



The Cancer Council NSW Full Financial Report 2009/2010

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Directors' Report

For the year ended 30 June 2010

The Directors of The Cancer Council NSW (CCNSW) present their report with respect to the results for the financial year ended 30 June 2010 and the state of CCNSW's affairs at that date.

Directors

The following persons were Directors of CCNSW during the whole of the financial year and up to the date of this report:

Stephen Ackland
Jill Boehm (Deputy Chair)
Mary Chiew
Patrick Cregan
Bruce Hodgkinson (Chair)
Paul Lahiff
Graham Mann
Stephen Roberts
Bob Sendt
Melanie Trethowan

Short- and long-term objectives

Our short-term objectives are directed to funding and delivering programs that have a tangible impact on:

- The lives of cancer patients and carers
- Scientific knowledge of cancer
- Community understanding and behaviour in relation to cancer
- Society, policy and practice in advancing cancer control.

In the longer term, our strategic priorities are:

- To drive major advances in research, ensuring no cancer is ignored
- To ensure the NSW community acts to prevent cancer and/or detect it at a curable stage
- To give the NSW community a voice on issues and entitlements around cancer
- To ensure that no one faces a cancer diagnosis alone
- To expand the opportunities available for people to contribute to our work by giving money or fundraising.

CCNSW strategy for achieving those objectives

CCNSW is unique among cancer charities in dealing with the cancer challenge comprehensively, encompassing all cancers and all potential methods of controlling the disease. Selection of priorities is guided by considering the relative impact of different cancers and risk factors in the NSW community, the emergence and implications of trends in cancer incidence and risk factors, and the opportunities presented by changes in knowledge, technology and society that will have favourable impact on achieving our vision.

Directors' Report

For the year ended 30 June 2010

Four areas of focus underpin our strategy:

Insight: Funding and conducting research provides knowledge and generates evidence to improve the effectiveness of cancer control. This is amplified by the experience we derive from working with cancer patients and their families, health professionals and the community.

Connection: CCNSW is distinctive in the emphasis it places on connecting and engaging the NSW community with the cancer cause. Connection greatly amplifies the potential of people and organisation to realise our vision of cancer defeated.

Contribution: We create and increase opportunities for people to contribute their time, skills and resources to the cancer cause. Specifically, we create opportunities for people as donors, volunteers, staff, research participants and community leaders.

Impact: CCNSW pursues priorities that have the potential to make far-reaching and sustained change in the cancer landscape. This includes creating a community that is informed, rational and compassionate in relation to cancer, addressing the support and information needs of cancer patients, and generating changes in the living, working, social and commercial environments to reduce the leading causes of cancer.

Principal activities and how these activities assisted in achieving objectives

In setting the operational priorities for 2009/10, and in light of the economic circumstances and forecasts, the Board adopted a conservative approach to budgeting, ensuring that CCNSW could fulfil existing commitments, but limiting new commitments.

In research

We fulfilled our commitment to have a greater emphasis on identified research priorities with a concentration on higher-mortality and neglected cancers. We funded research addressing agreed priorities in pancreatic cancer and hereditary cancer, including major funding to the International Pancreatic Cancer Genome Consortium. With our Strategic Research Program partners, we reached agreement on research priorities in brain cancer, Barrett's oesophagus and bowel cancer, all of which will be the focus of strategic research procurement in 2010/11. We also commenced the process of developing research priorities in liver cancer.

Enrolment in the Cancer, Lifestyle and Evaluation of Risk (CLEAR) Study, a major resource in cancer epidemiology, increased to 4,000 participants. Funding was reviewed for the 45 and Up Study, which has now successfully recruited 266,000 participants throughout NSW. Feasibility and planning was commenced on the development of a biobank to collect and house blood and biodata, primarily from the CLEAR and the 45 and Up studies.

Research was undertaken or commissioned to support our programs in cancer prevention and support. Highlights included the results of research into the impact of tobacco retailing on impulse purchase and relapse after quitting smoking; and the extension of our research into the advertising of junk foods. We maintained our commitment to behavioural research through the Centre for Health Research and Psycho-oncology (CHeRP) at the University of Newcastle, NSW Clinical Trials infrastructure and major program grants.

Directors' Report

For the year ended 30 June 2010

In cancer prevention

We expanded participation in the SunSmart Early Childhood Program, achieving 65 percent coverage of the sector. We launched a complementary program in primary schools and by June 2010, 15 percent of primary schools in NSW were accredited as SunSmart.

In collaboration with the University of Wollongong and with funding from the Australian Research Foundation, we delivered a range of programs to influence sun-protection behaviour among adolescents, including the Sun Sound, which received prestigious international awards.

The Tackling Tobacco Program works through the community services sector to reduce tobacco use among the most disadvantaged people in NSW. This was augmented with additional funding from NSW Health.

The Eat It To Beat It program is a multipronged pilot community intervention in the Hunter Region. Five strategies within the program are now deployed, and it is ready for evaluation in 2011.

Formal partnerships with local governments were extended, with 120 of these now in place. The number of local councils enacting policies on smoke-free outdoor areas increased to 76.

In advocacy

We conducted a campaign to raise awareness of the suboptimal access and utilisation of radiotherapy by NSW cancer patients, and to motivate action by State and Commonwealth governments.

We collaborated with other Cancer Councils in the campaign to fully fund and roll out a national screening program for bowel cancer.

We launched the Saving life: why wouldn't you? campaign. This lays out six important priorities in cancer for consideration by NSW political leaders in the lead-up to the state election in 2011. We are conducting briefings and grassroots activity to promote this agenda.

We continued to train community members in advocacy skills and supported their activities. At 30 June 2010, there were 493 trained advocates registered with CCNSW.

In information and support for cancer patients

We provided substantial funding support to the development and construction of accommodation for cancer patients in Orange and Lismore, coinciding with the development of radiation therapy centres in those regions.

We launched new pro bono services for cancer patients, providing legal advice and financial counselling.

Face-to-face information and support services for cancer patients were expanded with the opening of two new Cancer Council Information Centres in treatment centres, and with formal agreements to build Information Centres being reached with another four hospitals. These centres are staffed by trained volunteers, and supported through the Cancer Helpline.

We expanded to 55 the number of printed information resources available to cancer patients, predominantly in the flagship *Understanding Cancer* series.

We commenced a pilot program in Port Macquarie to coordinate transport and accommodation arrangements for people travelling from regional centres to treatment in Sydney.

We maintained our flagship programs of the Cancer Helpline, Cancer Connect (a peer-support service for people with cancer), telephone support groups, online peer-support services, financial assistance and provision of transport to treatment.

Directors' Report

For the year ended 30 June 2010

In fundraising

A diverse, market-leading and effective fundraising portfolio is crucial to meeting the growing needs in the cancer landscape, and securing the organisation's capability to act as an independent agent in cancer control, accountable only to the cause and the community.

Our focus was on maintaining the existing commitment of donors and supporters in fundraising. Although major event income failed to meet target for Daffodil Day, Australia's Biggest Morning Tea and Girls Night In, exceptional results were achieved in bequest and donation income, offsetting these declines. The POSH Auction achieved a record result, and Do Your Thing grew strongly, reflecting the relaunch and marketing of this program. We increased our investment in major gifts, corporate, trusts and foundations, and achieved promising results.

The investment portfolio was restructured, and investment income recovered strongly after disappointing results in the previous two years, related to the global economic downturn. The Board is considering the appropriate level of reserves to be held to secure the organisation as a business concern and to preserve our capacity to undertake significant capital expenditure in research and patient accommodation, in particular, in the near term.

