

**Westmead Medical Research
Foundation**

ABN 89 050 329 925

General purpose (RDR) financial
report for the year ended 30 June
2016

Contents

Directors' report	1
Auditor independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in funds	8
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	23
Independent auditor's report	24

Directors' report

Your Directors submit their report for the year ended 30 June 2016.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience, special responsibilities and other directorships

Mr Joe Rizk OAM

MAICD, FAIM

Independent Non-executive Director

President (from 27/11/2014) (Vice President until 27/11/2014)

Managing Director and CEO, Arab Bank Australia. Director, Australian Lebanese Chamber of Commerce since 2007.

Director Westmead Institute for Medical Research. Board Member of Australia Arab Chamber of Commerce & Industry since January 2016.

Chairman, Italian Opera

Foundation Association. Director since 12 December 2007.

Ms Kerrie Kelly

CLE (Law) [Supreme Court of Victoria], MAICD

Independent Non-executive Director

Vice President (from 27/11/2014), Member Finance & Risk Committee

Member NSW State Council, Committee for Economic Development of Australia. Director Rockend Technology.

Director Westmead Institute for Medical Research (from 19 March 2014). Director since 15 December 2010.

Mr Stephen P Jenkins

LLB GAICD.

Independent Non-executive Director

Chair Finance & Risk Committee (from 27/11/ 2014), Member Nomination Committee

Alternative Representative Director Westmead Millennium Institute for Medical Research (from 19 March 2014).

Board Member of Parramatta College. Member & Graduate Australian Institute of Company Directors. Member

Law Society of New South Wales. Director since 15 June 2011.

Mr David Borger

Independent Non-executive Director

Director Sydney Business Chamber Western Sydney. Director Think Planners. Director Evolve Housing. Member

Ronald McDonald House Fundraising Committee. Non-Executive Director, Sydney Festival. Director since 23 September 2014.

Professor Jeremy R Chapman AC

MB BChir MD FRACP FRCP

Non-executive Director

Clinical Director, Medicine & Cancer Services, Westmead Hospital. Renal Physician and Director Western Renal

Services. Past President The Transplantation Society. Chair Australian Bone Marrow Donor Registry.

Editor-in-Chief Transplantation Journals. Director since 27 November 1993.

Professor Anthony L Cunningham AO

MD, MBBS, B. Med Sci (Hons) FRACP, FRCPA, FASM

Non-executive Director

Executive Director, Westmead Millennium Institute for Medical Research (1996) and The Institute's Centre for

Virus Research. Professor of Research Medicine and Sub-Dean (Research) (1996), Westmead Clinical School,

University of Sydney Australia. Director, Australian Center for HIV and Hepatitis Virology Research (ACH2)

(2003). Director since 27 November 1996.

Mr Joseph Khattar AM

Independent Non-executive Director

Chairman & CEO of Dylam Developments Pty Ltd. President, Australian Lebanese Chamber of Commerce.

President, George Naim Khattar Foundation. Director since 24 July 2006.

Directors' report (continued)

Directors (continued)

Mr Danny O'Connor

Non-executive Director

Chief Executive and Board Member, Western Sydney Local Health District. Board Member Westmead Millennium Institute for Medical Research. Board Member HealthShare, NSW. Board Member WentWest. Board Member HealthNet Program. Director since 24 July 2013.

Mr Alan C Overton AM

Independent Non-executive Director

Vice President NSW Scouts Association. Deputy Chairman Ronald McDonald Children's Hospital Westmead. Member Department Corrective Services Silverwater Prison Committee. Member of Parramatta Police PACT Team. Life Member and Patron Parramatta Leagues Club. Life Member and Patron Parramatta Cricket Club. Board Member Parramatta City Chamber of Commerce. Life Member & Patron Parramatta Daybreak Rotary. Director since 19 March 1992.

Ms Kate Hill

ACA, GAICD

Independent Non-executive Director

Member Finance and Risk Committee. Former partner of Deloitte Touche Tohmatsu. Interim Company Secretary of Novogen Limited. Director since 8 June 2016.

Mr Mathew Nott

Independent Non-executive Director

WSLHD Director of Corporate Communications. Director since 26 November 2015.

Dividends

The constitution of the Company prohibits the payment of dividends.

