundation remains uncertain. The Foundation has and continues to monitor this situation.

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**

\$9,000 was paid as the premium for Directors' and officers' liability and legal expense insurance contracts for the year ended 30 June 2020. Such insurance contracts insure against certain liabilities for all directors of the Foundation.

### **11 Auditor's independence declaration**

The auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the financial year ended 30 June 2020.

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



Mr John Conde AO  
Director  
06 October 2020  
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 2020 there have been:

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

KPMG

Daniel Robinson  
Partner

Sydney  
6 October 2020

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$	2019 \$
<b>Revenue</b>	4.1	21,249,265	18,731,131
<b>Other income</b>	4.4	434,306	-
<b>Expenses</b>			
<b><u>Programme Expenses</u></b>			
Foundation funded Breast Care Nurses programme expenses		6,495,061	8,013,582
Government funded Breast Care Nurse Initiative expenses		8,113,861	5,171,409
<i>Total programme expenses</i>		14,608,922	13,184,991
<b><u>Non-Programme Expenses</u></b>			
Fundraising and marketing expenses		7,538,206	5,035,013
General and administration expenses		1,309,882	1,355,173
<i>Total non-programme expenses</i>		8,848,088	6,390,186
Total expenses		<b>23,457,010</b>	<b>19,575,177</b>
Finance income	4.1	664,439	999,538
Finance costs		(44,437)	-
<b>Net finance income</b>		<b>620,002</b>	<b>999,538</b>
<b>Net (deficit)/surplus for the year</b>		<b>(1,153,437)</b>	<b>155,492</b>
Changes in fair value of financial instruments that will not be subsequently realised in (deficit)/surplus for the year		(308,788)	54,987
<b>Other comprehensive (loss)/income for the year</b>		<b>(308,788)</b>	<b>54,987</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(1,462,225)</b>	<b>210,479</b>

*The accompanying notes on pages 12 to 26 form part of these financial statements.*



**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Notes	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	5.1	5,325,701	11,896,133
Investments	5.2	92,803	100,349
Trade and other receivables	5.3	597,979	401,988
Prepayments		214,079	170,846
Inventories		68,563	16,143
Other financial assets		239,233	239,233
<b>Total Current Assets</b>		<b>6,538,358</b>	<b>12,824,692</b>
<b>Non-current Assets</b>			
Investments	5.2	15,902,963	17,675,274
Property, plant & equipment	5.5	1,130,859	586,503
Intangible assets	5.6	208,619	331,620
<b>Total Non-current Assets</b>		<b>17,242,441</b>	<b>18,593,397</b>
<b>Total Assets</b>		<b>23,780,799</b>	<b>31,418,089</b>
<b>Current Liabilities</b>			
Trade and other payables	5.4	2,901,454	3,422,380
Employee benefits		382,611	234,929
Provisions		-	26,964
Deferred income	4.3	1,318,699	7,817,560
Lease Liabilities	3	237,784	-
<b>Total Current Liabilities</b>		<b>4,840,548</b>	<b>11,501,833</b>
<b>Non-current Liabilities</b>			
Employee benefits		29,341	61,411
Provisions		142,997	140,872
Lease Liabilities	3	537,816	-
<b>Total Non-current Liabilities</b>		<b>710,154</b>	<b>202,283</b>
<b>Total Liabilities</b>		<b>5,550,702</b>	<b>11,704,116</b>
<b>Net Assets</b>		<b>18,230,097</b>	<b>19,713,973</b>
<b>Equity</b>			
Fair value reserve		539,000	847,788
Accumulated surpluses		17,691,097	18,866,185
<b>Total Equity</b>		<b>18,230,097</b>	<b>19,713,973</b>

*The accompanying notes on pages 12 to 26 form part of these financial statements.*

