

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**Corporate information**

<b>Directors</b>	C Hillyard (Chairperson) A Soter C Murray D Laarhoven L Di Giallonardo M Hargraves P Bradley T Formica T Ridgway
<b>Company Secretary</b>	S Denaro
<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>	BDO Audit Pty Ltd Level 10 12 Creek 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 2020 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>Date resigned</b>	<b>Qualifications</b>
Dr Carrie Hillyard (Chairperson)	16/09/2019		AM, BSc (hons), PhD, FTSE, FAICD
Mr Andrew Soter	16/09/2019		
Mr Christopher Murray	16/04/2016		BE(Hons), MIEAust, GAICD, AMP
Mr Darren Laarhoven	25/11/2010		FCA
Mr Lucio Di Giallonardo	20/11/2004		FCA
Ms Maryanne Hargraves	16/04/2016		RN, BhlthScN, MBA (Hons), GAICD
Mr Phillip Bradley	28/11/2005		LLB, BA
Mr Tony Formica	16/04/2016		CA, FAICD MBA
Mr Tim Ridgway	21/03/2009		BA(Hons), GAICD
Mrs Beverley Mirolo	16/04/2016	22/02/2020	OAM, RN

**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;
- b) Support those who have any of these diseases, together with their carers and families; and
- c) work in partnership with the whole blood cancer community to coordinate action to empower patients, ensure equity of access to treatment and care, accelerate research and to catalyse health systems reform to meet the ambitious agenda of zero lives lost to blood cancer by 2035.

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 any 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**

There were no significant changes in the state of affairs of the Foundation during the year other than as set out in this report.

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

**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

**Review of operations**

	2020 \$	2019 \$
Fundraising Revenue	28,007,995	35,511,285
Fundraising Costs	(14,392,072)	(13,317,721)
Net Fundraising Revenue	13,615,923	22,193,564
Other Revenue	6,121,663	4,611,893
Operating Costs	(4,504,208)	(5,022,916)
Surplus after Fundraising & Operating Costs	15,233,378	21,782,541
Fulfilment of Mission:		
- Research Grants and Advocacy Expense	(3,076,395)	(2,752,746)
- Provision of Accommodation and Patient Support Expense	(13,363,574)	(14,057,102)
Total Expenditure on Patient Support and Research	(16,439,969)	(16,809,848)
Surplus/(deficit) for the year	(1,206,591)	4,972,693

In the 2019-20 financial year, World's Greatest Shave raised \$12.6M and was affected by firstly the bushfires and then by the Covid-19 pandemic. Other major events such as Light the Night, UGLY Bartender and Aussie Muscle Car Run collectively raised \$2.4M. Revenue from Community Fundraising activities amounted to \$1.85M; Individual Giving and Philanthropy raised \$9.95M.

The Foundation continues to invest in its research strategy to maximise the impact for patients and families. Support Services expenditure decreased slightly but even with the significant effect of Covid-19 on our revenue, every effort was made to maintain our level of support for people affected by a blood cancer.

**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.

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

**DIRECTORS' REPORT (continued)**

**Meetings of Directors**

The numbers of meetings of the Foundation's Board of Directors, the Finance, Audit and Risk Management Committee (FARM), the Remuneration Committee (REM) and Nomination Committee (NOM) held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

	Number of Meetings Directors		Number of Meetings FARM Committee		Number of Meetings REM Committee *		Number of Meetings NOM Committee	
	Held (i)	Attended	Held (i)	Attended	Held (i)	Attended	Held (i)	Attended
B Mirolo	4	4	-	-	-	-	1	1
A Soter	6	6	-	-	-	-	-	-
C Hillyard	6	6	-	-	-	-	-	-
C Murray	7	7	-	-	-	-	-	-
D Laarhoven	7	5	7	6	-	-	-	-
L Di Giallonardo	7	6	7	7	-	-	-	-
M Hargraves	7	1	-	-	-	-	1	1
P Bradley	7	7	-	-	-	-	1	1
T Ridgway	7	7	-	-	-	-	-	-
T Formica	7	6	7	7	-	-	-	-

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

\* No meetings were held, however members of the committee communicated regularly by telephone and email to tender their advice and provide REM-related recommendations to the Board as required.

