

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

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**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

**Corporate information**

<b>Directors</b>	B Mirolo (Chairperson) A Alexander C Murray D Laarhoven L Di Giallonardo M Hargraves P Bradley R Yeo T Formica T Ridgway
<b>Company Secretary</b>	P Bradley
<b>Registered office and principal place of business</b>	213-217 St Pauls Terrace Fortitude Valley QLD 4006
<b>Bankers</b>	National Australia Bank 100 Creek Street BRISBANE QLD 4000
<b>Auditor</b>	Ernst & Young Level 51 111 Eagle Street Brisbane Qld 4000

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**

**DIRECTORS' REPORT**

The Board of Directors ("Board") of the Leukaemia Foundation of Australia Limited ('LFA', 'the Foundation' or 'the Company') present herewith the annual financial report of the Foundation for the year ended 30 June 2017 and report as follows:

**Directors**

The names and particulars of the Directors of the Foundation during or since the end of the financial year are:

<b>Director</b>	<b>Date appointed</b>	<b>Qualifications</b>
Bev Mirolo (Chairperson)	16/04/2016	OAM, RN
Arthur Alexander	16/04/2016	BHMS, EMBA, Dip T, MAICD
Christopher Murray	16/04/2016	BE(Hons), MIEAust, GAICD, AMP
Darren Laarhoven	25/11/2010	FCA
Lucio Di Giallonardo	20/11/2004	FCA
Maryanne Hargraves	16/04/2016	RN, BhlthScN, MBA (Hons), GAICD
Phillip Bradley	28/11/2005	LLB, BA
Robert Yeo	25/10/2005	FCA
Tim Ridgway	21/03/2009	BA(Hons), GAICD
Tony Formica	16/04/2016	CA, FAICD MBA

**Short and long-term objectives and strategy**

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

- a) Conduct or foster research into the cause, cure, therapy and/or effects of disease or treatments from leukaemia, other diseases of the blood, blood forming tissues and/or vessels and other diseases where treatments involve blood, blood vessels and blood forming tissues; and
- b) Support those, the carers or the families of those who have one or more of these diseases.

The Foundation's strategy for achieving those objectives includes:

- a) Providing funds derived from fundraising and other revenue generating activities to fund research activities;
- b) Providing facilities for the optimum care and treatment of patients with one or more of these diseases;
- c) Conducting, providing and/or promoting educational publications or meetings or providing grants for educational purposes in relation to these diseases;
- d) Acting as an advocate for patients, groups of patients, their carers, or others involved in the provision of care, treatment and therapeutics; and
- e) Doing such other things as the Board may from time to time determine in furtherance of the provision of aid generally to those who have one of these diseases.

**Principal activities**

The principal activities of the Foundation continue to be supporting patients (together with their carers and families) with Leukaemia, Lymphoma, Myeloma and related blood diseases, as well as promoting the funding of research into these diseases.

**Significant changes in state of affairs**

On 1 July 2016 the Leukaemia Foundation of Queensland (LFQ) merged with the Leukaemia Foundation of Australia (LFA).

**Performance measures (non-IFRS)**

The Foundation measures performance through the establishment and monitoring of benchmarks based on prior years:

- (a) To be creative and explore ways to generate additional funding;
- (b) To increase funding levels towards support services and research activities; and
- (c) To closely assess and manage the Foundation's expenses to ensure cost effectiveness

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**DIRECTORS' REPORT (continued)**

**Review of operations**

The 2016/17 financial year has been a successful year for the Foundation. As explained in Note 2 to the financial statements, due to the manner in which the merger of LFA and LFQ was effected, Australian Accounting Standards have required the comparative income and expenditure items for the year ended 30 June 2016 to represent those of LFQ only, with the income and expenditure items for the year ended 30 June 2017 being a combination of both LFA and LFQ. This is summarised as follows:

	2017 \$	2016 \$
Fundraising Revenue	33,924,017	8,837,254
Fundraising Costs	(13,153,426)	(3,425,794)
Net Fundraising Revenue	20,770,591	5,411,460
Other Revenue	4,331,247	3,520,616
Operating Costs	(5,227,746)	(1,410,664)
Surplus after Fundraising & Operating Costs	19,854,092	7,521,412
Research Grants Expense	(2,238,183)	(793,221)
Impairment of Collaborative Laboratory Facility Rights	-	(2,225,589)
Patient Support Expenses	(13,269,769)	(5,799,110)
Total Expenditure on Support Services and Research	(15,507,952)	(8,817,920)
Total surplus/(deficit) for the year	4,346,140	(1,296,508)

In the 2016-17 financial year, Worlds Greatest Shave raised \$16.5M. Other major events such as Light the Night, UGLY Bartender and Aussie Muscle Car Run collectively raised \$4.5M. Community fundraising activities amounted to \$4.7M. Individual Giving and Philanthropy raised \$6.2M. Sponsorships, Grants and other fundraising contributed \$0.7M.

The Foundation is currently reviewing its research strategy to maximise the impact for patients and families and further investment will be made in the future. Support Services expenditure was contained during this period to ensure the ongoing viability and sustainability of all support programs.

Combined comparatives for LFA/LFQ

Although not required under Australian Accounting Standards, the Directors have decided to include the following high level snapshot of the combined LFA and LFQ for the 2016 financial year comparatives so that users may better understand the performance in comparison to the previous year.