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
<b>Cash flow from operating activities</b>			
Donations received		6,159,640	6,595,572
Proceeds from fundraising		4,344,944	3,906,406
Proceeds from corporate partners		2,897,952	3,671,188
Proceeds from grants		1,776,500	14,444,100
Cash receipts – Job Keeper	4.4	240,000	-
Cash receipts – Other COVID-19 support	4.4	50,000	-
Payments to suppliers and employees		(23,823,315)	(19,953,560)
Interest received from cash accounts		72,156	36,734
Interest paid*		(44,437)	-
<b>Net cash (used in)/provided by operating activities</b>		<b>(8,326,560)</b>	<b>8,700,440</b>
<b>Cash flow from investing activities</b>			
Proceeds from investments		2,000,000	-
Payments for property, plant & equipment		(16,825)	(115,617)
Payments for intangible assets		(20,000)	-
<b>Net cash provided/(used in) investing activities</b>		<b>1,963,175</b>	<b>(115,617)</b>
<b>Cash flow from financing activities</b>			
Payment of principal of lease liabilities**		(207,047)	-
<b>Net cash used in financing activities</b>		<b>(207,047)</b>	<b>-</b>
Net (decrease)/increase in cash held		(6,570,432)	8,584,823
Cash and cash equivalents at the beginning of the financial year		11,896,133	3,311,310
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>5,325,701</b>	<b>11,896,133</b>

\*The Foundation has classified:

- Cash payments for the interest portion of lease payments as operating activities consistent with the presentation of interest payments.
- Short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

\*\*The Foundation has classified:

- Cash payments for the principal portion of lease payments as financing activities.

*The accompanying notes on pages 12 to 26 form part of these financial statements.*

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Fair value reserve \$	Accumulated surpluses \$	Total equity \$
<b>Balance at 30 June 2018</b>	792,801	18,710,693	19,503,494
Net surplus for the year	-	155,492	155,492
<i>Other comprehensive income for the year:</i>			
Changes in fair value of financial instruments that will not be subsequently realised in surplus for the year	54,987	-	54,987
<b>Balance at 30 June 2019</b>	847,788	18,866,185	19,713,973
Initial application of AASB 16*	-	(21,651)	(21,651)
<b>Balance at 1 July 2019</b>	847,788	18,844,534	19,692,322
Net deficit for the year	-	(1,153,437)	(1,153,437)
<i>Other comprehensive income for the year:</i>			
Changes in fair value of financial instruments that will not be subsequently realised in (deficit) for the year	(308,788)	-	(308,788)
<b>Balance at 30 June 2020</b>	<b>539,000</b>	<b>17,691,097</b>	<b>18,230,097</b>

\* The Foundation has initially applied AASB 16 at 1 July 2019, using the modified retrospective method with the effect of initially applying the impact of this standard in retained earnings at the date of the initial application. See Note 3.

*The accompanying notes on pages 12 to 26 form part of these financial statements*

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 1 Reporting entity

McGrath Foundation Limited (“the Foundation”) is a not-for-profit entity dedicated to raising funds for the provision of Breast Care Nurses and breast health understanding programs. The Foundation is an unlisted public company limited by guarantee which does not have any share capital. If the Foundation is wound up, the constitution states that each Member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Foundation. At 30 June 2020, the number of members was 4 (2019: 4).

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

## 2 Basis of preparation

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

The financial statements were authorised for issue by the Board of Directors on 02 October 2020. 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 a going concern basis. The financial statements have been prepared on the historical cost basis except for investments, which are measured at fair value.

### Current/non-current distinction

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

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

### Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised and in any future periods affected.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2 Basis of preparation (cont'd)

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

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

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

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 surplus/(deficit) as incurred. Financial assets through other comprehensive income are measured at fair value and changes therein are recognised in other comprehensive income.

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

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

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

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

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

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

### Income tax

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

### Goods and Services Tax (GST)

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

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

### Employee benefits

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

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

The employee related expense (including subcontractors) for the year was \$4,746,038 (2019: \$4,416,588). Within employee related expenses, \$378,918 (2019: \$369,127) in expenses relating to defined contribution plans (superannuation) was recognised.