**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 legal 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 and appointment 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 and senior managers;
- 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:

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

The key purpose of the FARM is to assist the Board in fulfilling its responsibilities in relation to the integrity of the financial reporting of the Foundation, establishing a sound system of risk oversight and management of internal controls; and ensuring investments and endowment fund comply with the Foundation's investment policy. As circumstances arise, the committee meets to consider any ethics matters with the Board counsel.

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

**DIRECTORS' REPORT (continued)**

**Remuneration Committee (REM)**

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

**Nomination Committee (NOM)**

The key purpose of the NOM 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.

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 60-40 of the Australian Charities and Non-for-profits Commission Act 2012 is included on page 7 of the financial report and forms part of this Directors' Report.

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

On behalf of the Directors



Dr Carrie Hillyard  
Chairperson

**Dated at Brisbane this 4th day of November 2020.**

THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED  
ACN 057 493 017  
AUDITOR'S INDEPENDENCE DECLARATION



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Australia

**DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF THE LEUKAEMIA  
FOUNDATION OF AUSTRALIA LIMITED**

As lead auditor of The Leukaemia Foundation Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be 'A J Whyte', written over a circular stamp or seal.

**A J WHYTE**  
Director

**BDO Audit Pty Ltd**

Brisbane, 4 November 2020

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

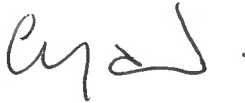
**DIRECTORS' DECLARATION**

The directors of the Foundation declare that:

1. The financial statements and notes of the Leukaemia Foundation of Australia Limited (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 – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
  - b. Giving a true and fair view of the Foundation's financial position as at 30 June 2020 and of its performance for the year ended on that date.
2. In the directors' opinion, with respect to the *NSW Charitable Fundraising Act 1991 No69*, the provisions of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the Foundation.
3. In the director's opinion, with respect to the *WA Charitable Collections act (1946)* and the *WA Charitable Collections Regulations (1947)*, the regulations under the Act and the conditions attached to the authority have been complied with by the Foundation.
4. 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.

On behalf of the Directors



Dr Carrie Hillyard  
Chairperson

**Dated at Brisbane this 4th day of November 2020**



**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Revenue	2	34,129,658	40,123,178
Fundraising and operational support expenses (excluding research grants and patient support)	3	(18,896,280)	(18,340,637)
		15,233,378	21,782,541
Fulfilment of mission expenses	3	(16,439,969)	(16,809,848)
Net surplus/(deficit) for the year		(1,206,591)	4,972,693
<i>Other Comprehensive Income – items that will not subsequently be reclassified to profit or loss</i>			
Net changes in fair value of financial assets at fair value through other comprehensive income	11	(384,935)	9,140
Total comprehensive income/(deficit) for the year		(1,591,526)	4,981,833

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 2020**

	Note	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	24,135,424	24,250,322
Trade and other receivables	6	1,634,730	997,580
Other assets	7	110,705	1,119,143
<b>TOTAL CURRENT ASSETS</b>		<b>25,880,859</b>	<b>26,367,045</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	59,798,433	61,977,933
Intangibles	9	-	461
Right-of-use assets	10	2,692,522	-
Financial assets at fair value through other comprehensive income	11	1,828,850	1,466,307
<b>TOTAL NON-CURRENT ASSETS</b>		<b>64,319,805</b>	<b>63,444,701</b>
<b>TOTAL ASSETS</b>		<b>90,200,664</b>	<b>89,811,746</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	785,730	1,694,309
Lease liability	10	849,385	-
Provisions	13	1,366,155	1,188,519
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,001,270</b>	<b>2,882,828</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	10	1,894,943	-
Provisions	13	573,081	606,022
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,468,024</b>	<b>606,022</b>
<b>TOTAL LIABILITIES</b>		<b>5,469,294</b>	<b>3,488,850</b>
<b>NET ASSETS</b>		<b>84,731,370</b>	<b>86,322,896</b>
<b>EQUITY</b>			
Retained surplus		57,295,889	58,502,480
Reserves	14	27,435,481	27,820,416
<b>TOTAL EQUITY</b>		<b>84,731,370</b>	<b>86,322,896</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 2020**