Objective

Westmead Medical Research Foundation raises funds for health care and research at Westmead Precinct. We aim to give everyone who is sick access to the best possible treatment and care, funding state of the art medical equipment, lifesaving research and enhanced services.

The Company's funds are applied for the benefit of its key stakeholders:

- (a) Westmead Hospital; health care at Westmead is provided by 8,500 staff with 1 million patient visits each year. Serving three primary local government areas (LGA's) as its local Hospital with specialist support provided to 14 local government areas across Greater Western Sydney. Specialist care is again provided to patients referred in from all across Australia. Innovations in treatment and research at Westmead helps people the world over.
- (b) Westmead Institute for Medical Research, with more than 450 staff, is one of the largest medical research institutes in Australia. Researchers are dedicated to unlock the mysteries of a wide range of diseases that affect adults and children including cancer and leukaemia, infectious and immune diseases, liver and metabolic diseases, heart and respiratory disorders, mental health and vision disorders.

Principal activities

The principal activities of the Company (hereinafter referred to as the Foundation) during the year were raising funds and enhancing community awareness in support of medical research and related health care on the Westmead Medical Campus, at Westmead Hospital (WH) and the Westmead Institute for Medical Research (WIMR). This work is in order to promote the prevention or the control of diseases in human beings.

During 2015-16 the Foundation has focused on continuing to build local community support with individuals, groups and businesses in Greater Western Sydney. The Foundation remains committed to its Regular Giving program and in retaining and increasing commitments from key supporters. In addition the Foundation has continued its work in promoting the My Westmead brand on the campus and in ensuring there are engaged relationships with key stakeholders. The Foundation was able to disburse \$2.16m to Stakeholders whilst at the same time returning the Foundation to a net surplus.

Directors' report (continued)

Principal activities (continued)

There were no significant changes in the nature of the activities of the Company during the year.

Operating and financial review

Operating results for the year

The year was one of consolidation where the Foundation aimed to maintain net fundraising income whilst reducing operational costs. A focus on donor stewardship and continued commitment to Regular Giving and its benefits as a sustainable income stream saw the net fundraising figure of the Foundation increase by 7.8% to \$2,746,474 (2015: \$2,548,860).

Operating costs fell by 37% to \$954,425 (2015: \$1,515,671).

The Foundation maintained a conservative investment strategy throughout the year and income from investments was \$606,059 (2015: 428,111). In June 2016, the Foundation changed Investment Manager and has structured its investments into 2 segments - a core fund where investments are held longer term; and an endowment fund which comprises investments that can be liquidated and available on a short term basis to meet funding requirements.

The transfer of a substantial portion of the investment funds was completed by 30 June 2016, with the balance being transferred in July 2016.

Liability of members

The maximum liability of each member in the event of a winding up is \$5. The number of members at the end of the year was 206 (2015: 206). In total, the members' liability amounts to \$1,030 (2015: \$1,030).

Indemnification and insurance of Directors and Officers

The Directors and Officers of the company are indemnified by the company against losses or liabilities which they may sustain or incur as an officer of the company in the proper performance of their duties. During the financial year, the company paid premiums of \$2,475 (2015: \$2,420) in respect of contracts to insure the Directors and Officers of the company.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' report (continued)

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Number of meetings	
	Attended (A)	Held (B)
Mr Joe Rizk OAM	7	7
Ms Kerrie Kelly	7	7
Mr Stephen P Jenkins	5	7
Mr David Borger	4	7
Professor Jeremy R Chapman AC	5	7
Professor Anthony L Cunningham AO	4	7
Mr Joseph Khattar AM	6	7
Mr Danny O'Connor	5	7
Mr Alan C Overton AM	7	7
Ms Kate Hill	1	1
Mr Mathew Nott	3	4


A: Number of meetings attended

B: Number of meetings held during the time the Director held office during the year

Auditor's independence declaration

The Directors have received a declaration from the auditor of Westmead Medical Research Foundation. This has been included on page 5.

Signed in accordance with a resolution of the Directors.