#### (ii) Defined contribution plans

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2 Basis of preparation (cont'd)

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

### (iv) Breast Care Nurses

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

### (v) Impact of COVID-19

The Foundation met the revenue reduction criteria to be eligible for the JobKeeper scheme (the Federal Government's wage subsidy in response to COVID-19) and this support began in April 2020 and will continue until the end of September 2020. Refer to note 4.4 for details on the JobKeeper subsidies received during the period.

Other support received by the Foundation included the Federal Government's Boosting cash flow for employers, which has been received and recognised within the current period as well as rent reductions on lease property (refer to note 4.4).

Management regularly monitor cash flow forecasts, including the anticipated potential ongoing impacts of COVID-19, to ensure adequate cash is available to meet operational requirements. Taking into consideration cash flow forecasts, available cash on hand and the ability to access cash from investments if required, management have determined that there are reasonable grounds to believe that McGrath Foundation will be able to pay its debts as and when they become due and payable and consider the going concern basis of preparation to be appropriate for this financial report.

## 3 Changes in accounting policies

### 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 1 July 2019, and have not been applied in preparing these financial statements. Those which may be relevant to the Foundation are set out below:

*AASB 1060: General Purpose Financial Statements*

*AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material*

*AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions*

The Foundation does not plan to adopt these standards early.

### New standards adopted in FY20

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. The Foundation applied AASB 16 Leases from 1 July 2019 and has adopted AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-profit entities for the first time in the current year with a date of initial application of 1 July 2019.

#### 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. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

#### AASB 1058 - Income of Not-for-Profit Entities

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. It replaced AASB 1004 Contributions and related interpretations. The requirements of AASB 1058 more closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. The timing of recognition depends on whether such a transaction gives rise to a liability or other performance obligation.

The Foundation has adopted AASB 15 and AASB 1058 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2019). Accordingly, the information presented for 2019 has not been restated – i.e. it is presented, as previously

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3 Changes in accounting policies (cont'd)

reported, under AASB 118, AASB 111 and AASB 1004 and related interpretations. Additionally, the disclosure requirements in AASB 15 and AASB 1058 have not generally been applied to comparative information.

AASB 15 and AASB 1058 did not have a significant impact on the Foundation's accounting policies with respect to revenue streams. The Foundation has disaggregated revenue based on the funding source and nature of the revenue stream.

#### AASB 16 – Leases

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Foundation, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments.

The Foundation assessed the potential impact on its financial statements resulting from the application of AASB 16 in the prior year and has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 Leases and related interpretations. The details of the changes in accounting policies are disclosed below.

#### Definition of a lease

At inception of a contract, the Foundation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Foundation uses the definition of a lease in AASB 16.

At inception or on reassessment of a contract that contains a lease component, the Foundation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

#### As a lessee

The Foundation leases assets including items of property. The Foundation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying assets to the Foundation. Under AASB 16, the Foundation recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

The Foundation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term and adjusted for certain re-measurements of the lease liability or impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Foundation's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate that was applied to the lease liabilities on 1 July 2019 was 5%.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be payable under a residual guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Lease liabilities are presented in Note 5.7.

Previously, the Foundation classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Foundation's incremental borrowing rate as at 1 July 2019. The associated Right-of-use assets for property lease was measured on a retrospective basis as if the new rules had always been applied.

#### As a lessor

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3 Changes in accounting policies (cont'd)

leases as either operating or finance leases using similar principles as in AASB 117.

#### Adjustments recognised in the statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the statement of financial statements on 1 July 2019

- Right-of-use assets increase by \$934,032
- Lease liabilities increase by \$982,647
- Provisions for AASB117 lease straight-lining decrease by \$26,964
- The net impact on retained earnings on 1 July 2019 will be a decrease of \$21,651

#### Measurement of lease liabilities

When measuring the lease liabilities for leases that were classified as operating leases, the Foundation discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average discount rate applied was 5%.

<b>Operating lease commitment as at 30 June 2019 as disclosed in financial statements</b>	1,077,213
Discount using the incremental borrowing rate at 1 July 2019	(94,566)
<b>Lease liabilities recognised as at 1 July 2019</b>	982,647
Of which are:	
Current lease liabilities	251,484
Non-current lease liabilities	731,163
	982,647

Set out below are the carrying amounts of the Foundation's right-of-use assets related to leased properties that do not meet the definition of investment property and lease liabilities and the movements during the year.