Income from our retail operations and national merchandising performed well. We opened a new store at Rouse Hill.

All of the above activities have either directly contributed to our short-term objectives or built the foundations for impact in future years. Our research, advocacy and health service programs are directly related to the impact we seek to have in the cancer landscape, and reflect our judgement about the appropriate positioning and leverage to be achieved by a community cancer charity.

How CCNSW measures its performance, including any key performance indicators used

CCNSW assesses the outcome of its work in relation to:

- The prevalence of adverse cancer risks and healthy behaviours
- The unmet needs of cancer patients
- The support of community and government leaders for our agenda in cancer control
- The quality and impact of results from research
- Trends in net returns from revenue programs.

The operational effectiveness of CCNSW work is measured by:

- Coverage of target populations or settings with programs in cancer prevention and support
- Net income from fundraising and revenue streams
- Fundraising cost:income ratios, and infrastructure and investment expenditure ratios
- Number of NSW people engaged as donors, volunteers, advocates and research participants
- Match between the distribution of research funding and the burden of disease and cancer in NSW.

Key performance indicators are identified for each CCNSW program and project area. Data is captured and reported regularly to provide insight into performance and outcomes. CCNSW conducts regular business reviews and uses internal auditors to review and advise on the performance of various programs and to identify opportunities for improvements. Annual performance planning is conducted for all staff to ensure alignment with the organisation's direction.

Directors' Report

For the year ended 30 June 2010

Review of financial operations and results of CCNSW

The total income for the financial year ended 30 June 2010 was \$72,928,000. In the same period, expenditure was \$58,696,000, leaving a surplus of \$14,232,000.

The main sources of revenue were: \$'000

Fundraising – events marketing	19,603
Fundraising – direct marketing	16,992
Fundraising – bequests	12,365
Retail	7,523

The main areas of expenditure were:

Fundraising	15,405
Research	14,269
Retail	6,081
Information and support	6,725
Infrastructure and investment	5,263
Regional program delivery	4,962
Health advocacy and prevention	3,719

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial year that could significantly affect the operations of CCNSW in future years.

Likely developments and expected results of operations

CCNSW expects to maintain the present status and level of operations.

Environmental regulation

CCNSW is not subject to any significant environmental regulation.

Dividends

CCNSW's Constitution does not permit any dividends and therefore no dividends have been paid or declared.

Directors' Report

For the year ended 30 June 2010

Members' liability

CCNSW is incorporated under the *Corporations Act 2001* and is a public company limited by guarantee. If CCNSW is wound up, the constitution states that each member of CCNSW is required to contribute a maximum of \$1 each towards meeting any liabilities of CCNSW. As at 30 June 2010 the number of members was 80 (2009: 129).

Information on Directors

Dr Stephen Ackland MBBS, FRACP

First elected to the CCNSW Board in August 2006, re-elected December 2008.

Conjoint Professor, Faculty of Health, University of Newcastle

Staff Specialist, Medical Oncology, Calvary Mater Newcastle Hospital

Dr Ackland is also former president of the Clinical Oncological Society of Australia (COSA) and former chair and secretary of the Medical Oncology Group of Australia, and he has been a member of various other state, national and international oncology committees and working groups. Dr Ackland has had extensive involvement in cancer clinical trials, clinical pharmacokinetics of anticancer drugs and pre-clinical pharmacology of anticancer drugs and combinations. He has been principal investigator on two Australian multi-institutional randomised controlled trials and a number of phase I and II trials.

Ms Jill Boehm OAM, RN, DC, MMgt, FAICD.

Deputy Chair of the Board, Member of the Audit and Finance Committee, Member of the Governance Committee

First elected to the CCNSW Board in August 2006, re-elected December 2008.

Ms Boehm is a registered nurse and midwife, a representative of the NSW Nurses and Midwives Board on professional and tribunal matters, and a member of the Gene Technology Ethics and Community Consultation Committee for the Federal Government. She was a founding member of the Board of the Cancer Institute NSW until March 2010. She was awarded the Medal of the Order of Australia in 2007 for service to the community through advocacy and support for people with cancer, their families and carers, was nominated for NSW Women's Honour Role in 2005 and is also a member of Women On Boards (WOB).

Directors' Report

For the year ended 30 June 2010

Ms Mary Chiew

First appointed to the CCNSW Board in April 2007, re-appointed April 2010, Member of the Audit and Finance Committee until February 2010.

Managing Director, Giorgio Armani Australia Pty Ltd

Ms Chiew's expertise includes marketing, communications, administration and management. Her experience also includes four years as trustee of the National Breast Cancer Foundation and she currently serves on the Board of the Salvation Army Employment Plus. As a cancer survivor, Ms Chiew brings her personal experience to CCNSW and helps to maintain a focus on the interests of cancer patients in Board discussions.

Dr Patrick Cregan MBBS, FRACS

Member of the Remuneration Committee

Nominated to the CCNSW Board by the Cancer Institute NSW in August 2008.

Nepean Hospital Specialist Cancer Surgeon

Dr Cregan is a specialist surgeon with a major interest in endocrine and endoscopic surgery, based at Nepean Hospital. He has a particular interest in surgical robotics, having performed Australia's first – and the world's sixth – telesurgical procedure. Other interests include research into mathematical modelling of cancer, patient communication and the application of advanced technologies. Dr Cregan has served on a number of committees and boards, including those of the Royal Australian College of Surgeons, the Wentworth Area Health Service, the NSW Health Clinical Council and the Australasian Medical Simulation Society. He chairs the NSW Dept of Health Surgical Services Committee and is also a director on the Cancer Institute NSW Board.

Mr Bruce Hogkinson SC

Chair of the Board, Chair of the Governance Committee, Member of the Remuneration Committee

First elected to the CCNSW Board in July 2007, re-elected October 2009.

Mr Hodgkinson has been a practising barrister at the Sydney Bar since the early 1980s. He was appointed Senior Counsel in 2001 and continues to practise extensively in the occupational health and safety field. Through his practice as a barrister, he has provided advice to corporations and their boards in many legal and governance fields, including corporations law, trade practices law, statutory compliance and employment law. Mr Hodgkinson has been a member of the POSH Committee for a number of years, through which he has actively engaged in raising money for CCNSW. He has also been a member of the Board of Cancer Council Australia since 2008.

Directors' Report

For the year ended 30 June 2010

Mr Paul Lahiff BSc (Agr), FAIM

Chair of the Investment Committee, Chair of the Remuneration Committee

First appointed to the CCNSW Board in February 2007, re-appointed February 2010.

Mr Lahiff has over 30 years experience in the financial services industry. This has included roles as Managing Director of Permanent Trustee, Heritage Building Society, Mortgage Choice and WDSScott, as well as senior executive roles with Westpac Banking Corporation (in Sydney and London) and the credit union sector. Mr Lahiff currently runs his own consulting/advisory business, and serves on a number of boards.

A/ Prof Graham Mann PhD, FRACP

Member of the Governance Committee

First elected to the CCNSW Board in August 2006, re-elected December 2008.

Associate Professor of Medicine, University of Sydney at Westmead Millennium Institute and Melanoma Institute Australia.