	Retained surplus	Fair Value Reserve (Note 14)	Equity Contribution Reserve (Note 14)	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	53,529,787	20,406	27,790,870	81,341,063
Net surplus for the year	4,972,693	-	-	4,972,693
Other comprehensive income		9,140	-	9,140
Total comprehensive income for the year	4,972,693	9,140	-	4,981,833
<b>Balance at 30 June 2019</b>	58,502,480	29,546	27,790,870	86,322,896
Net deficit for the year	(1,206,591)	-	-	(1,206,591)
Other comprehensive income	-	(384,935)	-	(384,935)
Total comprehensive deficit for the year	(1,206,591)	(384,935)	-	(1,591,526)
<b>Balance at 30 June 2020</b>	57,295,889	(355,389)	27,790,870	84,731,370

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

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		214,442	270,221
Dividends received		120,253	83,363
Receipts from donors and sponsors		33,204,216	40,075,171
Government grants		1,334,000	-
Interest paid on lease liabilities		(93,077)	-
Payments to suppliers and employees		(33,435,678)	(34,101,936)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	17	<b>1,344,156</b>	<b>6,326,819</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(596,846)	(372,536)
Proceeds from sale of land and buildings		-	240,000
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(596,846)</b>	<b>(132,536)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal paid on lease liabilities		(862,208)	-
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(862,208)</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(114,898)</b>	<b>6,194,283</b>
Cash and cash equivalents at the beginning of the year		<b>24,250,322</b>	<b>18,056,039</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5	<b>24,135,424</b>	<b>24,250,322</b>

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 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The financial report of The Leukaemia Foundation of Australia Limited ("the Company" or "the Foundation") is a general purpose financial report which has been prepared in accordance with 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 4 November 2020.

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 the measurement at fair value of certain financial assets.

**Going Concern**

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business conditions and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Foundation has been impacted by Covid-19 in a number of ways. Revenue from signature events such as World's Greatest Shave was impacted heavily. Community fundraising was also heavily impacted with social distancing and restrictions on group gatherings and on people's movements including lockdowns. The transport service was changed to ensure the safety of volunteers and people affected by blood cancers.

The Foundation has reduced its overall expenditure to manage its finances in line with the reduction in revenue. A rolling forecast is being used to enable the Company to maintain a cash neutral operating position. There is an ongoing efficiency program to ensure we maintain our spending on services and research as best we can.

The directors consider it appropriate to prepare the financial report on a going concern basis after taking into consideration the actions that have been taken to address the decrease in fundraising revenues and that the Foundation has sufficient capital to maintain its operations for the foreseeable future.

**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 Notes 6, 8, 10 and 11 dealing with Receivables, Property, Plant and Equipment, Right-of-use Assets and Financial Assets at Fair Value through Other Comprehensive Income.

**(c) Functional currency**

The financial statements of the Foundation are presented in its functional and presentation currency being the currency of the primary economic environment in which the entity operates, namely Australian dollars.

**(d) New standards, interpretations and amendments adopted for the first time**

The Foundation adopted, for the first time, the following accounting standards with an application date of 1 July 2019:

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**AASB 15 Revenue from Contracts with Customers**

The Foundation has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. There was no impact on the Financial Statements of the adoption of AASB 15 except for changes in accounting policies.

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

The Foundation has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense. There was no impact on the Financial Statements of the adoption of AASB 1058, except for changes in accounting policies.

**AASB 16 Leases**

The Foundation has elected to apply paragraph C5(b) and adopt AASB 16 retrospectively with the cumulative effect of initially applying AASB 16 recognised at the date of initial application (1 July 2019). Consequently, the comparative period has not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 July 2019.

On transition to AASB 16, the Foundation elected to apply paragraph C8(b)(ii) and measure all leases previously classified as operating leases under AASB 117 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position immediately before the date of initial application.

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Foundation's incremental borrowing rate as of 1 July 2019. The Foundation's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.25%.