<b>Right of use assets</b>	<b>Land and buildings</b>	<b>Other equipment</b>	<b>Total</b>
At 1 July 2019	922,719	11,313	934,032
Depreciation expense	(230,680)	(2,828)	(233,508)
<b>At 30 June 2020</b>	<b>692,039</b>	<b>8,485</b>	<b>700,524</b>

<b>Lease liabilities</b>	<b>Total</b>
At 1 July 2019	982,647
Interest Expense	44,437
Payments	(251,484)
<b>At 30 June 2020</b>	<b>775,600</b>

Of which are:	<b>Total</b>
Current lease liabilities	237,784
Non-current lease liabilities	537,816
<b>As 30 June 2020</b>	<b>775,600</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 4 Operations of the Foundation

### 4.1. Revenue and finance income

#### Revenue recognition policy

#### AASB 15 - Revenue from Contracts with Customers

Detail on the nature of revenue and cash flows is included below:

Revenue stream	Nature	Recognition criteria
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 and revenue received as part of the contractual agreements.	Revenue is recognised over time as the service is rendered and performance obligations satisfied.
Government grant income	The Foundation's Breast Care Nurse Programme receives support from Australian Government bodies. The Foundation must comply with the conditions associated with the Grants, otherwise the funding is repayable to the Government. See Note 4.2 and 4.3 for further details of the Grants.	Where the Foundation must comply with conditions associated with the grant and there are sufficiently specific performance obligations, the revenue is recognised over time as the performance obligations to the grant are fulfilled.
Sale of goods	The Foundation also recognises revenue from the sale of merchandise at fundraising events.	Revenue related to the sale of these goods is recognised at the point in time when the goods are transferred. Receipt of cash and the transfer of goods usually occurs on the same day.

#### AASB 1058 - Income of not-for-profit entities

#### Donations, fundraising, bequests and other grants

Other grants such as donations, bequests and legacies and funding agreements which are not enforceable and do not contain sufficiently specific performance obligations are recognised at their fair value when the asset is received. These assets are generally cash, but may be property which has been donated or sold to the Foundation at significantly below its fair value. Fundraising includes 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.

Once the asset has been recognised, the Foundation recognises any related liability amounts. Income is then recognised for any difference between the recorded asset and liability.

	2020	2019
	\$	\$
<b>Revenue</b>		
Government grants	8,113,861	5,158,693
Donations	6,159,640	6,685,119
Fundraising	4,344,944	3,906,406
Corporate partners	2,630,820	2,980,913
	<b>21,249,265</b>	<b>18,731,131</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