Mr Joe Rizk OAM
Sydney, *5th October* 2016



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Westmead Medical Research Foundation

In relation to our audit of the financial report of Westmead Medical Research Foundation for the financial year ended 30 June 2016, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Rob Lewis
Partner
Sydney
5 October 2016

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue	4	3,317,534	3,469,193
Research grants, equipment funding and other distributions	5	(2,164,620)	(3,311,259)
Fundraising and campaign expenses		(494,319)	(741,526)
Personnel expenses		(751,878)	(1,205,797)
Depreciation and amortisation expense		(45,011)	(45,245)
Administration expenses		(121,289)	(226,946)
Governance costs		(36,247)	(37,683)
Deficit from operating activities		(295,830)	(2,099,263)
Finance income	6	427,792	249,305
Net finance income		427,792	249,305
Surplus/(deficit) for the year		131,962	(1,849,958)
Other comprehensive income		-	-
Total comprehensive income/(deficit) for the year		131,962	(1,849,958)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash	7	1,050,005	338,590
Trade and other receivables	8	485,179	651,954
Total current assets		1,535,184	990,544
Non-current assets			
Investments	9	10,817,523	11,290,013
Property, plant and equipment	10	24,598	37,353
Intangibles	11	60,271	86,845
Total non-current assets		10,902,392	11,414,211
Total assets		12,437,576	12,404,755
Liabilities and funds			
Current liabilities			
Trade and other payables	12	96,964	160,808
Employee benefit liabilities	13	19,535	38,232
Total current liabilities		116,499	199,040
Non-current liabilities			
Employee benefit liabilities	13	19,714	36,314
Total non-current liabilities		19,714	36,314
Total liabilities		136,213	235,354
Funds			
Accumulated funds	14	1,259,548	1,130,343
Reserves	15	11,041,815	11,039,058
Total funds		12,301,363	12,169,401
Total liabilities and funds		12,437,576	12,404,755

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in funds

For the year ended 30 June 2016

	Accumulated funds	WMIMR Building Reserve	Third Party Trust Funds Under Administration Reserve	Westmead Hospital Approved Support Funds Reserve	Allocated Specific Purpose Fund Reserve	Total Funds
	\$	\$	\$	\$	\$	\$
At 1 July 2015	1,130,343	339,590	8,765,486	306,894	1,627,088	12,169,401
Surplus for the year	131,962	-	-	-	-	131,962
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	131,962	-	-	-	-	131,962
Transfer from WMIMR Building Fund Reserve	28	(28)	-	-	-	-
Transfer from Allocated Specific Purpose Fund Reserve	62,245	-	-	-	(62,245)	-
Transfer to Third Party Trust Funds Under Administration Reserve	(65,030)	-	65,030	-	-	-
At 30 June 2016	1,259,548	339,562	8,830,516	306,894	1,564,843	12,301,363

Statement of changes in funds (continued)

For the year ended 30 June 2016

	Accumulated funds	WMIMR Building Fund Reserve	Research Scholarship, Fellowship & Grant Funds Administration Reserve	Third Party Trust Funds Under Reserve	Westmead Hospital Approved Support Funds Reserve	Allocated Specific Purpose Fund Reserve	Total Funds
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2014	1,349,308	439,140	991,948	9,521,364	305,692	1,411,907	14,019,359
Deficit for the year	(1,849,958)	-	-	-	-	-	(1,849,958)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	(1,849,958)	-	-	-	-	-	(1,849,958)
Transfer from WMIMR Building Fund Reserve	99,550	(99,550)	-	-	-	-	-
Transfer from Research Scholarship, Fellowship & Grant Funds Reserve	991,948	-	(991,948)	-	-	-	-
Transfer to Westmead Hospital Approved Support Funds Reserve	(1,202)	-	-	-	1,202	-	-
Transfer to Allocated Specific Purpose Fund Reserve	(215,181)	-	-	-	-	215,181	-
Transfer from Third Party Trust Funds Under Administration Reserve	755,878	-	-	(755,878)	-	-	-
At 30 June 2015	1,130,343	339,590	-	8,765,486	306,894	1,627,088	12,169,401

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

Statement of cash flows

For the year ended 30 June 2016

	2016	2015
Notes	\$	\$
Operating activities		
Donations and other charitable collections	3,484,309	3,375,843
Cash paid to suppliers and employees	(1,502,874)	(2,691,814)
Interest received	563,617	231,430
Research grants, equipment funding and other donations	(2,164,620)	(3,311,257)
Net cash flows from/(used in) operating activities	380,432	(2,395,798)
Investing activities		
Acquisition of property, plant and equipment	-	(29,707)
Acquisition of intangible (website development)	(5,682)	(25,159)
Sale of fixed interest securities	336,665	1,643,929
Net cash flows from investing activities	330,983	1,589,063
Financing activities		
Net cash flows from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	711,415	(806,735)
Cash and cash equivalents at 1 July	338,590	1,145,325
Cash and cash equivalents at 30 June	7 1,050,005	338,590

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

Notes to the financial statements

For the year ended 30 June 2016

1. Corporate information

The financial statements of Westmead Medical Research Foundation (the "Company") for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on _____ 2016.