**(i) Practical expedients applied**

In applying AASB 16 for the first time, the Foundation has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Foundation has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Foundation relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(ii) Measurement of lease liabilities and reconciliation to operating lease commitments

The following table reconciles the minimum lease commitments disclosed in the Foundation's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

Minimum operating lease commitments disclosed as at 30 June 2019	2,378,362
Less short-term leases not recognised under AASB 16	(121,869)
Add: effect of extension options reasonably certain to be exercised	378,335
Add: operating leases not included in 2019 commitments	876,010
Undiscounted lease payments	<u>3,510,838</u>
Less: effect of discounting using the Foundation's incremental borrowing rate of 3.25% at the date of initial application	(302,944)
Lease liability recognised as at 1 July 2019	<u>3,207,894</u>

(iii) Measurement of right-of-use assets

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 July 2020. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iv) Adjustments recognised in the statement of financial position on 1 July 2019

The adoption of AASB16 affected the following items in the statement of financial position on 1 July 2019:

	Notes	30 June 2019 As originally presented	AASB 16 adjustments	1 July 2019
<u>Assets</u>				
Prepayments	7	37,006	(37,006)	-
Right-of-use assets	10	-	3,244,900	3,244,900
<u>Liabilities</u>				
Lease liabilities	10	-	(3,207,894)	(3,207,894)

There was no impact on retained surplus on 1 July 2019 due to the transition method chosen.

(v) Lessor accounting

The Foundation did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

(vi) "Peppercorn" or concessionary leases

The Foundation has elected to apply the temporary option to measure "peppercorn" or concessionary leases at cost in accordance with AASB2018-8, rather than at fair value. The Foundation currently leases properties at 41/100 Angus Smith Drive, Douglas, QLD (land only); 2 Rusden Street, Garran, ACT; and 170 Middle Street, Coopers Plains, QLD (land only) at a NIL rental. These properties are being used to enable the Foundation to further its objectives.

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	2020	2019
	\$	\$
<hr/>		
<b>2. REVENUE</b>		
<b><u>Revenue from operating activities</u></b>		
– World's Greatest Shave	12,558,425	17,158,628
– Other fundraising and donations	14,119,663	16,930,990
– Interest income	310,701	366,480
– Rent	3,614,809	4,162,050
– Dividends	120,253	83,363
– Government grants – COVID-19 stimulus	2,075,900	-
– Sponsorship and grants	1,329,907	1,421,667
	<hr/>	<hr/>
	<b>34,129,658</b>	<b>40,123,178</b>
	<hr/>	<hr/>

**Accounting policy – Revenue**

***Policy applicable from 1 July 2019***

**Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

**Sale of Goods**

Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of the delivery.

**Rendering of Services**

Revenue from services provided by the Foundation is recognised over time as the services are rendered.

**Fundraising, donations and Bequests**

Revenue from fundraising, including donations and bequests, is recognised when received or receivable.

**Interest**

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

**Dividends**

Dividends are recognised as revenue when the Foundation's right to receive payment is established.

**Rental Income**

Rental income on the Foundation's properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.



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Grants

Revenue from government grants received under enforceable agreements, where there are sufficiently specific performance obligations imposed, is deferred until the obligations are satisfied. If the performance obligations are not sufficiently specific, revenue will be recognised upon receipt.

Capital grants are recognised as income when (or as) it satisfies its obligations under the transfer. Capital grants are type of grants where the Company receives a financial asset to acquire or construct a non-financial asset to identified specifications; retains control of the non-financial asset (i.e. for its own use); and the transaction is enforceable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer services

The Company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

All revenue is stated net of the amount of goods and services tax (GST).

***Policy applicable before 1 July 2019 where substantially different***

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.

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	2020 \$	2019 \$
<b>3. EXPENSES</b>		
<b><u>Fundraising and operational support expenses</u></b> (excluding research grants and patient support)		
– Fundraising	14,392,072	13,317,721
– Operational support	4,504,208	5,022,916
	<u>18,896,280</u>	<u>18,340,637</u>
<b><u>Fulfilment of mission expenses</u></b>		
– Provision of accommodation and patient support	13,363,574	14,057,102
– Research grants and advocacy	3,076,395	2,752,746
	<u>16,439,969</u>	<u>16,809,848</u>

**Accounting policy - Expenses**

Expenses 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 an item of expense.