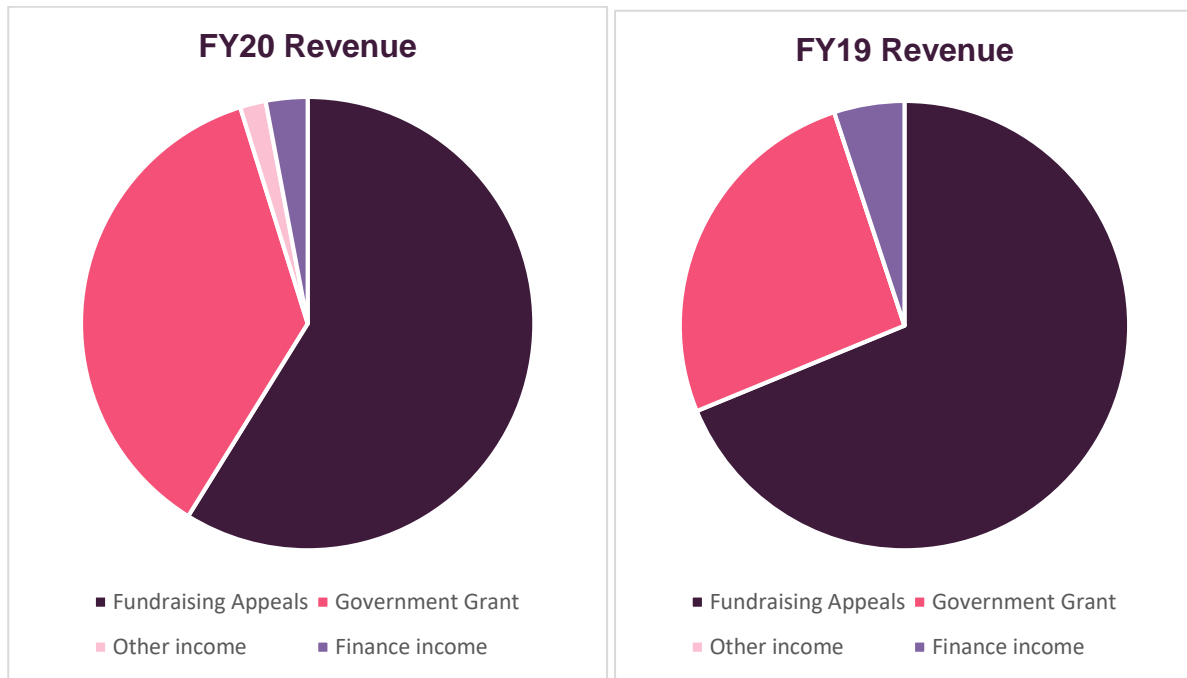
## 4.1. Revenue and finance income (cont'd)

Finance income relates to interest and dividends received on funds invested. It accrues using the effective interest method.

	2020	2019
	\$	\$
<b>Finance income</b>		
Interest income	664,439	999,538
<i>Finance Income</i>	<b>664,439</b>	<b>999,538</b>

### Fundraising activities conducted during the year

Major campaigns conducted during 30 June 2020 financial year included Sydney Pink Test, Pink Stumps Day and Pink Up Your Town, donations received through regular giving and major appeals (Tax Appeal and Christmas Appeal), Community Fundraising Events, High Teas and Corporate Partnerships.



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

## 4.2. Breast Care Nurse commitments

### Commonwealth Government of Australia Funded Breast Care Nurses

The Foundation receives support from the Commonwealth Government of Australia to fund Breast Care Nurses and fulfil the Foundation's mission. On 28 June 2013, the Foundation signed a contract with the Commonwealth to fund the 44 nursing positions supported under the 2008-09 Breast Cancer Nurses Budget Initiative as well as funding the procurement of a further 13 Breast Care Nurse positions in areas where there is a demonstrated need. The contract period was 1 July 2013 to 30 June 2017. On 22 May 2017, The Foundation signed a new contract with the Commonwealth for a further four years, from 1 July 2017 to 30 June 2021. On 4 June 2019, the Foundation signed a deed of variation on the agreement and a new Standard Grant Agreement was signed which

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4.2. Breast Care Nurse commitments (cont'd)

secured funding for up to 98 Breast Care Nurses by 2022-23. The new agreement is effective from 1 July 2019 to 30 June 2023.

The number of nurse positions filled under the Government contract at 30 June 2020 was 78 (2019: 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:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	7,043,301	5,191,976
Greater than one year but not later than five years	2,416,962	5,161,911
<b>Total (excluding GST)</b>	<b>9,460,262</b>	<b>10,353,887</b>

#### State Government Funded Breast Care Nurses

During the year, the Foundation received support from the State Governments to fund Breast Care Nurses.

##### Government of New South Wales

On 1 November 2019, the Foundation entered into an agreement with the New South Wales Ministry of Health to fund 8 nurse positions; recruitment and professional development of McGrath Breast Care Nurses in New South Wales. The funding agreement is effective from 1 September 2019 to 31 August 2023.

The number of nurse positions filled under the agreement at 30 June 2020 was 8 (2019: Nil).

The commitments included in this note only include committed amounts associated with the employment costs of the Breast Care Nurses, this does not include recruitment and professional development costs permitted under the funding agreement as these costs are not deemed to be committed.