With funding support from CCNSW, A/Prof Mann's team has recruited and worked with one of the world's largest cohorts of people with a strong family history of melanoma, to help locate genes that cause high melanoma risk and to establish their effects. This work has been complemented by large-scale studies into the genetic and environmental causes of melanoma in the population, as well as focused psychosocial research into the effects of melanoma risk. Through a multi-centre collaborative program supported by the National Health and Medical Research Council (NHMRC) and the Cancer Institute NSW, he helps direct translational research into the molecular abnormalities of melanomas that can now be targeted to improve its diagnosis and treatment.

Mr Stephen Roberts BB, MBA, MAICD

Member of the Investment Committee, until resignation from Committee in May 2010

First elected to the CCNSW Board in Oct 2007, re-elected November 2009.

Mr Roberts is a member of the boards of Cancer Council Australia and Social Ventures Australia Capital Fund. Professionally, he is Senior Partner and Regional Business Leader of Asia Pacific for Mercer Investments, and brings extensive business and management experience. Mr Roberts is trained as a chartered accountant, and is also Chair of the POSH Committee, which engages in fundraising activities for CCNSW.

Directors' Report

For the year ended 30 June 2010

Mr Bob Sendt BA (Econ), Grad Diploma Environ Studies, FCPA, FPNA, GAICD

Chair of the Audit & Finance Committee, Member of the Remuneration Committee

First appointed to the CCNSW Board in February 2007, re-appointed February 2010.

Mr Sendt is a company director and runs his own management consultancy practice. He serves on a number of boards including as chairman of Job Futures Ltd, a director of National Health Call Centre Network Ltd and a director of the Accounting Professional and Ethical Standards Board. He was Auditor-General of NSW from 1999 to 2006 and has a strong interest in governance, accountability and strategic management.

Ms Melanie Trethowan MB (Marketing)

Elected to the CCNSW Board in December 2008.

Ms Trethowan has been actively involved in cancer issues since 2004. To date her roles with CCNSW include Regional Advocacy Network Facilitator, member of the Mudgee Relay For Life Committee, acting Chair of the Western Regional Advisory Committee, member of the Medical and Scientific Advisory Committee and Daffodil Day Town Manager. In June 2009, she was elected Chair of the Members Assembly. Her previous board experience includes the Central West Community College, Kanandah Retirement Ltd and the Foundation for Australian Agricultural Women. She has completed the Australian Rural Leadership Program and is a Vincent Fairfax Fellow. Since 1996, she has operated a marketing and project consultancy business based in Mudgee.

Company Secretary

The Company Secretary is Ms Angela Aston.

Directors' benefit

No Director of CCNSW has received or has become entitled to receive a benefit in respect of their role as Directors.

Directors' Report

For the year ended 30 June 2010

Meetings of Directors/ Committees:

	Full meetings of Directors		Audit & Finance Committee		Investment Committee		Governance Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
S Ackland	5	6	*	*	*	*	*	*	*	*
J Boehm	5	6	5	5	*	*	6	6	*	*
M Chiew	4	6	1	3	*	*	*	*	*	*
P Cregan	5	6	*	*	*	*	*	*	1	2
B Hodgkinson	6	6	*	*	*	*	6	6	2	2
P Lahiff	5	6	*	*	5	5	*	*	2	2
G Mann	4	6	*	*	*	*	5	6	*	*
S Roberts	6	6	*	*	4	4	*	*	*	*
R Sendt	6	6	5	5	*	*	*	*	2	2
M Trethowan	6	6	*	*	*	*	*	*	*	*

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the Committee during the year.

* = Not a member of the relevant Committee

Insurance of officers

During the financial year, CCNSW paid a premium of \$11,000 to insure the Directors and Secretary of the company, and an additional \$19,000 on professional indemnity insurance.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of CCNSW, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Directors' Report

For the year ended 30 June 2010

Non-audit services

During the financial year, CCNSW did not employ the auditor on assignments additional to their statutory audit duties.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PKF East Coast Practice continues in office in accordance with section 327 of the *Corporations Act 2001*. This report is made in accordance with a resolution of Directors.



Mr B Hodgkinson SC

Ms Jill Boehm OAM

Director

Director

Sydney

Sydney

18 October 2010

18 October 2010

Auditors' Independence Declaration

To the Directors of The Cancer Council NSW

I declare that to the best of my knowledge and belief, during the year ended 30 June 2010, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



Paul Bull
Partner

Sydney
18 October 2010

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The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of comprehensive income

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Revenue			
Fundraising income	3, 20	53,750	48,290
Retail income	3	7,523	7,953
Interest and investment income	3	2,278	2,249
Grant income	3	2,827	1,808
Other revenue	3	1,113	1,147
Total revenue		67,491	61,447
Increase in fair value of investment property	9	30	-
Gain on sale of managed funds	10	5,407	-
Total income		72,928	61,447
Expenses			
Fundraising expenditure		15,405	15,872
Retail expenditure		6,081	6,567
Research		14,269	14,401
Regional program delivery		4,962	5,078
Health advocacy and prevention		3,719	4,140
Information and support		6,725	6,798
Media, communication and marketing expenditure		2,272	2,856
Infrastructure and investment		5,263	5,269
Decrease in fair value of managed funds	10	-	5,809
Total expenses	4	58,696	66,790
Surplus/(deficit) before income tax	4	14,232	(5,343)
Income tax expense	2 (c)	-	-
Surplus/(deficit) for the year		14,232	(5,343)
Other comprehensive income			
Decrease in fair value of available-for-sale financial assets	10	(2,303)	-
Decrease on revaluation of land and buildings		-	(2,863)
Total comprehensive income for the year		11,929	(8,206)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	9,065	11,695
Trade and other receivables	7	1,698	1,417
Inventories	8	1,136	978
Financial assets	10	5,000	-
Total current assets		16,899	14,090
Non-current assets			
Investment properties	9	300	270
Financial assets	10	39,162	31,575
Property, plant and equipment	11	18,456	19,295
Total non-current assets		57,918	51,140
TOTAL ASSETS		74,817	65,230
Liabilities			
Current liabilities			
Trade and other payables	12	2,254	4,451
Provisions - employee benefits	13	1,374	1,367
Total current liabilities		3,628	5,818
Non-current liabilities			
Provisions - employee benefits	13	449	601
Total non-current liabilities		449	601
TOTAL LIABILITIES		4,077	6,419
NET ASSETS		70,740	58,811
Funds			
General funds		61,280	48,614
Restricted funds reserve		8,839	7,273
Available-for-sale financial assets reserve		(2,303)	-
Asset revaluation reserve		2,924	2,924
TOTAL FUNDS		70,740	58,811

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

Statement of changes in funds

For the year ended 30 June 2010

	General funds	Restricted funds reserve	Available-for- sale financial assets reserve	Asset revaluation reserve	Total funds
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008	54,463	6,767	-	5,787	67,017
Transfer to/(from) reserves	(506)	506	-	-	-
Total comprehensive income for the year	(5,343)	-	-	(2,863)	(8,206)
Closing balance as at 30 June 2009	48,614	7,273	-	2,924	58,811

Opening balance as at 1 July 2009	48,614	7,273	-	2,924	58,811
Transfer to/(from) reserves	(1,566)	1,566	-	-	-
Total comprehensive income for the year	14,232	-	(2,303)	-	11,929
Closing balance as at 30 June 2010	61,280	8,839	(2,303)	2,924	70,740

Nature and purpose of reserves

Restricted funds reserve

The restricted funds reserve relates to bequests and donations received by CCNSW with a purpose specified in the bequest or by the donors. These funds are held in the restricted funds reserve until spent appropriately.