Westmead Medical Research Foundation is a Company limited by guarantee and is domiciled in Australia. The Company is exempt from income tax.

The registered office and the principal place of the business of the Company is Acacia House, Westmead Hospital, 166 Hawkesbury Road, Westmead, NSW 2145.

The nature of the operations and principal activities of the Company are described in the Directors' report.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Charities and Not-for-Profits Commission Act 2012 and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for investment which have been measured at fair value.

2.2 Statement of compliance

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

2.3 Changes in accounting policies, disclosures, standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year.

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2015/2016 do not impact the financial statements of the Company.

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

a) Current versus non-current classification (continued)

The Company classifies all other liabilities as non-current.

b) Cash

Cash in the statement of financial position comprise cash at bank and on hand with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

c) Trade and other receivables

Trade debtors are generally settled within 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

d) Investments

Investments are recorded at fair value, with changes in fair value recorded through the profit and loss.

e) Fair value measurement

The Company measures financial instruments such as investment in shares, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

f) Property, plant and equipment

(i) Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Subsequent costs

The Company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

f) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods for plant and equipment is 3 to 7 years. The residual value, if not insignificant, is reassessed annually.

(iv) Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

The carrying amount of the Company's assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in-use. In assessing value in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Intangible assets

Website development costs

Costs incurred in relation to the development of the Company's website and related software is capitalised and amortised over four years. Costs incurred in relation to the subsequent maintenance of the website is expensed in profit or loss as incurred.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

i) Trade and other payables

Trade and other payables are stated at cost. Trade accounts payable are normally settled within 60 days.

j) Employee benefit liabilities

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long-term service benefits and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution plans

Obligations for contributions to accumulated superannuation plans are recognised as an expense in the profit or loss as incurred.

k) Share capital

Westmead Medical Research Foundation has no share capital, as it is a Company limited by guarantee.

l) Revenue recognition

The specific recognition criteria described below must also be met before revenue is recognised.

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

(i) Donations and other charitable collections income

Donations and other charitable collections income is recognised as income when received or fully committed.

(ii) Directed donations and bequests income

Directed donations and bequests are recognised as income when received, as the Company maintains control of the funds as long as it complies with the requirements of the fund. These amounts are not repayable.

(iii) Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

m) Taxes

In accordance with the provisions of the Australian Income Tax Assessment Act 1997, the Company is exempt from income tax.

Goods and services tax (GST)

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

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements 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 these estimates.

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Revenue

	2016	2015
	\$	\$
Donations and other charitable collections	3,240,793	3,290,386
Other income*	76,741	178,807
	<u>3,317,534</u>	<u>3,469,193</u>

* Principally made up of franking credits

5. Fundraising appeal monies

	2016	2015
	\$	\$
Summary of fundraising Income and expenditure		
Donations and other charitable collections	3,240,793	3,290,386
Cost of fundraising	(494,319)	(741,526)
Net fundraising funds	<u>2,746,474</u>	<u>2,548,860</u>
Research grants, equipment funding and other distributions	(2,164,620)	(3,311,259)
Surplus/(deficit) arising from fundraising activities	<u>581,854</u>	<u>(762,399)</u>

Fundraising appeals conducted

During the financial year the following fundraising appeals were conducted, the monetary result of which are included in the profit or loss:

Bequests	19,485	88,005
Coin boxes	8,694	7,430
Community and clubs	1,048,692	683,214
Corporate	699,750	801,500
Events	397,736	436,811
Mass marketing	294,767	226,981
Capital	-	30,450
Major gifts	277,350	274,469
	<u>2,746,474</u>	<u>2,548,860</u>

Notes to the financial statements (continued)

For the year ended 30 June 2016

5. Fundraising appeal monies (continued)

Fundraising activity ratios	2016		2015	
	\$	%	\$	%
Total cost of fundraising and donations	494,319		741,526	
Gross income from fundraising and donations	3,240,793	15	3,290,386	23
Net fundraising funds	2,746,474		2,548,860	
Gross income from fundraising and donations	3,240,793	85	3,290,386	77
Disbursements*	2,164,620		3,311,259	
Total expenditure (including disbursements)	3,540,870	61	5,493,090	60
Disbursements*	2,164,620		3,311,259	
Total income received	3,745,326	58	3,718,498	89

*Clinical care, equipment, research and other distributions.