The total undiscounted future minimum payments under the Government of New South Wales Funded Breast Care Nurses fall due for payment as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	758,635	-
Greater than one year but not later than five years	732,761	-
<b>Total (excluding GST)</b>	<b>1,491,396</b>	<b>-</b>

##### Government of Victoria

On 9 June 2020, the Foundation received funds from the Department of Health and Human Services Victoria to fund 7 nurse positions and their recruitment and professional development costs. Current funding is effective from 1 July 2020 to 30 June 2021.

The number of nurse positions filled under the current funding at 30 June 2020 was 7 (2019: Nil).

The commitments included in this note only include committed amounts associated with the employment costs of the Breast Care Nurses, this does not include recruitment and professional development costs permitted under the funding agreement as these costs are not deemed to be committed.

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	321,767	-
Greater than one year but not later than five years	-	-
<b>Total (excluding GST)</b>	<b>321,767</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4.2. Breast Care Nurse commitments (cont'd)

#### McGrath Foundation Funded Breast Care Nurses

The Foundation funds all other nurses through the support of the community. The Foundation currently supports 54 (2019: 73) Breast Care Nurse positions that are committed as at 30 June 2020 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 Breast Care Nurses fall due for payment as follows:

	2020 \$	2019 \$
Within one year	4,309,616	5,990,325
Greater than one year but not later than five years	4,994,932	4,917,183
Total (excluding GST)	<b>9,304,548</b>	<b>10,907,508</b>

### 4.3. Deferred income

	2020 \$	2019 \$
Government grant - Commonwealth of Australia (contract liability)	453,728	7,817,560
Government grant - New South Wales (contract liability)	174,971	-
Government grant - Victoria (contract liability)	690,000	-
Total deferred income	<b>1,318,699</b>	<b>7,817,560</b>

#### *Government grant- Commonwealth Government of Australia*

Funding received in the year ended 30 June 2020 amounted to \$Nil (2019: \$14,444,100) incl. GST), as instalments in respect of financial year 2020 were received in June 2019. Funding is conditional on being used for the provision of training to, assistance with the recruitment of, and funding of employment costs of, Commonwealth-funded McGrath Foundation Breast Care Nurses under the initiative and administration activities performed by McGrath Foundation Limited to implement the initiative. The funding is received in instalments over the period of the funding agreement and is initially recognised as deferred income. Any residual unspent grant at 30 June 2020 is payable to the Commonwealth Government and presented within Deferred income.

Revenue recognised in relation to the government grant for the year ended 30 June 2020 amounted to \$7,363,832 (2019: \$5,158,693). 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 2020.

#### *Government grant -Government of New South Wales*

Funding received in the year ended 30 June 2020 amounted to \$1,017,500 (incl. GST) (2019: \$Nil) and was conditional on the funding being used for the recruitment and professional development of McGrath Breast Care Nurses in New South Wales, and funding of employment costs of 8 McGrath Foundation Breast Care Nurses. The funding is received in instalments over the period of the funding agreement and is initially recognised as deferred income. Any residual unspent grant at 30 June 2020 is payable to the Government of New South Wales and presented within Deferred income.

Revenue recognised in relation to the government grant for the year ended 30 June 2020 amounted to \$750,029 (2019: \$Nil). Revenue is released to the income statement when costs that fulfil the conditions of the funding agreement are incurred.

See Note 4.2 for details of future commitments for Government of New South Wales -funded McGrath Foundation Breast Care Nurses as at 30 June 2020.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4.3. Deferred income (cont'd)

#### *Government grant -Government of Victoria*

Funding received in the year ended 30 June 2020 amounted to \$759,000 (incl. GST) (2019: \$Nil) and was conditional on the funding being used for the recruitment and professional development, and employment costs of 7 McGrath Foundation Breast Care Nurses. The funding is received in instalments over the period of the funding agreement and is initially recognised as deferred income. Any residual unspent grant at 30 June 2020 is payable to the Government of Victoria and presented within Deferred income.