<u>Consolidated Comparative (unaudited)</u>	2017 \$	2016 \$
Net Fundraising revenue	20,770,591	21,329,491
Other revenue	4,311,247	4,679,384
Corporate expenses	(3,910,773)	(4,070,327)
Integration costs:		
- Redundancy costs	(119,504)	-
- General	(589,860)	-
Database improvement costs	(237,842)	-
Network improvement costs	(58,000)	-
Strategic development costs	(311,767)	-
Mission expenses	(15,507,952)	(17,061,142)
Impairment of Laboratory Facility Rights Intangible Asset	-	(2,225,589)
Amortisation of Laboratory Facility Rights Intangible Asset	-	(220,000)
Surplus for the year	4,346,140	2,431,817

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**DIRECTORS' REPORT (continued)**

Consolidated Comparative (unaudited)

	2017	2016
	\$	\$
Total Assets	82,829,395	78,883,314
Total Liabilities	(4,099,507)	(4,537,139)
Total Equity	<u>78,729,888</u>	<u>74,346,175</u>

**Synergistic Benefits of Unification**

The 2017 financial year results incorporate cost savings in the order of \$500,000 when compared to the premerger operations of each LFA and LFQ. The cost savings arise from the rationalisation of duplicated roles as well as savings from combining office space.

Growth opportunities from fundraising activities within the merged organisation will start to materialise into the 2018 financial year and accelerate beyond that. We are confident that in Major Gifts and in Business Partnerships there is the potential to increase net revenue by at least half a million dollars.

The 2016/17 financial year was focused on integrating the two entities, developing a new strategy and we are now restructuring to align the organisation to major stakeholder segments to support the new strategy. We believe this will create a more sustainable LFA.

**Dividends and Options**

The Foundation is a company limited by guarantee and consequently no dividends have been paid or options issued to the members.

**Likely Developments**

After the merger of LFA and LFQ, a strategic review was undertaken. The Foundation will move to a stakeholder centric model and will re-align its operations in the 2017-18 financial year to support the strategy.

**After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in subsequent financial years.

**Meetings of Directors**

The numbers of meetings of the Foundation's Board of Directors, the Finance, Audit and Risk Management Committee (FARM) and the Remuneration and Nominations Committee (RNC) held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

	Number of Meetings Directors		Number of Meetings FARM Committee		Number of Meetings RNC Committee	
	Held (i)	Attended	Held (i)	Attended	Held (i)	Attended
B Mirolo	11	11				
A Alexander	11	10				
C Murray	11	10			2	2
D Laarhoven	11	6	3	3		
L Di Giallonardo	11	8	3	3		
M Hargraves	9	8				
P Bradley	11	10				
R Yeo	11	10				
T Ridgway	11	10			2	2
T Formica	11	10	3	3		

- (i) Number of meetings held during the time the Director held office or was a Member of the Committee during the year.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**DIRECTORS' REPORT (continued)**

**Indemnification of officers and auditors**

The Foundation has a current Directors' and Officers' insurance policy. The directors have not disclosed details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract. The Foundation has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

**Proceedings on behalf of the Foundation**

No person has applied for leave of Court to bring proceedings on behalf of the Foundation or intervene in any proceedings to which the Foundation is a party for the purpose of taking responsibility on behalf of the Foundation for all or any part of those proceedings. The Foundation was not a party to any such proceedings during the year.

**Environmental issues**

The Foundation's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Non-audit services**

The Foundation may decide to employ the auditor, Ernst & Young, on assignments additional to their statutory duties where the auditor's expertise and experience with the Foundation are important. The Board considers non-audit services provided by the auditor in order to be satisfied that the provision of these services is compatible with and does not compromise auditor independence requirements of the Corporations Act 2001.

The auditors did not provide any non-audit services during the year.

**Auditor's independence declaration**

Section 307C of the Corporations Act 2001 requires the auditor, Ernst & Young, to provide the directors of the Company with an independence declaration in relation to the audit of the financial report. This independence declaration is set out on page 8 and forms part of this directors' report for the year ended 30 June 2017.

**Corporate Governance**

Our Mission to Beat Blood Cancer is underpinned by a governance framework that enables the organisation to meet the needs of our stakeholders, while managing risk and complying with federal and state legislation.

**Board of Directors**

The Board is structured to provide a balanced skill set to add value with regional representation, financial oversight, commercial experience, clinical practice, and marketing expertise. The Board ensures the Foundation's resources are used effectively to meet the needs of Australians with Leukaemia, Lymphoma, Myeloma and related blood disorders. The key roles and responsibilities of the Board are:

- selection, appointment and removal of the CEO;
- setting the direction, financial objectives, allocation of capital, human resource management, and goals for management;
- oversight of performance against strategic objectives, and financial goals;
- evaluating the performance and determining the remuneration of the CEO, senior managers and the Board;
- ensuring the appropriate risk management systems, internal controls, reporting systems and compliance frameworks are in place and operating effectively; and
- defining Board competencies, evaluating Board performance and planning Board succession.

The following Advisory Committees support the Board in fulfilling its roles and responsibilities:

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**DIRECTORS' REPORT (continued)**

**Finance, Audit and Risk Management Committee (FARM)**

The key purpose of the Finance, Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities in relation to verifying and safeguarding the integrity of the financial reporting of the Foundation; and establishing a sound system of risk oversight and management of internal controls.

**Remuneration Nomination Committee (RNC)**

The key purpose of the Remuneration Committee is to review and make recommendations to the Board on group remuneration strategy and policy, people and culture, succession planning for key management roles, remuneration for the CEO, GM Corporate Services and other direct reports to the CEO; and such other matters as are delegated by the Board from time to time.

The key purpose of the Nomination Committee is to review and make recommendations to the Board on the composition of the Board, the appointment of directors to the Board; and the performance of the Board and its committees.

**Ethics Committee**

Our people are expected to uphold the relevant laws, codes of conduct and standards of their profession. We value integrity, compassion, fairness and honesty in our interactions with each other, and with those outside the organisation. We believe these values are embedded in our culture.