Available-for-sale financial assets reserve

The available-for-sale financial assets reserve is used to record changes in the fair value of financial assets classified as available-for-sale as described in note 2 (f). Amounts are reclassified to surplus or deficit when the associated assets are sold or impaired.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of CCNSW land and buildings, as described in note 2(i).

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

Statement of cash flows

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts			
Receipts from supporters and funding sources (inclusive of GST)		62,055	58,116
Receipts from grant funding		2,827	1,808
Dividends, franking credits and interest received		930	1,016
		65,812	60,940
Payments			
Payments to suppliers and employees (inclusive of GST)		59,468	58,698
		59,468	58,698
Net cash inflow from operating activities	15	6,344	2,242
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit and loss		37,167	-
Proceeds from sale of property, plant and equipment		326	243
Proceeds from sale of available-for-sale financial assets		23	-
Payments for purchase of available-for-sale financial assets		(40,326)	-
Payments for purchase of held to maturity investments		(5,000)	-
Payments for purchase of property, plant and equipment		(1,164)	(2,379)
Net cash outflow from investing activities		(8,974)	(2,136)
Net increase/(decrease) in cash and cash equivalents		(2,630)	106
Cash and cash equivalents at beginning of year		11,695	11,589
Cash and cash equivalents at end of year	6	9,065	11,695

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

Notes to the Financial Statements

For the year ended 30 June 2010

1. Introduction

This financial report covers The Cancer Council NSW (CCNSW) as an individual entity for the year ended 30 June 2010. The financial report is presented in Australian currency.

CCNSW is a public company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

The Cancer Council NSW
153 Dowling Street
Woolloomooloo NSW 2011

A description of the nature of CCNSW's operations and its principal activities is included on page 1 of the Directors' Report.

The financial report was authorised for issue by the directors on 18 October 2010.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities, certain classes of property, plant and equipment and investment property.

(b) Revenue recognition

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

CCNSW recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria have been met for each activity as described below.

Revenue is recognised for the major business activities as follows.

Fundraising income

Fundraising revenue is recognised when CCNSW has control of the contribution.

Retail income

Revenue from the sale of goods is recognised when CCNSW has passed control of the goods to the buyer.

Notes to the Financial Statements

For the year ended 30 June 2010

Interest and investment income

Interest and investment income is recognised on an accrual basis. Dividends are brought to account as they are received.

Grant income

Grants from the government and other organisations are recognised at their fair value where there is a reasonable assurance that the grant will be received and that CCNSW will comply with all attached conditions.

(c) Income tax

CCNSW is exempt from income tax within the terms of Subdivision 50-5 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in values.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that CCNSW will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the surplus or deficit within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the surplus or deficit.

(f) Financial assets

All financial assets are initially recognised at fair value with transaction costs associated with the investment charged to surplus or deficit. Subsequent to initial recognition these instruments are measured as set out below.

Notes to the Financial Statements

For the year ended 30 June 2010

Held to maturity investments

After initial recognition, these investments are measured at cost with gains or losses recognised in surplus or deficit. These consist of:

- Cash on deposit > 90 days

Financial assets at fair value through surplus or deficit

After initial recognition, these investments are measured at fair value with gains or losses recognised in surplus or deficit. These consist of:

- Managed funds at the redemption price at balance date quoted by the investment manager.

Available-for-sale financial assets

After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income and through the available-for-sale financial assets reserve. These consist of:

- Managed funds at the redemption price at balance date quoted by the investment manager.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and CCNSW has transferred substantially all the risks and rewards of ownership

Impairment

CCNSW assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is reclassified from equity and recognised in surplus or deficit as a reclassification adjustment. Impairment losses recognised in surplus or deficit on equity instruments classified as available-for-sale are not reversed through surplus or deficit.

Details of financial assets are set out in note 10.

(g) Inventory

Inventory is stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for at purchase cost on a basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Investment property

Investment property comprises a property held for capital appreciation and/or rental yields and is not occupied by CCNSW. Investment property is carried at fair value, representing open-market value. Changes in fair values are recorded in the statement of comprehensive income as part of other income or expense.

Notes to the Financial Statements

For the year ended 30 June 2010

(i) Property, plant and equipment

Land and buildings (except for investment property – refer to note 2(h)) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in surplus or deficit, the increase is first recognised in surplus or deficit. Decreases that reverse previous increases of the same asset are first charged against the asset revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to surplus or deficit.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- | | |
|----------------------------------|----------------|
| • Buildings | 25 to 40 years |
| • Leasehold improvements | 2 to 5 years |
| • Office furniture and equipment | 3 to 10 years |
| • Motor vehicles | 5 years. |

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset carrying amount is written down immediately to its recoverable amount if the asset carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit.

(j) Payables

These amounts represent liabilities for goods and services provided to CCNSW prior to the end of the financial year and which were unpaid as at the balance date. These amounts are unsecured and are paid within the suppliers terms, usually 30 days.

(k) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the balance date. These benefits include annual leave and long service leave.

Annual leave

Liabilities for annual leave are recognised in the provision for employee benefits and are measured at the amounts expected to be paid in respect of employees' services up to the reporting date when the liabilities are settled.

Notes to the Financial Statements

For the year ended 30 June 2010

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST receivable from or payable to the ATO is included with other receivables or payables in the balance sheet.

(m) Joint venture operations

The proportionate interests in the assets, liabilities, revenue and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint venture operations are set out in note 18.

(n) Public Company Limited by Guarantee

In the event of CCNSW being wound up, the liability of each member is limited to an amount not exceeding \$2.

(o) Financial reporting by segments

CCNSW operates primarily in one segment. The principal activities consist of initiatives and programs to defeat cancer and build a cancer-smart community, and engaging the NSW community in this mission. CCNSW operates in one geographical area, being NSW.

(p) Rounding off

The company is of a kind referred to in *Class Order 98/0100*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the class order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the Financial Statements

For the year ended 30 June 2010

(q) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2010.

These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for CCNSW
AASB 9 and AASB 2009-11	Financial Instruments and Amendments to Australian Accounting Standards arising from AASB 9	Addresses the classification and measurement of financial assets.	1 January 2013	May impact fair value gains and losses in other comprehensive income. However, CCNSW is yet to assess its full impact	1 July 2013
Revised AASB 124 and AASB 2009-12	Related Party Disclosures and Amendments to Australian Accounting Standards	The amendment to AASB 124 clarifies and simplifies the definition of a related party.	1 January 2011	No impact	1 July 2011
AASB 1053 and AASB 2010-2	Application of Tiers of Australian Accounting Standards and Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This standard introduces a second tier of general purpose financial reporting for entities that are not publically accountable. Tier 2 reporting allows for a reduced level of disclosure in such general purpose financial reports.	1 July 2013	May impact on disclosures in financial report. However, CCNSW is yet to assess its full impact	1 July 2013

(r) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CCNSW's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