**(a) Included as Expenses are the following specific items:**

**Employee Benefits**

– Fundraising and Operational activities	8,770,653	8,091,407
– Fulfilment of mission activities	8,065,968	8,061,159
	<u>16,836,621</u>	<u>16,152,566</u>

Superannuation expense of \$1,414,813 for the year ended 30 June 2020 (2019: \$1,317,924) was included in employee benefits expense.

**Depreciation of non-current assets**

– Buildings	1,411,450	1,413,323
– Plant and equipment	227,412	225,285
– Motor vehicles	99,535	101,738
– Furniture and fittings	337,601	343,549
– Right-of-use asset	951,020	-
	<u>3,027,018</u>	<u>2,083,895</u>

**Amortisation of non-current assets**

– Software Intangible Asset	<u>461</u>	<u>33,007</u>
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**Rental expense on operating lease**

– minimum lease payments *	<u>-</u>	<u>1,627,232</u>
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\* From 1 July 2019 the Foundation is capitalising leases and the amount of any short-term leases expensed is shown in Note 10.

**Impairment of property, plant and equipment**

– impairment of buildings (see Note 8)	<u>693,509</u>	<u>-</u>
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	2020 \$	2019 \$
	<u>                    </u>	<u>                    </u>
<b>4. AUDITORS' REMUNERATION</b>		
Amount received, or due and receivable by the auditor for:		
– Auditing the financial report	45,154	41,297
– Other services *	10,000	-
	<u>55,154</u>	<u>41,297</u>

\* Other services provided consist of accounting for lease services.

**5. CASH AND CASH EQUIVALENTS**

– Cash at bank	6,831,222	4,698,324
– Term deposits	17,304,202	19,551,998
	<u>24,135,424</u>	<u>24,250,322</u>

\$5,531,663 of the cash held represents funds reserved for accommodation in Queensland unless approved for other purposes by a majority of the Queensland resident directors (2019: \$5,447,459).

**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.

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Trade receivables	742,045	725,152
GST receivable	67,701	183,687
Other receivables	824,984	88,741
	<u>1,634,730</u>	<u>997,580</u>

**Accounting policy - Trade and other receivables**

The Foundation holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Foundation has applied the simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. No impairment loss has been recognised by the Foundation during the financial year (2019: nil).

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The net amount of GST receivable from the taxation authority is included as part of receivables.

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	2020 \$	2019 \$
<b>7. OTHER ASSETS</b>		
<b>Current</b>		
Assets held for sale*	-	845,000
Community benefit fund	10,903	10,903
Deposits	40,605	42,938
Prepayments	59,197	220,302
	<u>110,705</u>	<u>1,119,143</u>

\* Summer Hill apartment bequeathed to the Foundation in December 2018. The property sale was finalised in August 2019.

**8. PROPERTY, PLANT AND EQUIPMENT**

Freehold land – at cost	<u>12,606,054</u>	<u>12,606,054</u>
<b>Total land</b>	<u>12,606,054</u>	<u>12,606,054</u>
Freehold Buildings – at cost	44,971,928	44,971,928
Less: Accumulated Depreciation	(6,370,412)	(5,470,050)
Impairment	(693,509)	-
	<u>37,908,007</u>	<u>39,501,878</u>
Leasehold Buildings – at cost	13,726,955	13,726,955
Less: Accumulated Depreciation	(6,084,482)	(5,573,394)
	<u>7,642,473</u>	<u>8,153,561</u>
<b>Total buildings</b>	<u>45,550,480</u>	<u>47,655,439</u>
Plant and equipment – at cost	1,873,574	1,809,555
Less: Accumulated Depreciation	(1,440,991)	(1,213,580)
	<u>432,583</u>	<u>595,975</u>
<b>Total plant and equipment</b>	<u>432,583</u>	<u>595,975</u>
Furniture and fittings – at cost	2,908,628	2,797,342
Less: Accumulated Depreciation	(2,419,722)	(2,174,187)
	<u>488,906</u>	<u>623,155</u>
Leasehold improvements – at cost	825,539	825,539
Less: Accumulated Depreciation	(576,678)	(484,612)
	<u>248,861</u>	<u>340,927</u>
<b>Total furniture, fittings and leasehold improvements</b>	<u>737,767</u>	<u>964,082</u>

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	2020 \$	2019 \$
<b>8. PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
Motor vehicles – at cost	1,089,391	674,690
Less: Accumulated Depreciation	(617,842)	(518,307)
	<u>471,549</u>	<u>156,383</u>
<b>Total motor vehicles</b>	<u><b>471,549</b></u>	<u><b>156,383</b></u>
 Total property, plant and equipment	 <u><b>59,798,433</b></u>	 <u><b>61,977,933</b></u>

**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 years
Furniture and Fittings	6.67 years
Motor Vehicles	5.33 years
Buildings	50 years
Leasehold Buildings	30 years
Leasehold Improvements	10 years

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, in which case 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 current 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).