Further, directors, employees and volunteers are inducted into the ethics standards, code of conduct and conflict of interest policies and provided with access to relevant policy documents. The functions of the ethics committee are to develop and revise the ethics policy, advise the board on ethical issues, be a reference point for personnel, and resolve specific ethical issues.

**Dated at Brisbane this 21<sup>th</sup> day of November 2017.**

Signed in accordance with a resolution of the Directors made pursuant to s298 (2) of the Corporations Act 2001.

On behalf of the Directors



Beverley Mirolo OAM  
Chairperson

## Auditor's Independence Declaration to the Directors of The Leukaemia Foundation of Australia Limited

In relation to our audit of the financial report of The Leukaemia Foundation of Australia Limited for the financial year ended 30 June 2017, 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



Mike Reid  
Partner  
Brisbane  
21 November 2017



**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**

**DIRECTORS' DECLARATION**

The directors' of the Foundation declare that:

1. The financial statements and notes of the Foundation are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - a. Complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
  - b. Giving a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Foundation.
2. In the directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

**Dated at Brisbane this 21<sup>th</sup> November 2017**

On behalf of the Directors



Beverley Mirolo OAM  
Chairperson

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Revenue	3	38,235,264	12,357,872
Fundraising and Operational Support Expenses (excluding interest expense, research grants, and patient support)	4	(18,381,172)	(4,836,460)
		19,854,092	7,521,412
Fulfilment of mission expenses	4	(15,507,952)	(8,817,920)
Net surplus/(deficit) for the period		4,346,140	(1,296,508)
<i>Other Comprehensive Income – items that may subsequently be reclassified to surplus or deficit</i>			
Net changes in fair value of available-for-sale financial assets	12	37,573	-
Total comprehensive surplus/(deficit) for the year		4,383,713	(1,296,508)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	15,298,340	9,060,013
Trade and other receivables	7	1,859,183	236,462
Other assets	8	672,349	328,884
<b>TOTAL CURRENT ASSETS</b>		<b>17,829,872</b>	<b>9,625,359</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	62,808,134	37,965,736
Intangibles	10	76,063	73,237
Capital work in progress	11	1,874,664	8,321
Available-for-sale financial investments	12	240,662	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>64,999,523</b>	<b>38,047,294</b>
<b>TOTAL ASSETS</b>		<b>82,829,395</b>	<b>47,672,653</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	2,149,372	458,056
Unearned Revenue	14	100,000	-
Provisions	15	1,401,755	578,043
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,651,127</b>	<b>1,036,099</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	15	448,380	81,249
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>448,380</b>	<b>81,249</b>
<b>TOTAL LIABILITIES</b>		<b>4,099,507</b>	<b>1,117,348</b>
<b>NET ASSETS</b>		<b>78,729,888</b>	<b>46,555,305</b>
<b>ACCUMULATED FUNDS</b>			
Accumulated surpluses		50,901,445	46,555,305
Reserves	16	27,828,443	-
<b>TOTAL EQUITY</b>		<b>78,729,888</b>	<b>46,555,305</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Retained surpluses \$	Fair Value Reserve \$	Equity Contribution Reserve \$	Total equity \$
Balance at 1 July 2015	47,851,813	-	-	47,851,813
Net deficit for the year	(1,296,508)	-	-	(1,296,508)
<b>Balance at 30 June 2016</b>	<b>46,555,305</b>	<b>-</b>	<b>-</b>	<b>46,555,305</b>
Balance at 1 July 2016	46,555,305	-	-	46,555,305
Equity Contribution (Note 2)	-	-	27,790,870	27,790,870
Net surplus for the year	4,346,140	-	-	4,346,140
Net changes in fair value of available-for-sale financial assets	-	37,573	-	37,573
<b>Balance at 30 June 2017</b>	<b>50,901,445</b>	<b>37,573</b>	<b>27,790,870</b>	<b>78,729,888</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		229,924	310,418
Receipts from donors and sponsors		39,664,693	12,290,271
Payments to suppliers and employees		(34,160,832)	(11,406,341)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	19	<u>5,733,785</u>	<u>1,194,348</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,471,060)	(6,924,132)
Payments for capital work in progress		(1,840,885)	-
Cash from acquisition of related parties	2	4,816,487	-
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		<u>504,542</u>	<u>(6,924,132)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		6,238,327	(5,729,784)
Cash and cash equivalents at the beginning of the year		9,060,013	14,789,797
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	6	<u>15,298,340</u>	<u>9,060,013</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue by the board of Directors on 21 November 2017.

The company is limited by guarantee and is incorporated and domiciled in Australia.

The financial report has been prepared on the basis of historical cost except for available-for-sale (AFS) financial assets.

**Accounting policies**

Specific material accounting policies adopted by the Foundation in the preparation of the financial report are included with the relevant Note to the Financial Statements. The accounting policies have been consistently applied unless otherwise stated.

(a) Income tax

No provision for income tax has been raised as the Foundation is exempt from income tax under Subdivision 50 - 5 of the Income Tax Assessment Act 1997.

(b) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Foundation. Key estimates and critical judgments are discussed in the Notes dealing with Impairment and Investments.

(c) Functional currency

The financial statements of the Foundation are presented in its functional currency being the currency of the primary economic environment in which the entity operates. The results and financial position of the Foundation are expressed in Australian dollars, which is the functional currency of The Leukaemia Foundation of Australia Limited and the presentation currency of the financial statements.

(d) Adoption of new and revised Accounting Standards

Standards and Interpretations issued and effective for the reporting period ending 30 June 2017

In the year ended 30 June 2017, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Foundation's operations and effective for the current reporting period. It has been determined by the directors that there is no material impact, of the new and revised Standards and Interpretations on the Foundation's business and, therefore, no change to the Foundation's accounting policies is necessary.