Impairment of financial assets

Determining whether an investment classified as available-for-sale is impaired requires significant judgement. In the case of managed funds classified as available-for-sale, CCNSW regards an investment is impaired when it is considered that the fund manager's philosophy, style and investment processes will not result in investment returns that meet CCNSW's investment objectives.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
3. Revenue		
Fundraising income		
Bequests	12,365	10,009
Donations	2,886	2,314
Direct marketing	16,992	16,408
Events marketing	19,603	18,232
Do Your Thing	1,904	1,327
	53,750	48,290
Retail income		
Sale of goods	7,523	7,953
	7,523	7,953
Interest and investment income		
Interest	604	695
Managed fund distributions	1,347	1,233
Imputation credits received	327	321
	2,278	2,249
Grant income		
Australian Broadcasting Corporation - Breast cancer study	42	179
Cancer Australia - <i>Aboriginal Cancer Journeys</i>	10	10
Cancer Australia - Brain cancer grant	10	-
Cancer Australia - Culturally And Linguistically Diverse communities	10	-
Cancer Australia - Cancer unknown primary	32	-
Cancer Australia - National telephone support project	5	20
Cancer Australia Support Group - Pancreatic cancer grant	-	30
Cancer Council Australia - Alcohol and cancer project	-	22
Cancer Institute NSW - Equipment	247	-
Cancer Institute NSW - Lung cancer treatment algorithms	18	36
Commonwealth Australia - Volunteer grants program	-	38
Community Development Support Expenditure grants	30	33
Department of Health and Ageing - Eat It To Beat It	38	150
Department of Health and Ageing - Healthy lifestyles and risk modification	91	-
Lilier Lodge	-	4
National Breast and Ovarian Cancer Centre - Breast cancer modelling	-	12
Newcastle Permant Charitable Foundation - Information Centre	8	-
NHMRC - Cervical invasive neoplasia study	246	240
NHMRC - Cervical modelling study	48	98
NHMRC - Equipment grant	15	11
NHMRC - Fellowship	72	36
NHMRC - Patterns of Cancer Care for Aboriginal People in NSW	181	380
NHMRC - Prostate outcomes study	8	-
NHMRC - Infectious and Lifestyle Determinants of Non-Melanoma Skin Cancer	697	-
NHS (UK) - UK consultancy	32	-
NSW Health - Australian better health initiative	52	29
NSW Health - Diet and cancer project	50	60

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
NSW Health - Food marketing complaints registry	45	-
NSW Health - Primary and community-based service (Carers) project	55	54
NSW Health - Smoking Care support - Blacktown	172	-
NSW Health - Smoking Care training	250	-
NZ Health Ministry - Consultancy monies	45	59
NZ Health Ministry - HPV prevalence study	32	81
Prostate Cancer Foundation of Australia - Prostate cancer guidelines	40	93
Prostate Cancer Foundation of Australia - Therapies for prostate cancer	69	-
The Health Administration Corporation - Mental health professionals' training on smoking	120	-
Union for International Cancer Control - China modelling	37	-
University of Sydney - MSAC modelling study	20	101
University of Sydney - Prostate cancer outcome study	-	32
	2,827	1,808

Unspent grant funds

Grant income has been recognised as revenue in the statement of comprehensive income. It includes amounts yet to be spent in the manner specified by the contributor. Unexpended amounts totalling \$948,000 have been included in revenue and general funds at 30 June 2010.

	Opening Balance 1 Jul 2009 \$'000	Receipts 2010 \$'000	Payments 2010 \$'000	Closing Balance 30 Jun 2010 \$'000
Health promotion grants	141	977	(592)	526
Contract research grants	807	1,850	(1,366)	1,291
	948	2,827	(1,958)	1,817

	2010 \$'000	2009 \$'000
Other revenue		
Accommodation fees	417	396
Account management charge	5	5
Membership fees	1	3
Patient transport	37	25
Promotional items	83	67
Project contributions received	322	442
Seminars and conferences	26	9
Sponsorship income	222	200
	1,113	1,147
Total revenue	67,491	61,447

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
4. Expenses		
Surplus before income tax includes the following specific expenses:		
Employee benefits expense	22,484	23,633
Depreciation		
Building	348	394
Leasehold improvements	150	148
Office furniture and equipment	822	826
Motor vehicles	231	273
	1,551	1,641
Rental expense relating to operating leases	1,405	1,404
Direct operating expenses from investment property	1	1
Decrease in fair value of managed funds	-	5,809
Loss on disposal of property, plant and equipment	126	10

	2010 \$	2009 \$
5. Remuneration of auditors		
During the year the following fees were paid or payable for services provided by the auditor to CCNSW:		
Assurance services		
Audit services - PKF East Coast Practice		
Audit of financial report under the <i>Corporations Act 2001</i>	44,000	40,500
Other assurance services - audit of regulatory statements	3,300	2,350
Total remuneration for assurance services	47,300	42,850

	2010 \$'000	2009 \$'000
6. Cash and cash equivalents		
Cash on hand	26	26
Cash at bank	3,347	4,811
Deposits at call	5,692	6,858
	9,065	11,695

As at balance date cash at bank was earning interest of 4.4% p.a. (2009: 2.35% p.a.) and deposits at call were earning 5.8% p.a. (2008: 4.99% p.a.).

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
7. Trade and other receivables		
Trade receivables	875	306
Provision for impairment of trade receivables	(5)	(7)
Other receivables	167	256
GST receivable	335	625
Interest receivable	155	14
Prepayments	171	223
	1,698	1,417

(a) Ageing of trade receivables and impairment

	Gross \$'000	Impairment \$'000
At 30 June 2009		
Not past due	230	-
Past due 0 - 30 days	3	-
Past due 30 - 60 days	66	-
Past due 60 - 90 days	7	(7)
	306	(7)
At 30 June 2010		
Not past due	825	-
Past due 0 - 30 days	31	-
Past due 30 - 60 days	14	-
Past due 60 - 90 days	5	(5)
	875	(5)

(b) Movements in the provision for impairment of receivables are as follows:

	2010 \$'000	2009 \$'000
Opening balance 1 July	(7)	(3)
Additional provision	(5)	(4)
Unused amount reversed	7	-
Closing balance 30 June	(5)	(7)

(c) Credit risk and interest rate risk:

There is no concentration of credit risk or interest rate risk with respect to current and non-current receivables.

8. Inventories

Goods held for resale	1,136	978
	1,136	978

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
9. Investment property		
At fair value	300	270
	300	270
(a) Movement in investment property		
Opening balance 1 July 2009	270	270
Increase in fair value of investment property	30	-
Closing balance 30 June 2010	300	270

(b) Amounts recognised in surplus or deficit for investment property

The investment property was bequeathed to CCNSW and is currently occupied under a life tenancy agreement. As a result, no rental income is generated from the investment property. The direct operating expenses for the investment property totalled \$1,000 for the year (2009: \$1,000).

(c) Valuation basis

The basis of the valuation of the investment property is fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition.

10. Financial assets

Current assets

Term deposits:		
Held to maturity investments	5,000	-
	5,000	-

Non-current assets

Managed funds:		
At fair value through surplus or deficit	-	31,575
Available for sale	39,162	-
	39,162	31,575

(a) Managed funds

CCNSW restructured its managed fund Investment portfolio in December 2009, at which point it disposed of all financial assets designated at fair value through surplus or deficit and subsequently, purchased new financial assets which are classified as available-for-sale financial assets (refer to note 2(f)).