6. Finance income

	2016	2015
	\$	\$
Interest income	563,617	573,618
Fair value decrement on fixed interest securities	(135,825)	(324,313)
Net finance income	427,792	249,305

7. Cash

	2016	2015
	\$	\$
Cash at bank and on hand	1,050,005	338,590

8. Trade and other receivables

	2016	2015
	\$	\$
Current		
Account receivables	-	30,690
Income accrued	386,000	469,000
Other debtors	99,179	152,264
	485,179	651,954

Notes to the financial statements (continued)

For the year ended 30 June 2016

9. Investment

	2016	2015
	\$	\$
Investments (at fair value)	<u>10,817,523</u>	<u>11,290,013</u>

Fair value measurement

	<i>Date of valuation</i>	<i>Fair value \$</i>
Financial assets at fair value through profit or loss: Investments	30/06/2016	\$10,817,523

10. Property, plant and equipment

	2016	2015
	\$	\$
<i>Property, plant and equipment</i>		
At cost	94,005	204,823
Accumulated depreciation	(69,407)	(167,470)
Net carrying amount	<u>24,598</u>	<u>37,353</u>

Reconciliation of carrying amounts at the beginning and the end of the year

	\$
<i>Property, plant and equipment</i>	
Cost	
Balance at 1 July 2015	204,823
Disposals	(110,818)
Balance at 30 June 2016	<u>94,005</u>
Depreciation	
Balance at 1 July 2015	167,470
Depreciation charge for the year	12,755
Disposals	(110,818)
Balance at 30 June 2016	<u>69,407</u>

Notes to the financial statements (continued)

For the year ended 30 June 2016

11. Intangibles

	2016	2015
	\$	\$
<i>Websites</i>		
At cost	188,188	352,602
Accumulated amortisation	(127,917)	(265,757)
Net carrying amount	60,271	86,845

Reconciliation of carrying amounts at the beginning and the end of the year

	\$
<i>Websites</i>	
Cost	
Balance at 1 July 2015	352,602
Additions	5,882
Disposals	(170,096)
Balance at 30 June 2016	188,188
Amortisation	
Balance at 1 July 2015	265,757
Charge for the year	32,256
Disposals	(170,096)
Balance at 30 June 2016	127,917

12. Trade and other payables

	2016	2015
	\$	\$
Current		
Creditors and accruals	96,964	160,808

13. Employee benefit liabilities

	2016	2015
	\$	\$
Current		
Liability for annual leave	19,535	38,232
	19,535	38,232
Non-current		
Liability for long service leave	19,714	36,314
	19,714	36,314

Accumulated superannuation plans

The Company makes contributions to accumulated superannuation plans.

Notes to the financial statements (continued)

For the year ended 30 June 2016

14. Accumulated funds

	2016	2015
	\$	\$
Accumulated Funds at beginning of year	1,130,343	1,349,308
Net surplus/(deficit)	131,962	(1,849,958)
Transfer (to)/from Third Party Trust Funds Under Administration Reserve	(65,030)	755,878
Transfer from Research Scholarship, Fellowship & Grant Funds Reserve	-	991,948
Transfer from WMIMR Building Fund Reserve	28	99,550
Transfers to Westmead Hospital Approved Support Funds Reserve	-	(1,202)
Transfers from/(to) Allocated Specific Purpose Fund Reserve	62,245	(215,181)
Accumulated funds at end of year	<u>1,259,548</u>	<u>1,130,343</u>