Standards and Interpretations issued but not effective for the reporting period ending 30 June 2017

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the directors have determined that there is no material impact from the new Standards and Interpretations that have been issued but not yet effective for the current reporting period apart from AASB 16 Leases, AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers, which are all effective from 1 January 2019.

The Foundation is in the process of assessing the impact of AASB 15, AASB 16 and AASB 1058 and is therefore not able to provide a reliable estimation at this reporting date.

(e) Comparatives

The 2016 financial year comparative information is that of the Leukaemia Foundation of Queensland, the accounting acquirer of the Leukaemia Foundation of Australia as at 1 July 2016 - see Note 2.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**2. BUSINESS COMBINATION**

On 19 March 2016, the members of the Leukaemia Foundation of Australia (LFA) voted to unify with the Leukaemia Foundation of Queensland (LFQ). On 16 April 2016 (Effective Date), the members of LFQ voted at a General Meeting to integrate with LFA. A Deed of Transfer was later executed to give effect to the acquisition date as 1 July 2016. The unification was effected via LFQ transferring its operations to LFA. The Board of LFA comprised six directors from the LFQ entity and four directors from the LFA entity.

This resulted in a business combination in the 2017 financial year under AASB 3: Business Combinations, with LFQ effectively controlling LFA.

Control occurred on 1 July 2016, and this constituted a reverse acquisition under AASB 3 with LFQ as the accounting acquirer and LFA as the legal acquirer (of LFQ's net assets). This was brought about as a result of the former LFQ members now making up the majority of LFA's membership base, as well as the current LFA Board comprising a majority of former Board members of LFQ.

Reverse acquisition principles have meant that consolidated financial statements have been prepared and issued under the name of the legal parent (accounting acquiree LFA) but are a continuation of the financial statements of the legal subsidiary (accounting acquirer LFQ).

The Acquisition method is used to account for the Business Combination. All identifiable assets acquired and liabilities assumed in a Business Combination are measured initially at their fair values at the date that the business combination is effected.

For the combination of mutual entities, the fair value of the acquiree (LFA) is used to measure the consideration transferred. The identifiable assets and liabilities assumed are the fair value of the net assets of the acquiree (LFA). Therefore the measurement of the fair value of consideration transferred by LFQ is equal to the fair value of the net assets acquired of LFA, so there is no gain on acquisition or goodwill. The fair value of cash, receivables, all other assets (excluding property and shares which are measured at market value), liabilities etc. at the date of the business combination will be the book value / cost in the consolidated entity.

As there is no cost of acquisition, the fair value of identifiable net assets is recognised as an equity contribution reserve.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**2. BUSINESS COMBINATION (continued)**

The fair value of the identifiable assets and liabilities of LFA at the date of the business combination is as follows:

	\$
<u>Assets</u>	
Cash and cash equivalents	4,816,487
Trade and other receivables (current)	1,230,491
Other assets (current)	566,956
Property, plant and equipment	24,290,511
Intangibles	134,913
Capital work in progress	25,459
Available-for-sale financial investments	203,089
	<u>31,267,906</u>
<u>Liabilities</u>	
Trade and other payables (current)	(2,307,946)
Unearned Revenue (current)	(50,000)
Provisions (current)	(811,508)
Trade and other payables (non-current)	(5,958)
Provisions (non-current)	(301,624)
	<u>(3,477,036)</u>
Fair value of identifiable net assets	<u>27,790,870</u>
Cost of combination	<u>-</u>
Equity contribution reserve arising on business combination	<u>27,790,870</u>



**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>3. REVENUE</b>		
<b><u>Revenue from operating activities</u></b>		
– World's Greatest Shave	16,490,982	3,910,975
– Other fundraising	15,528,849	5,142,888
– Fundraising towards capital projects	1,298,978	8,000
– Interest received from other parties	229,924	213,277
– Rent received from other parties	4,071,952	3,077,582
– Dividends received from other parties	9,371	5,150
– Sponsorship and grants	605,208	-
	<b>38,235,264</b>	<b>12,357,872</b>

**Accounting policy - Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Operating Revenue

Operating revenue comprises revenue received or receivable from donations and fundraising. In-kind donations are included at the fair value to the Foundation where this can be quantified reliably. No amounts are included in the financial statements for voluntary or donated services.

Operating revenue is brought to account when the consideration has been received or it is probable that the consideration will be received in the normal course of business – generally 30 days.

Funds received with formalised spending restrictions are recorded as trust funds held and only recognised as revenue once the required spending is made.

Due to the nature of some of the Foundation's fundraising activities, it is impracticable for the Foundation to establish adequate control over the collection of donations prior to entry in its financial records. As a result, donation revenue disclosed in the Statement of Comprehensive Income represents amounts banked by the Foundation.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Grant Revenue

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the Foundation obtains control of the funds.

Disposal of Non-Current Assets

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Goods and Services tax

Revenues is recognised net of the amount of goods and services tax (GST), except for receivables which are recognised in the Statement of Financial Position inclusive of GST.