Changes in the fair values of financial assets held until Dec 2009 at fair value through surplus or deficit are recorded in interest and investment revenue or expenses in the statement of comprehensive income (refer to notes 3 and 4). Changes in the fair value of available-for-sale financial assets are recorded in equity and disclosed in other comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
(b) Movement in financial assets held to maturity:		
Opening balance 1 July	-	-
Additions	5,000	-
Closing balance 30 June	5,000	-

(c) Movement in financial assets at fair value through surplus or deficit:		
Opening balance 1 July	31,575	36,151
Additions	185	1,233
Increase/(decrease) in fair value of managed funds	-	(5,809)
Disposals	(31,760)	-
Closing balance 30 June	-	31,575

(d) Movement in available-for-sale financial assets:		
Opening balance 1 July	-	-
Additions	41,488	-
Decrease in fair value of managed funds	(2,303)	-
Disposals	(23)	-
Closing balance 30 June	39,162	-

(e) Managed funds at the end of the financial year were invested as follows:

Australian Shares	11,103	18,569
Absolute Return	-	4,080
Overseas Shares (Unhedged)	6,206	-
Overseas Shares (Hedged)	3,310	-
Listed Property (Global)	4,036	-
Diversified Alternatives	8,113	-
Australian Sovereign Bonds	2,076	-
Overseas Sovereign Bonds	2,117	-
Cash	2,201	8,926
	39,162	31,575

(f) Risk management

Information about CCNSW's exposure to market risk is provided in note 19.

Notes to the Financial Statements

For the year ended 30 June 2010

11. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Office furniture & equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2009						
Opening net book amount	4,345	13,188	304	2,751	1,085	21,673
Additions	-	430	338	1,085	525	2,378
Disposals	-	-	-	(3)	(249)	(252)
Revaluation increment/(decrement)	-	(2,863)	-	-	-	(2,863)
Depreciation expense	-	(394)	(148)	(826)	(273)	(1,641)
Closing net book amount	4,345	10,361	494	3,007	1,088	19,295
At 30 June 2009						
Cost or fair value	4,345	10,592	1,573	5,121	1,458	23,089
Accumulated depreciation	-	(231)	(1,079)	(2,114)	(370)	(3,794)
Net book amount	4,345	10,361	494	3,007	1,088	19,295
Year ended 30 June 2010						
Opening net book amount	4,345	10,361	494	3,007	1,088	19,295
Additions	-	215	213	292	444	1,164
Disposals	-	-	-	-	(452)	(452)
Depreciation expense	-	(348)	(150)	(822)	(231)	(1,551)
Closing net book amount	4,345	10,228	557	2,477	849	18,456
At 30 June 2010						
Cost or fair value	4,345	10,807	1,786	5,410	1,185	23,533
Accumulated depreciation	-	(579)	(1,229)	(2,933)	(336)	(5,077)
Net book amount	4,345	10,228	557	2,477	849	18,456

Valuations of freehold land and buildings

The valuation basis of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2009 revaluations are based on independent assessments by members of the Australian Property Institute as at 30 June 2009. The revaluation decrement was debited to the asset revaluation reserve in accumulated funds.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
12 . Trade and other payables		
Trade creditors and accruals	2,254	4,451
	2,254	4,451

13. Provisions

Current liability		
Employee benefits	1,374	1,367
	1,374	1,367
Non-current liability		
Employee benefits	449	601
	449	601

14. Commitments

Commitments contracted for at the reporting date, but not recognised as liabilities are as follows:

	1 Year or Less \$'000	Over 1 to 5 Years \$'000	Total \$'000
Research grant commitments			
Research project grants	3,530	2,291	5,821
Research program grants	392	-	392
Strategic Research Partnership grants	300	1,049	1,349
Innovator grants	879	1,042	1,921
International Cancer Genome Consortium grant	500	1,500	2,000
45 and Up Study	300	1,200	1,500
Clinical trials grants	1,300	-	1,300
Total research grant commitments	7,201	7,082	14,283
Rental lease commitments	1,045	2,335	3,380
Total commitments	8,246	9,417	17,663

The total commitments above include input tax credits of \$1,605,727 that are expected to be recoverable from the Australian Taxation Office.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
15. Reconciliation of surplus/(deficit) after income tax to net cash inflow from operating activities		
Surplus/(deficit) for the year	14,232	(5,343)
Depreciation	1,551	1,641
Decrease in fair value of managed funds	-	5,809
(Gain) on sale of managed funds	(5,407)	-
Non cash managed fund distributions	(1,347)	(1,233)
Net (gain)/loss on sale of property, plant and equipment	126	10
(Increase) in fair value of Investment property	(30)	-
Decrease/(increase) in prepayments	52	(13)
Decrease/(increase) in receivables	(333)	725
(Increase)/decrease in inventories	(158)	(159)
(Decrease)/increase in provisions	(145)	211
(Decrease)/increase in trade and other payables	(2,197)	594
Total cash inflows from operating activities	6,344	2,242

16. Key management personnel

(a) Directors

The following persons were Directors of CCNSW during the year:

Stephen Ackland

Jill Boehm (Deputy Chair)

Mary Chiew

Patrick Cregan

Bruce Hodgkinson (Chair)

Paul Lahiff

Graham Mann

Stephen Roberts

Bob Sendt

Melanie Trethowan

Remuneration of Directors

Board Directors received no remuneration from CCNSW during the year.

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Other key management personnel

The following persons also had authority and responsibility for planning directing and controlling the activities of CCNSW, directly or indirectly during the year:

Executive	Position
Dr Andrew Penman AM	Chief Executive Officer
Ted Starc	Divisional Director, Corporate Services and Chief Financial Officer
Gillian Batt	Divisional Director, Cancer Information and Support Services
Jenny Beach	Divisional Director, Statewide Services
Manisha Amin	Divisional Director, Marketing and Communications
Assoc Prof Freddy Sitas	Divisional Director, Cancer Research
Prof Jeanette Ward	Divisional Director, Health Strategies (resigned 11/12/2009)
Kathy Chapman	Divisional Director, Health Strategies (appointed 13/1/2010)
Catherine Cahill	Divisional Director, Human Resources (appointed 3/12/09)

Other key management personnel compensation

	2010 \$'000	2009 \$'000
Short term employee benefits	1,544	1,294
	1,544	1,294

(c) Transactions with directors and key management personnel.

Two Directors, Jill Boehm and Patrick Cregan, are also Directors of the Cancer Institute NSW. CCNSW entered into a five-year partnership agreement with the Cancer Institute NSW in 2006 which resulted in the payment of \$1,392,622 for clinical trials research and the receipt of \$275,000 for Cancer Information and Support Services provided during the year ended 30 June 2010. An additional \$27,189 was paid to and \$282,578 was received from the Cancer Institute of NSW for various projects. All of these transactions were based on normal commercial terms and conditions.

Two Directors, Bruce Hodgkinson and Stephen Roberts, are also directors of Cancer Council Australia (CCA). CCNSW paid membership fees to CCA of \$1,720,405 during the year ended 30 June 2010. CCNSW also received distributions of \$2,561,399 from CCA for the NSW share of national fundraising campaigns.

17. Post balance date events

CCNSW was not aware of any events that have occurred after balance date which are of such significance that they need to be disclosed or recognised in the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2010

18. Interests in joint ventures

CCNSW has entered into three joint ventures to provide accommodation for cancer patients and their relatives whilst receiving radiotherapy treatment in NSW: Lilier Lodge at Wagga Wagga, Blue Gum Lodge at Greenwich and Casuarina Lodge at Westmead.

CCNSW holds a 50% voting power in Lilier Lodge and Casuarina Lodge, and a 33% voting power in Blue Gum Lodge.

CCNSW holds a 50% ownership interest in each of these joint venture operations and is entitled to a 50% share of their output.