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	2020	2019
	\$	\$

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

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.

Carrying amounts of assets pledged as security

Property at 8 Priory Road, Waverton, NSW	4,426,605	4,461,944
Property at 25 Helen Street, Westmead, NSW	2,698,761	2,732,241
Property at 22 Villa Road, Newcastle, NSW	377,646	381,046
	<u>7,503,012</u>	<u>7,575,231</u>

The security is with a major Australian bank for a corporate credit card facility and bank guarantees for bonds on office leases - refer Notes 17(b) and 18(b) 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:

<u>Year Ended 30 June 2020</u>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Furniture &amp; Fittings Leasehold Improvements</b>	<b>Motor Vehicles</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	12,606,054	47,655,439	595,975	964,082	156,383	61,977,933
Additions	-	-	70,859	111,286	414,701	596,846
Disposals	-	-	(6,839)	-	-	(6,839)
Impairment *	-	(693,509)	-	-	-	(693,509)
Depreciation and amortisation	-	(1,411,450)	(227,412)	(337,601)	(99,535)	(2,075,998)
Carrying amount at end of the year	12,606,054	45,550,480	432,583	737,767	471,549	59,798,433

\* The Directors determined the accommodation apartments at 'The Green' in Bowen Hills, Brisbane were impaired after an independent valuation was performed. The valuation was based with reference to recent sales data for similar properties. The units were valued below their net book value by \$693,509.

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

<u>Year Ended 30 June 2019</u>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Furniture &amp; Fittings Leasehold Improvements</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of year	12,843,554	49,159,362	612,457	1,104,198	262,918	63,982,489
Additions	-	-	208,803	128,334	35,399	372,536
Transfer from capital work in progress	-	16,500	-	86,640	-	103,140
Disposals	(237,500)	(107,100)	-	(11,541)	(40,196)	(396,337)
Depreciation and amortisation	-	(1,413,323)	(225,285)	(343,549)	(101,738)	(2,083,895)
Carrying amount at end of the year	12,606,054	47,655,439	595,975	964,082	156,383	61,977,933

	<b>2020 \$</b>	<b>2019 \$</b>
<b>9. INTANGIBLES</b>		
<b>NON-CURRENT</b>		
Software development - at cost	<b>179,763</b>	213,414
Less: accumulated amortisation	<b>(179,763)</b>	(212,953)
Total Computer software	<b>-</b>	461
Movements during the year:		
Balance at beginning of year	<b>461</b>	33,468
Amortisation expense	<b>(461)</b>	(33,007)
Balance at end of year	<b>-</b>	461

**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.

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 of 3 years.

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**10. LEASES**

Company as a lessee

The Foundation leases various offices, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. There are several lease contracts that include extension options, which are further discussed below.

The Foundation also has certain leases of equipment and storage with lease terms of 12 months or less, or low value. The Foundation applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<b>Motor vehicle</b>	<b>Equipment</b>	<b>Properties</b>	<b>Total</b>
As at 1 July 2019 (date of initial application)	7,596	19,603	3,217,701	3,244,900
Additions	-	263,284		263,284
Lease re-assessments			135,358	135,358
Depreciation expense	(4,977)	(23,827)	(922,216)	(951,020)
As at 30 June 2020	2,619	259,060	2,430,843	2,692,522

**Lease liabilities**

Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
As at 1 July 2019 (date of initial application)	3,207,894	-
Additions	263,284	-
Lease re-assessments	135,358	-
Accretion of interest	93,077	-
Payments	(955,285)	-
Balance at end of year	2,744,328	-
Current	849,385	-
Non-current	1,894,943	-