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	2017 \$	2016 \$
<b>4. EXPENSES</b>		
<b><u>Expenses from operating activities</u></b>		
(excluding interest expense, research and patient support)		
– Fundraising	13,153,426	3,425,794
– Services provided by Leukaemia Foundation of Australia	-	120,000
– Operational support	5,227,746	1,290,666
	<u>18,381,172</u>	<u>4,836,460</u>
<b><u>Fulfilment of mission expenses</u></b>		
– Provision of accommodation and patient support	13,269,769	5,679,110
– National support	-	120,000
– Impairment of Collaborative Laboratory Facility Rights (Note 10)	-	2,225,589
– Research and grants	2,238,183	793,221
	<u>15,507,952</u>	<u>8,817,920</u>
<b><u>Accounting policy - Expenses</u></b>		
Expenses are recognised net of the amount of goods and services tax (GST), except:		
(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of an item of expense, or		
(ii) for payables which are recognised in the Statement of Financial Position inclusive of GST.		
<b><u>(a) Expenses</u></b>		
<b><u>Employee Benefits</u></b>		
– Fundraising and Operational activities	8,062,796	2,396,634
– Fulfilment of mission activities	6,869,387	2,313,627
	<u>14,932,183</u>	<u>4,710,261</u>
<b><u>Depreciation of non-current assets</u></b>		
– Buildings	1,339,372	925,190
– Plant and equipment	140,455	58,841
– Motor vehicles	101,104	33,395
– Furniture and fittings	332,681	123,575
	<u>1,913,612</u>	<u>1,141,001</u>
<b><u>Amortisation of non-current assets</u></b>		
– Software Intangible Asset	<u>132,638</u>	<u>44,941</u>
<b><u>Rental expense on operating lease</u></b>		
– minimum lease payments	<u>1,957,685</u>	<u>237,145</u>
<b><u>Impairment</u></b>		
– Laboratory Facility Rights Intangible Asset	<u>-</u>	<u>2,225,589</u>

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	2017 \$	2016 \$
<b>5. AUDITORS' REMUNERATION</b>		
Amount received, or due and receivable by the auditor for:		
– auditing the financial report	<u>59,296</u>	<u>23,500</u>

**6. CASH AND CASH EQUIVALENTS**

– Cash at bank	10,266,959	335,654
– Term deposits	5,031,381	8,724,359
	<u>15,298,340</u>	<u>9,060,013</u>

\$555,235 of the cash held represents funds that are committed for specific projects (2016 \$303,270).

A further \$5,349,360 of the cash held represents funds reserved for accommodation in Queensland unless otherwise approved by a majority of the Queensland resident directors.

Initial funds set aside	7,134,000
Interest earned	153,173
Fund utilised for Herston Village	(1,937,813)
Funds balance at 30 June 2017	<u><u>5,349,360</u></u>

**Accounting policy - Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of the acquisition.

**7. TRADE AND OTHER RECEIVABLES**

**Current**

Trade receivables	879,746	178,868
GST receivable	365,647	57,594
Grants receivable	599,000	-
Other receivables	14,790	-
	<u>1,859,183</u>	<u>236,462</u>

At 30 June 2017 the aged analysis of trade receivables is as follows:

0 – 30 days	567,754	132,708
31 - 60 days	100,389	23,610
61 – 90 days PDNI	170,894	1,850
+ 91 days PDNI	40,709	20,700
Total	<u>879,746</u>	<u>178,868</u>

PDNI = Past due not impaired

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2017	2016
\$	\$
<hr/>	<hr/>

**7. TRADE AND OTHER RECEIVABLES (continued)**

**(a) Allowance for impairment loss**

Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised by the Foundation in the current year (2016: \$Nil).

**Accounting policy - Trade and other receivables**

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An allowance for doubtful debts is made when there is objective evidence that the Foundation will not be able to collect the debts. Bad debts are written off when identified.

The net amount of GST payable to the taxation authority is included as part of receivables.

**8. OTHER ASSETS**

**Current**

Asset held for sale*	-	252,500
Community benefit fund	10,903	10,903
Deposits	70,702	2,500
Prepayments	590,744	62,981
	<hr/>	<hr/>
	<b>672,349</b>	<b>328,884</b>
	<hr/>	<hr/>

\* Sunshine Coast hinterland property that was gifted to the Foundation in May 2016. This property was sold in the 2016-17 financial year.

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	2017 \$	2016 \$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land – at cost	<u>12,843,554</u>	<u>5,509,867</u>
Freehold Buildings – at cost	42,694,577	23,624,878
Less: Accumulated Depreciation	(3,678,867)	(1,670,266)
	<u>39,015,710</u>	<u>21,954,612</u>
Leasehold Buildings – at cost	13,726,955	13,726,955
Less: Accumulated Depreciation	(4,551,218)	(4,040,130)
	<u>9,175,737</u>	<u>9,686,825</u>
Total buildings	<u>48,191,447</u>	<u>31,641,437</u>
Plant and equipment – at cost	1,345,867	533,954
Less: Accumulated Depreciation	(810,555)	(356,164)
	<u>535,312</u>	<u>177,790</u>
Furniture and fittings – at cost	2,601,133	1,648,714
Less: Accumulated Depreciation	(1,692,074)	(1,112,918)
	<u>909,059</u>	<u>535,796</u>
Leasehold improvements – at cost	413,743	-
Less: Accumulated Depreciation	(320,829)	-
	<u>92,914</u>	<u>-</u>
Total furniture, fittings and leasehold improvements	<u>1,001,973</u>	<u>535,796</u>
Motor vehicles – at cost	687,919	290,164
Less: Accumulated Depreciation	(452,071)	(189,318)
	<u>235,848</u>	<u>100,846</u>
Total property, plant and equipment	<u><u>62,808,134</u></u>	<u><u>37,965,736</u></u>

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**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

**Accounting policy - Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation, and impairment. Costs include all expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the expected future use.

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Plant and Equipment	6.67 years
Computer Equipment	3.00 years
Furniture and Fittings	6.67 years
Motor Vehicles	5.33 years
Leasehold Improvements	10.0 years
Freehold Buildings	50.0 years
Leasehold Buildings	30.0 years

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset.

**Impairment of assets**

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. As a not-for-profit entity, value in use is determined using depreciated replacement cost where the asset would be replaced with a similar asset if the entity were deprived of it. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Where it is not possible to estimate the recoverable amount of an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Key estimates – Impairment

The Foundation assesses impairment at each reporting date by evaluating conditions specific to the Foundation that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. This may involve value in use calculations which incorporate a number of key estimates and assumptions.