CCNSW's 50% interest in these joint venture assets, liabilities, revenues and expenses were recognised in the financial statements under the following classifications:

	2010 \$'000	2009 \$'000
Current assets		
Cash and cash equivalents	1,126	971
Trade and other receivables	25	101
Total current assets	1,151	1,072
Non-current assets		
Property, plant and equipment	1,873	1,932
Total non-current assets	1,873	1,932
Total assets	3,024	3,004
Current liabilities		
Trade and other payables	26	32
Total current liabilities	26	32
Total liabilities	26	32
Share of net assets employed in joint venture	2,998	2,972
Revenue		
Accommodation fees	419	395
Interest	41	74
Grant income	-	4
Total revenue	460	473
Expenses		
Staff	233	217
Operational costs	205	257
Total expenses	438	474
Surplus/(deficit) before income tax	22	(1)

Notes to the Financial Statements

For the year ended 30 June 2010

19. Financial risk management

CCNSW activities expose it to a variety of financial risks: market risk (including price risk), credit risk and liquidity risk. CCNSW's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the performance of CCNSW.

Overall risk management is carried out by the Audit and Finance Committee (A&FC), and the Investment Committee is charged with the responsibility to monitor the financial risks through the Investment Policy. Both Committees identify and evaluate financial risks in close co-operation with management. They report to the Board of Directors for regular reporting and specific approvals.

CCNSW holds the following financial instruments:

	2010 \$'000	2009 \$'000
Financial assets		
Cash and cash equivalents	9,065	11,695
Trade and other receivables	1,698	1,417
Financial assets held to maturity	5,000	-
Financial assets at fair value through profit or loss	-	31,575
Available-for-sale financial assets	39,162	-
Total financial assets	54,925	44,687
Financial liabilities		
Trade and other payables	2,254	4,451
Total financial liabilities	2,254	4,451

(a) Price risk

CCNSW is exposed to equity securities price risk. This arises from investments in managed funds held by CCNSW and classified on the statement of financial position as available-for-sale financial assets.

The price risk management is carried out by the Investment Committee, which is appointed by the Board of Directors. The Investment Committee monitors the performance of managed funds on a quarterly basis and considers advice on fund manager performance received from independent external investment advisers. The investment strategy is reviewed on an annual basis, and advice is sought from the independent external investment advisers on asset allocation.

For each asset class, suitable fund managers are selected. Each manager is expected to display the skill and expertise of a professional investment manager and to follow investment objectives.

Investment risk is considered when implementing diversification both within and between asset classes. Investment managers are required to invest within guidelines which include stated credit worthiness of securities and entities invested in, and limits of exposures.

To manage its price risk arising from investments in managed funds, CCNSW diversifies its portfolio of funds. As at 30 June 2010 CCNSW's investments can be classified into 8 categories. They are Australian Shares (28%), Overseas Shares (Unhedged) (16%), Overseas Shares (Hedged) (8%), Listed Property (Global) (10%), Diversified Alternatives (21%), Australian Sovereign Bonds (5%), Overseas Sovereign Bonds (6%), Cash (6%). Below is a description of each fund type:

Australian Shares Fund - invests in Australian shares using a multi-manager approach*.

Overseas Shares (Unhedged) Fund - invests in overseas shares using a multi-manager approach*.

Overseas Shares (Hedged) Fund - invests in overseas shares using a multi-manager approach*. Returns are hedged back into Australian dollars. Hedging overseas share investments to the Australian dollar may help to even out some of the ups and downs caused by currency movements around the world.

Notes to the Financial Statements

For the year ended 30 June 2010

Listed Property (Global) Fund - invests in global listed property securities using a multi-manager approach*.

Diversified Alternatives Fund - invests in alternative assets** using a multi-manager investment approach*.

Australian Sovereign Bonds Fund - invests primarily in Australian sovereign bonds using a multi-manager approach*.

Overseas Sovereign Bonds Fund - invests primarily in overseas sovereign bonds using a multi-manager approach*.

Cash Fund - invests in cash and short-term interest-bearing investments.

* **Multi-manager approach** - is a fund structure in which more than one investment manager may be appointed to manage assets in each asset class, sector or investment style within the fund.

** **Alternative assets** - generally comprise investments which do not fit within the traditional broad asset classes (such as shares, real estate, fixed interest and cash). Examples may include absolute return funds (eg hedge funds), private equity, commodities and various structured products. Alternative assets may include exposure to overseas investments which may have foreign currency exposure hedged to Australian dollars.

Sensitivity analysis

The table below summarises the impact of increases/decreases of unit price on CCNSW's surplus for the year and on accumulated funds. The analysis is based on the assumption that the unit price increased/decreased by the percentages shown in the table with all other variables held constant. The parameters are based on long-term market return expectations adjusted by reasonable worst case/best case return scenarios.

	Long-term return expectation	Worst case/best case estimate	Sensitivity	2010		2009	
				Impact on surplus \$'000	Impact on funds \$'000	Impact on surplus \$'000	Impact on funds \$'000
Australian Shares	9.6%	-15.0%	-5.4%	-	(600)	(1,003)	(1,003)
		15.0%	24.6%	-	2,731	4,568	4,568
Enhanced Cash	5.7%		-1.0%	-	-	(89)	(89)
			1.0%	-	-	89	89
Absolute Return	8.0%		-15.0%	-	-	(612)	(612)
			15.0%	-	-	612	612
Overseas Shares (Hedged)	8.4%	-16.0%	-7.6%	-	(252)	-	-
		16.0%	24.4%	-	808	-	-
Overseas Shares (Unhedged)	8.2%	-15.0%	-6.8%	-	(422)	-	-
		15.0%	23.2%	-	1,440	-	-
Listed Property (Global)	7.1%	-16.0%	-8.9%	-	(359)	-	-
		16.0%	23.1%	-	932	-	-
Diversified Alternatives	8.0%	-6.0%	2.0%	-	162	-	-
		6.0%	14.0%	-	1,136	-	-
Australian Sovereign Bonds	5.5%	-3.5%	2.0%	-	42	-	-
		3.5%	9.0%	-	187	-	-
Overseas Sovereign Bonds	5.6%	-3.5%	2.1%	-	44	-	-
		3.5%	9.1%	-	193	-	-
Cash	5.7%	-1.0%	4.7%	-	103	-	-
		1.0%	6.7%	-	147	-	-

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Credit risk

CCNSW's credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to its customers, including outstanding receivables and committed transactions. For banks and financial institutions, CCNSW only deals with major banks with a credit rating of AA (rated by Standard & Poor's). CCNSW does not credit-assess its customers, as its credit sales forms less than 5% of its total revenue. Debtor's risk is monitored on a monthly basis with follow-up of outstanding invoices. If a customer has failed to provide payment for over 90 days, their account is put on hold and any outstanding debts passed on to professional collection services (refer to note 7 for details on trade receivables).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to meet obligations as they fall due. CCNSW manages liquidity risk by monitoring quarterly forecasts of income and expenditure and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Surplus funds are only invested in 30- to 90-day term deposits with banks that have AA credit ratings.

The managed fund investments are managed with a view to ensuring that CCNSW will have sufficient liquidity to meet expected operational cash flow requirements.

CCNSW's main liquidity risk is its trade and other payables which are non-interest-bearing liabilities. CCNSW pays trade creditors payments within prescribed trading terms. CCNSW has sufficient reserves available to cover all of the trade and other payables at 30 June 2010.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as managed funds) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by CCNSW is the current bid price.

As required by the amendment to the accounting standard AASB7: Financial Instruments: Disclosures, CCNSW has adopted the fair value measurements by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets (Level 1)
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (Level 2)
- (iii) inputs for assets that are not based on observable market data (unobservable inputs) (Level 3).