No revenue was recognised in relation to the government grant for the year ended 30 June 2020 (2019: \$Nil). Revenue is released to the income statement when costs that fulfil the conditions of the funding agreement are incurred.

See Note 4.2 for details of future commitments for Government of Victoria-funded McGrath Foundation Breast Care Nurses as at 30 June 2020.

### 4.4 Other income

Other income	2020	2019
	\$	\$
Jobkeeper payments	360,000	-
Cash flow boost on PAYG withholding	50,000	-
Rent concessions	24,306	-
Total other income	<b>434,306</b>	-

The Foundation met the revenue reduction criteria to be eligible for the JobKeeper scheme and this support began in April 2020 and will continue until the end of September 2020. The Foundation has received \$360,000 of benefit with respect of these payments in the current year, with \$120,000 of this recorded as a receivable in trade and other receivables as at 30 June 2020.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 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.

	2020 \$	2019 \$
Cash at bank and on hand	5,325,701	10,378,457
Term deposits	-	1,517,676
	<b>5,325,701</b>	<b>11,896,133</b>

#### 5.2. Investments

##### Accounting policy

Investments comprise of both equity and debt instruments.

	2020 \$	2019 \$
<b>Current</b>		
Investments measured at fair value through profit and loss	92,803	100,349
	<b>92,803</b>	<b>100,349</b>
<b>Non-current</b>		
Investments measured at fair value through profit and loss	12,077,460	12,797,359
Investments measured at fair value through other comprehensive income	3,825,503	4,877,915
	<b>15,902,963</b>	<b>17,675,274</b>

Investments in equity instruments are measured at fair value through other comprehensive income on a recurring basis using Level 1 inputs. All investments measured at fair value through other comprehensive income have been designated as such on initial recognition in accordance with AASB 9. Investments in debt instruments are measured at fair value through profit and loss.

#### 5.3. Trade and other receivables

##### Accounting policy

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

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

	2020 \$	2019 \$
Trade receivables	97,328	362,842
Provision for impairment	-	(6,080)
	97,328	356,762
Other receivables (sundry receivables, JobKeeper and net GST receivable)	500,651	45,226
	<b>597,979</b>	<b>401,988</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 5.3. Trade and other receivables (cont'd)

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

Balance at 1 July 2019	(6,080)
Impairment loss recognised during the year	
Unused amount reversed during the year (amounts recovered)	-
Amounts written off during the year (utilisation of provision)	6,080
<b>Balance at 30 June 2020</b>	<b>-</b>

The impairment expense recognised in the period is NIL (2019: \$27,667).

### 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.

	2020	2019
	\$	\$
Trade payables	658,080	768,253
Other payables	-	625,969
Accrued expenses	2,243,374	2,028,158
	<b>2,901,454</b>	<b>3,422,380</b>

### 5.5. Property, plant and equipment

#### Accounting policy

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

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

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

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

Property, plant and equipment additions for the year total \$16,825 (2019: \$254,395).

The depreciation expense recognised in the year was \$406,501 of which \$233,508 related to the right of use assets (2019: \$175,282).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 5.5. Property, plant and equipment (cont'd)

	Right-of-Use assets	Leasehold improvements	Furniture and Fittings	Computer Hardware	Total
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 30 June 2019	-	597,336	90,796	331,053	1,019,185
Recognition of right-of-use asset	934,032	-	-	-	934,032
Balance 1 July 2019	934,032	597,336	90,796	331,053	1,953,217
Additions	-	-	2,516	14,309	16,825
Disposals	-	-	-	-	-
<b>Balance 30 June 2020</b>	<b>934,032</b>	<b>597,336</b>	<b>93,312</b>	<b>345,362</b>	<b>1,970,042</b>
<b>Accumulated Depreciation/ Amortisation</b>					
Balance at 30 June 2019	-	118,749	58,170	255,763	432,682
Recognition of right-of-use asset	-	-	-	-	-
Balance 1 July 2019	-	118,749	58,170	255,763	432,682
Depreciation	233,508	119,992	8,748	44,253	406,501
Disposals	-	-	-	-	-
<b>Balance 30 June 2020</b>	<b>233,508</b>	<b>238,741</b>	<b>66,918</b>	<b>300,016</b>	<b>839,183</b>
<b>Carrying Amounts</b>					
At 30 June 2019		478,575	32,626	75,302	586,503
<b>At 30 June 2020</b>	<b>700,524</b>	<b>358,595</b>	<b>26,394</b>	<b>45,346</b>	<b>1,130,859</b>