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	2017 \$	2016 \$
<b>9. PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
<u>Carrying amounts of assets pledged as security</u>		
Property at 8 Priory Road, Waverton, NSW	4,532,622	-
Property at 25 Helen Street, Westmead, NSW	2,781,996	-
Property at 22 Villa Road, Newcastle, NSW	387,846	-
Property at 196 Herston Road, Herston	826,527	849,454
	<u>8,528,991</u>	<u>849,454</u>

The security is with a major Australian bank for an interest only mortgage facility - refer Note 20 (d) for further details.

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year are as follows:

2017	Freehold Land	Buildings	Plant and Equipment	Motor Vehicles	Leasehold Improvements Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	5,509,867	31,641,437	177,790	100,846	535,796	37,965,736
Additions	237,500	1,842,412	281,267	44,161	65,169	2,470,509
On business combination (Note 2)	7,096,187	16,046,970	216,710	196,955	733,689	24,290,511
Disposals	-	-	-	(5,010)	-	(5,010)
Depreciation and amortisation	-	(1,339,372)	(140,455)	(101,104)	(332,681)	(1,913,612)
Carrying amount at end of the year	12,843,554	48,191,447	535,312	235,848	1,001,973	62,808,134

2016	Freehold Land	Buildings	Plant and Equipment	Motor Vehicles	Leasehold Improvements Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	5,509,867	24,856,188	211,746	134,241	500,889	31,212,931
Additions	-	7,710,439	25,181	-	158,482	7,894,102
Disposals	-	-	(296)	-	-	(296)
Depreciation and amortisation	-	(925,190)	(58,841)	(33,395)	(123,575)	(1,141,001)
Carrying amount at end of the year	5,509,867	31,641,437	177,790	100,846	535,796	37,965,736

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	2017 \$	2016 \$
<b>10. INTANGIBLES</b>		
<b>NON CURRENT</b>		
Software development - at cost	290,140	179,763
Less: accumulated amortisation	(214,077)	(106,526)
Total Computer software	<u>76,063</u>	<u>73,237</u>
Movements during the year:		
– Beginning of year	73,237	118,178
– On business combination (see Note 2)	134,913	-
– Additions	551	-
– Amortisation expense	(132,638)	(44,941)
– End of year	<u>76,063</u>	<u>73,237</u>
Collaborative laboratory facility rights - at cost	-	500,000
Less: accumulated amortisation	-	(474,411)
Less: impairment	-	(25,589)
	<u>-</u>	<u>-</u>
Collaborative laboratory facility rights - at valuation	-	5,000,000
Less: accumulated amortisation	-	(2,800,000)
Less: impairment	-	(2,200,000)
	<u>-</u>	<u>-</u>
Total collaborative laboratory facility rights	<u>-</u>	<u>-</u>
Movements during the year:		
– Beginning of year	-	2,225,589
– Amortisation expense	-	-
– Impairment	-	(2,225,589)
– End of year	<u>-</u>	<u>-</u>
Total Intangibles	<u>76,063</u>	<u>73,237</u>



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**10. INTANGIBLES (continued)**

**Collaborative Laboratory Facility Rights**

During the year ended 30 June 1992 the Foundation paid \$500,000 to the Queensland Institute of Medical Research (QIMR). The Foundation acquired the long term use of laboratory space and other facilities in the QIMR Bancroft Centre in exchange for the one-off payment of \$500,000. This transaction is covered by a formal Collaborative Agreement between QIMR and the Foundation. This is being amortised on a straight-line basis over 25 years.

The Leukaemia Foundation of Queensland (LFQ) entered into a funding agreement with the Queensland Institute of Medical Research (QIMR) to provide \$5,000,000 towards the building of the Clive Berghofer Cancer Research Centre. LFQ was able to secure a contribution from the Federal Government of \$5,000,000 which satisfied LFQ's commitment under the funding agreement.

The Foundation had negotiated from July 2001 a Collaborative Agreement similar to the Bancroft Agreement with QIMR that provides the Foundation with the right to have laboratory space for 25 years at the Clive Berghofer Cancer Research Centre, dedicated to research on Leukaemia and related blood disorders. The directors determined that the fair value of this contributed asset at that date was \$5,000,000 which is equivalent to the amount that was committed under the funding agreement between the parties. This was amortised on a straight-line basis over 25 years.

**Impairment**

The Foundation is reviewing the strategy for funding research. The retirement of Professor Andrew Boyd together with this review has resulted in the Foundation ceasing block funding of the research unit at QIMR. During the 2016 financial year the Directors considered the Laboratory Rights to be impaired. The carrying value was not supported by the depreciated replacement cost methodology as the asset would not be replaced with a similar asset if the Foundation were deprived of it.

**Accounting policy - Intangibles**

Intangible assets, relating to computer software, are recognised in the financial statements. Each intangible asset is amortised over its estimated useful life to the Foundation, less any anticipated residual value. The residual value is zero for all the Foundation's intangible assets.

It has been determined that there is no active market for any of the Foundation's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the Foundation, namely 3 years.

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	2017 \$	2016 \$
<b>11. CAPITAL WORK IN PROGRESS</b>		
Balance at beginning of year	8,321	-
On business combination (see Note 2)	25,459	-
Additions	1,866,343	8,321
Transfers to property, plant and equipment	(25,459)	-
Balance at end of year	<u>1,874,664</u>	<u>8,321</u>

Capital work in progress at 30 June 2017 relates to:

The accumulation of planning costs for the refurbishment of the Herston accommodation village, which commenced in the 2016/17 financial year for an estimated cost of \$2,000,000. The project was completed in July 2017. The Foundation was successful in an application for funding the project under the National Stronger Regions Fund programme in the amount of \$998,400 subject to milestones being met. A grant receivable of \$599,000 was recorded in the current financial year. The construction was completed on 10 July 2017 and the remaining grant contribution will be received in the 2017/18 year.