15. Reserves

	2016	2015
	\$	\$
WMIMR Building Fund Reserve		
Balance at beginning of year	339,590	439,140
Transfers to accumulated funds	(28)	(99,550)
Balance at end of year	<u>339,562</u>	<u>339,590</u>
Research Scholarship, Fellowship & Grant Funds Reserve		
Balance at beginning of year	-	991,948
Transfers to accumulated funds	-	(991,948)
Balance at end of year	<u>-</u>	<u>-</u>
Third Party Trust Funds Under Administration Reserve		
Balance at beginning of year	8,765,486	9,521,364
Transfers from/(to) accumulated funds	65,030	(755,878)
Balance at end of year	<u>8,830,516</u>	<u>8,765,486</u>
Westmead Hospital Approved Support Funds Reserve		
Balance at beginning of year	306,894	305,692
Transfers from accumulated funds	-	1,202
Balance at end of year	<u>306,894</u>	<u>306,894</u>
Allocated Specific Purpose Fund Reserve		
Balance at beginning of year	1,627,088	1,411,907
Transfers to accumulated funds	(62,245)	215,181
Balance at end of year	<u>1,564,843</u>	<u>1,627,088</u>

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Reserves (continued)

Nature and purpose of reserves

The Reserves reflect the decisions taken by the Board to set aside funds for specific purposes. The Board then subsequently approve the application of these funds and then as required the Reserves are transferred to Accumulated Funds.

WMIMR Building Fund Reserve

The WMIMR building fund reserve is set aside for use on the WMIMR building.

Research Scholarship, Fellowship & Grant Funds Reserve

The Research scholarship, fellowship and grant fund reserve is set aside for the use of research, scholarship, fellowship and grants.

Third Party Trust Funds Under Administration Reserve

Directed donations and bequests revenues record amounts set aside for specific purposes.

Westmead Hospital Approved Support Funds Reserve

The Westmead Hospital Approved Support Funds Reserve is set aside for the purpose of supporting Westmead Hospital.

Allocated Specific Purpose Fund Reserve

The Allocated Funds - Specific Purpose Reserve records amounts set aside for specifically allocated projects.

16. Commitments

	2016	2015
<i>Operating lease commitments - Company as lessee</i>	\$	\$
Within one year	-	11,494
	<u>-</u>	<u>11,494</u>

17. Contingencies

The Company did not have any contingencies as at 30 June 2016 (2015: \$nil).

18. Key management personnel

The key management personnel compensation included in 'personnel expenses' is as follows:

	2016	2015
	\$	\$
Short-term employee benefits	<u>197,100</u>	<u>382,008</u>

Notes to the financial statements (continued)

For the year ended 30 June 2016

19. Members' guarantee

The Company is limited by guarantee. In the event of winding up of the Company, a Member may be required to contribute a maximum of \$5 (2015: \$5) for the purpose of winding up.

20. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Directors' declaration

In the opinion of the Directors of Westmead Medical Research Foundation (the "Company"):

- (a) the financial statements and notes are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, including Australian Accounting Interpretations, the Australian Charities and *Not-for-Profits Commission Regulation 2013*.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the financial report gives a true and fair view of all income and expenditure of Westmead Medical Research Foundation with respect to fundraising appeal activities for the financial year ended 30 June 2016;
- (d) the statement of comprehensive income is drawn up so as to give a true and fair view of income and expenditure of the Company for the year ended 30 June 2016 and a true and fair view with respect to fundraising appeals;
- (e) the statement of financial position and statement of cash flows are drawn up so as to give a true and fair view of the state of affairs of the Company and cash flows as at 30 June 2016 with respect to fundraising appeals;
- (f) the provisions of the *Charitable Fundraising (NSW) Act 1991*, the Regulations under the Act and the conditions attached to the fundraising authority have been complied with for the financial year ended 30 June 2016; and
- (g) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

On behalf of the Board



Mr Joe Rizk OAM
Sydney, 5th October 2016

Independent auditor's report to the members of Westmead Medical Research Foundation

Report on the financial report

We have audited the accompanying financial report of Westmead Medical Research Foundation, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the 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 company's internal controls. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Westmead Medical Research Foundation is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - i giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

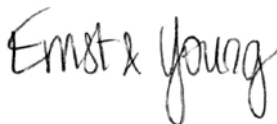
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

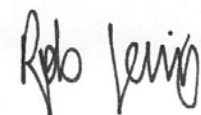
Opinion

In our opinion:

- a) the financial report of Westmead Medical Research Foundation has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2016, in all material respects, in accordance with:
 - iii sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - iv sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
 - v the *WA Charitable Collections Act (1946)*; and
 - vi the *WA Charitable Collections Regulations (1947)*.
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2016 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Ernst & Young



Rob Lewis
Partner
Sydney
5 October 2016