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	Notes	2020 \$	2019 \$
<b>10. LEASES (continued)</b>			
<b><u>Amounts recognised in profit or loss</u></b>			
The following are the amounts recognised in profit or loss:			
Depreciation charge of right-of-use assets:			
Buildings	3	922,216	-
Plant and equipment	3	23,827	-
Motor vehicles	3	4,977	-
Interest expense (included in finance cost)	3	93,077	-
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)		121,869	-
Right-of-use assets are measured at cost comprising the following:			
<ul style="list-style-type: none"> <li>• the amount of the initial measurement of lease liability</li> <li>• any lease payments made at or before the commencement date less any lease incentives received</li> <li>• any initial direct costs, and</li> <li>• restoration costs.</li> </ul>			
The Foundation had total cash outflows for leases of:			
Interest (Operating activity)		93,077	-
Principal (Financing activity)		862,208	-
Total cash outflows		955,285	-

Future cash outflows relating to leases that have not yet commenced is nil.

**Accounting policy - Leases**

**Right of use assets**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Foundation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life

Payments associated with short-term leases of offices and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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**10. LEASES (continued)**

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Foundation, the Foundation's incremental borrowing rate is used, being the rate that the Foundation would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases - determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, the following factors are normally the most relevant:

- If there are significant penalties to terminate, the Foundation is typically reasonably certain to not terminate.
- If any leasehold improvements are expected to have a significant remaining value, the Foundation is typically reasonably certain to not terminate.
- Otherwise, the Foundation considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- Most extension options in offices have not been included in the lease liability, because the Foundation could replace the assets without significant cost or business disruption.

As at 30 June 2020, potential future cash outflows of \$1,345,952 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated), regarding available options under existing agreements.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Foundation becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Foundation.

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Notes	2020 \$	2019 \$
<b>11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>		
Investments in listed shares at fair value	<b>1,828,850</b>	1,466,307
Movements in investments:		
Opening Balance	<b>1,466,307</b>	1,406,356
Shares received as donations	<b>747,478</b>	50,811
Fair value adjustments	<b>(384,935)</b>	9,140
Closing Balance	<b>1,828,850</b>	1,466,307

**Key accounting judgments – Investments**

*Financial assets at fair value through other comprehensive income:*

Financial assets at fair value through other comprehensive income relates to investments in equity instruments held by the Foundation that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Investments in equity instruments classified at fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue i.e. ordinary shares.

Management has elected, at initial recognition, to irrevocably designate all equity investments at fair value through other comprehensive income (FVOCI) as allowed under AASB 9. The Foundation's policy is to designate equity investments as FVOCI when those investments are not held for trading or held for purposes other than to generate investment returns. This election is made on an investment by investment basis. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Foundation's right to received payments is established.

Impairment

All equity instruments were re-classified as financial assets at fair value through other comprehensive income and are not subject to impairment under AASB 9.

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	2020 \$	2019 \$
<b>12. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trust funds held	6,817	65,141
Sundry creditors and accruals (i)	778,913	1,629,168
	<u>785,730</u>	<u>1,694,309</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.

**13. PROVISIONS**

<b>Current</b>		
Employee entitlements	<u>1,366,155</u>	<u>1,188,519</u>
<b>Non-current</b>		
Employee entitlements	313,081	346,022
Provision for make good expense	260,000	260,000
	<u>573,081</u>	<u>606,022</u>
	<u>1,939,236</u>	<u>1,794,541</u>

A provision for make good has been brought to account in respect of premises at Artarmon, Innaloo and North Melbourne. The lease over premises at Artarmon expires in September 2023. The estimate of the make good costs for these premises is \$75,000. The lease over premises in Innaloo expires in March 2023. The estimate of the costs to make good for this location is \$75,000. The lease over premises at North Melbourne expires on 30 June 2022 with an option for a five year renewal. The estimate of the costs to make good for this location is \$110,000. All other leased properties have been assessed and been found not to require a provision for make good.

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
**ACN 057 493 017**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

2020	2019
\$	\$
<hr/>	<hr/>

### 13. 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 entitlements

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.