**Accounting policy - Capital work in progress**

Capital work in progress is recorded at cost and is transferred to property, plant and equipment when completed and available for use.

**12. AVAILABLE FOR SALE FINANCIAL INVESTMENTS**

Investments in listed shares at fair value	240,662	-
Movements in available-for-sale investments:		
– On business combination (see Note 2)	203,089	-
– Revaluation	37,573	-
– Balance at 30 June 2017	<u>240,662</u>	<u>-</u>

All available-for-sale investments are quoted on the Australian Securities Exchange.

**Key accounting judgments – Investments**

Investments in listed securities have been classified as “available-for-sale”. Any movement in the fair value is recognised directly in equity until the investments are sold, unless a significant or prolonged decline has occurred, in which case the investment is impaired through the statement of comprehensive income.

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	2017 \$	2016 \$
<b>13. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trust funds held	40,552	-
Sundry creditors and accruals (i)	2,102,862	400,812
Leukaemia Foundation current account	-	57,244
Deferred lease liability	5,958	-
	<u>2,149,372</u>	<u>458,056</u>

(i) The average credit period on purchases of certain goods is 30 days. No interest is charged on trade payables from the date of invoice. The Foundation has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**Accounting policy - Trade and other payables**

Trade payables and other payables represent amounts due and payable in the next 12 months. These amounts are carried at cost representing fair value of the consideration to be paid. Any amounts outside this timeframe are discounted at the appropriate rate. Trade payables and other payables represent liabilities for goods and services provided to the Foundation prior to the end of the financial year that are unpaid and arise when the Foundation becomes obliged to make future payments in respect of the purchase of these goods and services.

The net amount of GST recoverable from the taxation authority is included as part of payables.

**14. UNEARNED REVENUE**

**Current**

Unearned Revenue	100,000	-
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**15. PROVISIONS**

**Current**

Employee entitlements	1,401,755	578,043
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**Non-current**

Employee entitlements	348,380	81,249
Provision for make good expense	100,000	-
	<u>448,380</u>	<u>81,249</u>
	<u>1,850,135</u>	<u>659,292</u>

A provision for make good has been brought to account in respect of premises at Artarmon and Preston. The lease over premises at Artarmon expires in September 2018. The estimate of the make good costs for these premises is \$30,000. The lease over premises in Preston expires in December 2018 with an option to renew for a further five years. The estimate of the costs to make good for this location is \$70,000.

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	2017	2016
	\$	\$

**15. PROVISIONS (continued)**

**Accounting policy - Provisions**

Provisions are recognised when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Foundation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Accounting policy - Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Foundation in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to contributions.

**16. RESERVE**

(a) Fair value reserve	37,573	-
The fair value reserve is used to record increases and decreases in the value of the Foundation's available-for-sale financial investments.		
(b) Equity contribution reserve	27,790,870	-
The equity contribution reserve arose on the voluntary merger of LFA and LFQ (see Note 2).		
Total reserves	<u>27,828,443</u>	<u>-</u>

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	2017	2016
	\$	\$
<b>17. MEMBERS' GUARANTEE</b>		

The Leukaemia Foundation of Australia Limited is a company limited by guarantee. If the Foundation is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

At 30 June 2017 the number of members was 400 (2016: 382).

**18. RELATED PARTY TRANSACTIONS**

**(a) Directors:**

The names of directors who have held office during the financial year are:

Mrs Beverley Mirolo	Ms Maryanne Hargraves
Mr Arthur Alexander	Mr Phillip Bradley
Mr Christopher Murray	Mr Robert Yeo
Mr Darren Laarhoven	Mr Tim Ridgway
Mr Lucio Di Giallonardo	Mr Tony Formica

**(b) Related party transactions**

Transactions between related parties are on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties: Nil

No director received remuneration directly or indirectly in connection with the management of the Foundation.

**(c) Key management personnel compensation**

The names and positions of those having authority for planning, directing and controlling the Foundation's activities, directly or indirectly (other than directors), are:

William Petch, Chief Executive Officer  
Keiran Mylrea, General Manager Corporate Services

– Short term benefits	356,506	326,701
– Post-employment benefits	32,285	13,382
– Termination benefits	-	-
	<u>388,791</u>	<u>340,083</u>

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	2017 \$	2016 \$
<b>19. CASH FLOW INFORMATION</b>		
<b>Reconciliation of net cash flows from operating activities to net surplus/(deficit)</b>		
(a) Net surplus/(deficit) for the year	4,346,140	(1,296,508)
Add/(subtract) items classified as investing/financing activities & non-cash:		
Net increase in accrued non-current assets	-	(39,496)
Assets held for sale	252,500	(252,500)
Depreciation and amortisation	2,046,250	1,185,942
Net loss on disposal of non-current assets	5,010	296
Impairment of Collaborative Laboratory Facility Rights	-	2,225,589
<u>Change in operating assets and liabilities:</u>		
(Increase)/decrease in receivables	(392,230)	191,682
(Increase)/decrease in prepayments	(32,472)	(18,477)
(Increase)/decrease in deposits	3,463	(500)
Increase/(decrease) in payables	(622,587)	(904,068)
Increase/(decrease) in unearned revenue	50,000	-
Increase/(decrease) in provisions	77,711	102,388
Cash inflow from operating activities	<u>5,733,785</u>	<u>1,194,348</u>

**Accounting Policy - Goods and Services Tax**

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

**(b) Financing facilities available to the company as at 30 June 2017 were:**

An interest only mortgage facility of \$3,000,000 is available to the company secured by various properties, refer to Note 9. At 30 June 2017 this facility was not utilised (2016 - \$Nil).