	Level 2
At 30 June 2010	\$'000
Available-for-sale financial assets	39,162

Notes to the Financial Statements

For the year ended 30 June 2010

20. Fundraising activities

Below is additional information furnished under the *Charitable Fundraising Act 1991* and the Office of Charities Fundraising Authority Conditions.

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

	2010	2009
	\$'000	\$'000
Gross proceeds from fundraising appeals (includes bequests)	53,750	48,290
Total costs of fundraising appeals	(15,405)	(15,872)
Net surplus from fundraising appeals	38,345	32,419
Net margin from fundraising appeals	71%	67%

(b) Application of funds for charitable purposes

During the year CCNSW achieved a net surplus of \$38,345,000 from fundraising appeals, a net surplus of \$1,442,000 from retail activities, \$2,827,000 from project grants, \$1,143,000 from other income and a net surplus of \$5,382,000 from investments. Surplus available to spend on research and support programs is \$49,139,000.

Surplus available to spend on CCNSW projects	49,139	33,199
Less:		
Cancer research	14,269	14,401
Health advocacy and prevention	3,719	4,140
Regional program delivery (health campaigns and information and support services)	4,962	5,078
Media, communication and marketing	2,272	2,856
Cancer information services	2,169	1,603
Accommodation services	437	474
Multicultural information service	175	124
Supportive care	1,200	1,457
Cancer Helpline	885	1,006
Cancer Council Connect	813	972
Practical support	1,046	1,162
Infrastructure and investment costs	5,263	5,269
	37,210	38,542
Net (deficit funded from reserves)/surplus to be spent on future CCNSW projects	11,929	(5,343)

Notes to the Financial Statements

For the year ended 30 June 2010

(c) Fundraising appeals conducted jointly with traders

Face-to-face and door-to-door donor acquisition	2010 \$'000	2009 \$'000
Revenue	11,395	10,505
Total payments to trader	(2,583)	(2,344)
Other direct expenses	(138)	(795)
Gross contribution	8,674	7,366
Net margin from fundraising activities conducted with traders	76%	70%

(d) Fundraising appeals conducted during the year.

Appeals/events involving the sale of goods: Daffodil Day and Pink Ribbon Day.

Appeals conducted jointly with a trader: Face-to-face pledge appeal (Breakthrough).

Fundraising events: Relay For Life, POSH Auction and the Tim Cahill Gala Ball.

Mail appeals: Daffodil Day mail appeal, Christmas mail appeal, tax mail appeal, September mail appeal and March mail appeal.

Other fundraising appeals: Australia's Biggest Morning Tea, Girls Night In, Do Your Thing, Work Place Giving, In Memoriam donations, Pink Ribbon events and Call To Arms.

Corporate sponsorships: were received for events conducted during the reporting period, including Relay For Life, Girls Night In and POSH Auction.

(e) Comparison of monetary figures and percentages

	2010 \$'000	2009 \$'000
Total cost of fundraising/Gross proceeds from fundraising	15,405/ 53,750 = 29%	15,872/ 48,290 = 33%
Net surplus from fundraising/Gross proceeds from fundraising	38,345/ 53,750 = 71%	32,418/ 48,290 = 67%
Total cost of services/Total expenditure	31,947/ 58,684 = 54%	33,273/ 66,790 = 50%
Total cost of services/Total revenue	31,947/ 67,491 = 47%	33,273/ 61,447 = 54%

Notes to the Financial Statements

For the year ended 30 June 2010

(f) Fundraising income by appeal/event

	2010 \$'000	2009 \$'000
Bequests		
Bequests	12,365	10,009
Appeals/events involving the sale of goods		
Daffodil Day	3,727	3,540
Pink Ribbon Day	1,721	1,407
Appeals conducted with a trader		
Face-to-face pledge appeal (Breakthrough)	11,395	10,505
Fundraising events		
Relay For Life	6,095	5,000
POSH Auction	1,006	858
Other fundraising appeals		
Direct mail appeals (Breakthrough)	2,342	2,100
Direct mail appeals (other)	2,640	3,149
Australia's Biggest Morning Tea	4,299	4,668
Girls Night In	2,145	2,508
Donations (other)	2,013	1,373
Do Your Thing	1,904	1,327
Pink Ribbon events	786	439
Workplace Giving	615	650
In Memoriam donations	519	652
Call To Arms	178	99
Daredallion	0	6
Total fundraising income	53,750	48,290

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

The Directors of The Cancer Council NSW declare that:

- (a) in the Directors' opinion the financial statements and notes of the Company have been prepared in accordance with the *Corporations Act 2001*, including that they:
 - (i) comply with Australian Accounting Standards and Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position of the Company as at 30 June 2010 and of their performance as represented by the results of their operations and their cash flows for the period ended on that date; and
- (b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mr B Hodgkinson SC
Director

Sydney
18 October 2010



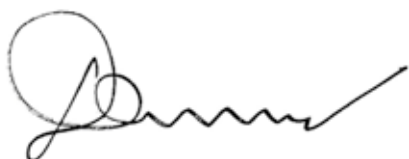
Ms Jill Boehm OAM
Director

Sydney
18 October 2010

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Andrew Penman, Chief Executive Officer of The Cancer Council NSW declare that in my opinion:

- a) the income statement gives a true and fair view of all income and expenditure of The Cancer Council NSW with respect to fundraising appeals; and
- b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- c) the provisions of the *Charitable Fundraising Act 1991*, the regulations under the Act and the conditions attached to the authority have been complied with; and
- d) the internal controls exercised by The Cancer Council NSW are appropriate and effective in accounting for all income received and applied by The Cancer Council NSW from any of its fundraising appeals.



Dr Andrew Penman AM
Chief Executive Officer

Sydney

18 October 2010

Independent Auditor's Report

To the members of The Cancer Council NSW

Report on the Financial Report

We have audited the accompanying financial report of The Cancer Council NSW (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility 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 (including the Australian Accounting Interpretations), the *Corporations Act 2001* and the *Charitable Fundraising Act 1991* and the Regulations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the company for the year ended 30 June 2010 included on the company's website. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of this web site.

The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Auditor's Opinion

Cash from donations and other fundraising activities is a significant source of revenue for the company. Although the company has implemented systems of control to ensure that monies received at its offices are properly recorded in the accounting records, it is impractical to establish control over the collection of revenue from these sources prior to receipt at its offices. Accordingly, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the financial records. As a result we are unable to express our opinion as to whether revenue from cash donations and other fundraising activities is complete.

Qualified Auditor's Opinion

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph:

- (a) the financial report of The Cancer Council NSW is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on Other Legal and Regulatory Requirements

We also report that:

- (a) the financial report gives a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2010, as required by the *Charitable Fundraising Act 1991*;
- (b) the accounting and associated records of The Cancer Council NSW have been kept in accordance with the *Charitable Fundraising Act 1991* and the Regulations for the year ended 30 June 2010;

- (c) money received as a result of fundraising appeals conducted by The Cancer Council NSW during the year ended 30 June 2010 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and the Regulations; and
- (d) at the date of this report, there are reasonable grounds to believe that The Cancer Council NSW will be able to pay its debts as and when they fall due.


PKF
Paul Bull
PartnerSydney
18 October 2010



153 Dowling Street
Woolloomooloo NSW 2011

Donations Hotline
1300 780 113
feedback@nswcc.org.au
www.cancerCouncil.com.au