### 5.6. Intangible assets

#### Accounting policy

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 5.6. Intangible assets – computer software (cont'd)

Intangible additions for the year total \$20,000 (2019: 238,306). The current year additions related to the capitalisation of expenses pertaining to the implementation of software on new machines.

The amortisation expense recognised in the year was \$143,001 (2019: \$130,611).

	Computer Software	Website Costs	Total
<b>Cost</b>			
<b>Balance 1 July 2019</b>	587,808	238,306	826,114
Additions	20,000	-	20,000
<b>Balance 30 June 2020</b>	607,808	238,306	846,114
<b>Accumulated Amortisation</b>			
<b>Balance 1 July 2019</b>	458,977	35,517	494,494
Amortisation/ Depreciation	95,209	47,792	143,001
<b>Balance 30 June 2020</b>	554,186	83,309	637,495
<b>Carrying Amounts</b>			
<b>At 30 June 2019</b>	128,831	202,789	331,620
<b>At 30 June 2020</b>	<b>53,622</b>	<b>154,997</b>	<b>208,619</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 6 Other notes

### 6.1. Auditor's remuneration

	2020	2019
	\$	\$
Audit of statutory financial statements	46,000	42,500
Audit/review of Government Grant funding	7,750	5,400
Assistance with compilation of financial statements	5,500	7,600
Total auditors remuneration	<b>59,250</b>	<b>55,500</b>

### 6.2. Related parties

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

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

#### Key management personnel compensation

Key management personnel compensation was \$536,170 (2019: \$524,290) for the year ended 30 June 2020. 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 2020 (2019: \$nil).

### 6.3. Significant events after balance date

As at the date of this report, the future impact of COVID-19 on the domestic economy and the impact on the Foundation remains uncertain. The Foundation has and continues to monitor this situation.

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.

## DECLARATION OF CHIEF EXECUTIVE OFFICER IN RESPECT OF FUNDRAISING APPEALS

I, Holly Masters, 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 2020.
- 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 2020.
- 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 2020;
- 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 2020; 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.



Mrs Holly Masters  
Chief Executive Officer  
06 October 2020  
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 8 to 26 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 2020 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Mr John Conde AO  
Chairman  
06 October 2020  
Sydney, NSW



# Independent Auditor's Report

To the members of McGrath Foundation Limited

## Report on the audit of the Financial Report

### Opinion

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

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

- i. giving a true and fair view of the Foundation's financial as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, and
- ii. complying with *Australian Accounting Standards - Reduced Disclosure Requirements* to the extent described in Note 2 and Charities and Non-for-profits Commission Regulation 2013.

The Financial Report comprises:

- *Statement of financial position* as at 30 June 2020
- *Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies.
- Director's Declaration
- Declaration by the Chief Executive Officer in respect of fundraising appeals of the Foundation.

### Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Foundation in accordance with the auditor independence requirements of the ACNC Act 2012 and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



## Other information

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

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

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

As a part of an audit in accordance with Australian Auditing Standards- Reduced Disclosure Requirements, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- i. Identify and assess the risks of material misstatement of the Financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Foundation's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Foundation to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

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

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



## Report on other legal and regulatory requirements

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

In our opinion,

- i. The financial report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 30 June 2020;
- ii. The Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2019 to 30 June 2020, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- iii. Money received as a result of fundraising appeal activities conducted during the period from 1 July 2019 to 30 June 2020 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and
- iv. There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

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

In our opinion, the foundation has complied, in all material respects, with the requirements of the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947 for the year ended 30 June 2020.

KPMG

Daniel Robinson  
Partner

Sydney  
6 October 2020