### 14. RESERVES

(a) Fair value reserve	(355,389)	29,546
The fair value reserve is used to record increases and decreases in the value of the Foundation's financial assets at fair value through other comprehensive income.		
(b) Equity contribution reserve	27,790,870	27,790,870
The equity contribution reserve arose on the voluntary merger of LFA and Leukaemia Foundation of Queensland which was finalised on 1 July 2016.		
Total reserves	<hr/> 27,435,481 <hr/>	<hr/> 27,820,416 <hr/>

Movements in reserves are disclosed in the Statement of Changes in Equity.

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2020	2019
\$	\$
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**15. MEMBERS' GUARANTEE**

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 2020 the number of members was 376 (2019: 360).

**16. RELATED PARTY TRANSACTIONS**

**(a) Directors:**

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

Dr Carrie Hillyard (appointed 16-9-19)	Ms Maryanne Hargraves
Mr Andrew Soter (appointed 16-9-19)	Mr Phillip Bradley
Mr Christopher Murray	Mr Tony Formica
Mr Darren Laarhoven	Mr Tim Ridgway
Mr Lucio Di Giallonardo	Mrs Beverley Mirolo (resigned 22-2-20)

**(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

-	-
<hr/>	<hr/>

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	497,555	457,114
- Post-employment benefits	48,206	41,811
- Other long-term benefits (long service leave)	33,855	-
- Termination benefits	107,287	-
	<hr/>	<hr/>
	686,903	498,925

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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	2020 \$	2019 \$
<b>17. CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of net cash flows from operating activities to net surplus/(deficit)</b>		
Net surplus/(deficit) for the year	(1,206,591)	4,972,693
<u>Non-cash items:</u>		
Property received as donation in prior year sold in current year	845,000	(845,000)
Shares received as donations	(747,478)	(50,811)
Impairment of property, plant and equipment	693,509	-
Depreciation and amortisation	3,027,479	2,116,902
Net loss on disposal of non-current assets	6,839	156,337
<u>Change in operating assets and liabilities:</u>		
(Increase)/decrease in receivables	(637,150)	(181,162)
(Increase)/decrease in prepayments	124,099	138,319
(Increase)/decrease in deposits	2,333	14,167
Increase/(decrease) in payables	(908,579)	11,541
Increase/(decrease) in provisions	144,695	(6,167)
Cash inflow from operating activities	<u>1,344,156</u>	<u>6,326,819</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 2020 were:**

At 30 June 2020 there was a \$300,000 corporate credit card facility available to the Company (2019: \$300,000).

**THE LEUKAEMIA FOUNDATION OF AUSTRALIA LIMITED**  
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2020	2019
\$	\$
<u>                    </u>	<u>                    </u>

**18. COMMITMENTS**

**(a) Grant Commitments**

Grant commitments comprise research and clinical grants arising from the Foundation's commitment to the research community. At balance date, the balance of the grants to be funded in future amounted to \$5,451,981 and it is anticipated that this will be payable as follows:

Payable:

– less than 1 year	2,435,430	2,145,914
– greater than 1 year but less than 5 years	3,016,551	4,937,650
Minimum grant payments	<u>5,451,981</u>	<u>7,083,564</u>

**(b) Bank Guarantees**

The Foundation has issued bank guarantees to third parties totalling \$285,603 (2019: \$357,483). These bank guarantees are for bonds on office leases and are secured against the property of the Foundation as listed in Note 8.

**19. 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.

**20. CONTINGENT LIABILITIES**

The Directors are not aware of any contingent liabilities at 30 June 2020 or 30 June 2019.



## INDEPENDENT AUDITOR'S REPORT

To the members of The Leukaemia Foundation Australia Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of The Leukaemia Foundation Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of The Leukaemia Foundation Australia Limited, is in accordance with Division 60 of 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 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of 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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

#### Other information

The directors of the Company are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, 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 directors for the Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

#### **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 Fund raising 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:

- (i) The financial report shows a true and fair view of the financial result of fundraising appeals conducted during the year ended 30 June 2020;
- (ii) The accounting and associated records have been properly kept during the year in accordance with *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fund raising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*;
- (iii) Money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the above mentioned Acts; and
- (iv) As at the date of this report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**BDO Audit Pty Ltd**



**A J Whyte**  
Director

Brisbane, 4 November 2020