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2017 \$	2016 \$
<b>20. COMMITMENTS</b>		
<u>Expenditure commitments</u>		
<b>(a) Operating Lease Commitments – Leased Premises</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable:		
– less than 1 year	743,451	122,359
– greater than 1 year but less than 5 years	839,257	55,166
	<u>1,582,708</u>	<u>177,525</u>

The lease commitments relate to the office premises around Australia between 2 and 5 years with options periods between 1 and 3 years.

**(b) Operating Lease Commitments – Motor Vehicle Leases**

Cancellable operating leases contracted for but not capitalised in the financial statements.

Payable:		
– less than 1 year	449,244	97,341
– greater than 1 year but less than 5 years	209,301	105,994
Minimum lease payments	<u>658,545</u>	<u>203,335</u>

The cancellable operating leases are for motor vehicles. Generally the motor vehicle leases are for a period of 4 years. Terms and conditions for each lease vary depending on market conditions prevailing at the time the lease is entered into. All vehicles are to be returned to the leasing companies at the finalisation of the lease period.

**Accounting policy - Leased assets**

Operating lease payments, where substantially all the risk and benefits remain with the lessor are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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	2017 \$	2016 \$
<b>20. COMMITMENTS (continued)</b>		
<b>(c) Grant Commitments</b>		
Grant commitments comprise research and clinical grants arising from the Foundation's commitment to the research community. A formal assessment of grants applications is undertaken annually, and based on this assessment the Foundation agrees to fund various grant in future periods, subject to funds being available. At balance date, the balance of the grants to be funded in future amounted to \$1,280,799 and it is anticipated that this will be payable as follows:		
Payable:		
– less than 1 year	1,036,799	354,151
– greater than 1 year but less than 5 years	244,000	464,151
Minimum grant payments	<u>1,280,799</u>	<u>818,302</u>

**(d) Bank Guarantees**

The Foundation has issued bank guarantees to third parties totalling \$249,072. These bank guarantees are for bonds on office leases and are secured against the property of the Foundation as listed in Note 9.

**(e) Contracts to Acquire Patient Accommodation Apartments**

In October 2014, the Foundation entered into contracts to purchase fifteen patient accommodation apartments and a common area in North Melbourne for a total acquisition price of \$7,531,372. A philanthropic rebate has been provided by the developer of the project totalling \$1,331,372, resulting in a net commitment of \$6,200,000.

This net commitment was partly settled in the amount of \$4,555,893 on 20 May 2016. The balance of \$1,644,107 related to five apartments which the Foundation had an extended settlement option for three years, which was exercised. In January 2017 the Foundation settled on the remaining five apartments.

**21. EVENTS SUBSEQUENT TO BALANCE DATE**

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in subsequent financial years.

**22. CONTINGENT LIABILITIES**

The Directors are not aware of any contingent liabilities at balance date.



THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED  
ACN 057 493 017  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

2017  
\$

**23. INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE NSW CHARITABLE FUNDRAISING ACT 1991**

(a) Details of aggregate gross income and total expenses of fundraising appeals

Throughout the financial period the NSW division of the Foundation conducted appeals as follows:

<u>Gross proceeds from fundraising appeals</u>	
Community Fundraising	749,036
Planned Giving	773,921
Business Relationships	-
Light the Night	706,489
World's Greatest Shave	5,920,460
Direct Mail Appeals & general donations	807,090
Ugly Bartender	418,941
Other events	387,483
Minimum lease payments	9,763,420
	<hr/>
<u>Less total direct cost of fundraising appeals</u>	
Community Fundraising	42,055
Planned Giving	-
Business Relationships	-
Light the Night	223,555
World's Greatest Shave	1,038,365
Direct Mail Appeals & general donations	32,408
Ugly Bartender	87,324
Other events	70,666
Remuneration of fundraising staff	949,138
Minimum lease payments	2,443,511
	<hr/>
Net surplus from fundraising appeals	7,319,909
	<hr/>

(b) Statement showing how funds received were applied to charitable purposes in NSW

<u>Applied as follows:</u>	
Support Services	1,469,303
Transport - patients	318,707
Accommodation - patients	662,792
Administration	930,695
Contribution to research, national support services programs & national office costs	3,938,412
	7,319,909
	<hr/>

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2017 %
<b>23. INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE NSW CHARITABLE FUNDRAISING ACT 1991 (continued)</b>		
(c) Comparison by monetary figures and percentages (NSW)		
Comparisons		
Total cost of fundraising	2,443,511	
Gross income from fundraising	9,763,420	25%
Net surplus from fundraising	7,319,909	
Gross income from fundraising	9,763,420	75%
Total cost of mission	2,450,802	
Total expenditure	7,319,909	33%
Total cost of mission	2,450,802	
Total income received	9,763,420	25%

## Independent Auditor's Report to the Members of The Leukaemia Foundation of Australia Limited

### Opinion

We have audited the financial report of The Leukaemia Foundation of Australia Limited (the Foundation) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 Group to cease to continue as a going concern.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

**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 Act(s) 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 the Foundation has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2017, in all material respects, in accordance with:
- i. sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
  - ii. sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
  - iii. the *WA Charitable Collections Act (1946)*; and
  - iv. the *WA Charitable Collections Regulations (1947)*.

- b) the money received as a result of fundraising appeals conducted by the Foundation during the financial year ended 30 June 2017 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act(s) and Regulations.



Ernst & Young



Mike Reid  
Partner  
Brisbane  
21 November 2017