



Cancer Council NSW

Full financial report

2011/2012

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Directors' Report

For the year ended 30 June 2012

The Directors of The Cancer Council NSW (CCNSW) present their report with respect to the results for the financial year ended 30 June 2012 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, unless otherwise stated:

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

Patrick Cregan was a Director of CCNSW from the start of the financial year and up to 25 June 2012.

Graham Mann was a Director of CCNSW from the start of the financial year and up to 15 December 2011.

Michael Back was a Director of CCNSW from 15 December 2011 and up to the date of this report.

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
- Ensure the NSW community acts to prevent cancer and/or detect it at a curable stage
- Give the NSW community a voice on issues and entitlements around cancer
- Ensure that no one faces a cancer diagnosis alone
- 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 2012

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 organisations 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

The principal activities of CCNSW during the year were to achieve our short- and long-term objectives in the following focus areas. The page references beside each point refer to pages in *Cancer Council NSW Annual Report 2011/2012*, where we outline more detail on each of the focus areas and their achievements in this financial year:

- Research (pages 10 – 11)
- Cancer prevention (pages 12 – 13)
- Health advocacy (pages 14 – 15)
- Information and support services for cancer patients and carers (pages 16 – 17)
- Fundraising (pages 18 – 19).

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.

Directors' Report

For the year ended 30 June 2012

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.

See also pages 30 – 35 of *Cancer Council NSW Annual Report 2011/2012* for a summary of our performance indicators against each Strategic Priority.

Review of financial operations and results of CCNSW

The total income for the financial year ended 30 June 2012 was \$71,550,000. In the same period, expenditure was \$67,120,000, leaving a surplus of \$4,430,000.

The main sources of revenue were: **\$'000**

Bequests	13,997
Fundraising	44,516
Retail	7,130
Interest and investments	2,726
Grant income	2,340

The main areas of expenditure were:

Fundraising	18,235
Research	14,962
Information and support	8,126
Retail	6,295
Regional program delivery	6,438
Health advocacy and prevention	4,695
Infrastructure and investment	5,516

Directors' Report

For the year ended 30 June 2012

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.

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 \$2 each towards meeting any liabilities of CCNSW. As at 30 June 2012, the number of members was 56 (2011: 61).

Directors' Report

For the year ended 30 June 2012

Information on Directors

Dr Stephen Ackland MBBS, FRACP

First elected to the CCNSW Board in August 2006, re-elected December 2008 and December 2011.

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.

Associate Professor Michael Back

First appointed to the CCNSW Board in December 2011.

Associate Professor Back is a radiation oncologist, and also has postgraduate qualifications in psycho-oncology, as well as in business management with an MBA. He is Director of Cancer Services for Northern Sydney Local Health District, as well as Director of Radiation Oncology at the Northern Sydney Cancer Centre and the future Central Coast Regional Cancer Centre. His past involvement with CCNSW has included cancer awareness workshops, fundraising activities and events such as Relay For Life.

Ms Jill Boehm OAM, RN, DC, MMgt

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 and December 2011.

Ms Boehm is a registered nurse and midwife, and a representative of the NSW Nurses and Midwives Board on professional and tribunal matters. She was appointed an inaugural Board member of the Illawarra Shoalhaven Local Health District in 2011. 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 their carers; was nominated for NSW Women's Honour Role in 2005; and is also a member of Women On Boards (WOB).

Ms Mary Chiew

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

Chief Executive Officer, 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.

Directors' Report

For the year ended 30 June 2012

Dr Patrick Cregan MBBS, FRACS

Member of the Remuneration Committee

Nominated to the CCNSW Board by the Cancer Institute NSW in August 2008. Retired from CCNSW Board on 25 June 2012.

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 Department of Health Surgical Services Committee and is also a Director on the Cancer Institute NSW Board.

Mr Bruce Hodgkinson 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.

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.

Directors' Report

For the year ended 30 June 2012

Professor Graham Mann PhD, FRACP

Member of the Governance Committee

First elected to the CCNSW Board in August 2006, re-elected December 2008. Retired from CCNSW Board on 15 December 2011.

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

With funding support from CCNSW, Professor 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 multicentre 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

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.

Mr Bob Sendt BA(Econ), DipEnvStud, FCPA, FIPA, FAICD

Chair of the Audit and 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, Chairman 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.

Directors' Report

For the year ended 30 June 2012

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. From June 2009 to March 2011, she was Chair of the Members Assembly until it was disbanded in March 2011. 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.

Meetings of Directors/ Committees:

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

Directors' Report

For the year ended 30 June 2012

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*.

Non-audit services

During the financial year, BDO East Coast Practice (formerly PKF East Coast Partnership), the company's auditor, has performed certain other services in addition to its statutory duties. These services were limited to acquittals for several small government grants. Details of the amounts paid to the auditor of the company, BDO East Coast Practice, for audit and non-audit services provided during the year are set out in Note 5 of the full financial report.

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 11.

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

BDO 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
Director

Sydney
29 October 2012



Ms Jill Boehm OAM
Director

Sydney
29 October 2012



DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF THE CANCER COUNCIL NSW

As lead auditor of The Cancer Council NSW for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'P. Bull', is written over a faint, circular watermark or stamp.

Paul Bull

Partner

BDO East Coast Partnership

Sydney, 29 October 2012

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Statement of comprehensive income

For the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Revenue			
Fundraising income	3, 21	44,516	42,986
Bequest income	3, 21	13,997	9,957
Retail income	3	7,130	7,283
Interest and investment income	3	2,726	4,564
Grant income	3	2,340	1,925
Other revenue	3	811	880
Total revenue		71,520	67,595
Increase in fair value of investment property	9	30	-
Total income		71,550	67,595
Expenses			
Fundraising expenditure		18,235	16,918
Retail expenditure		6,295	6,388
Research		14,962	16,053
Regional program delivery		6,438	5,599
Health advocacy and prevention		4,695	4,777
Cancer information and support services		8,126	7,049
Media, communication and marketing expenditure		2,853	2,614
Infrastructure and investment		5,516	4,664
Total expenses	4	67,120	64,062
Surplus/(deficit) before income tax	4	4,430	3,533
Income tax expense	2 (c)	-	-
Surplus/(deficit) for the year		4,430	3,533
Other comprehensive income			
Increase/ (decrease) in fair value of available-for-sale financial assets	10 (c)	(2,461)	117
Total comprehensive income for the year		1,969	3,650

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

Statement of financial position

As at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	8,323	3,142
Trade and other receivables	7	2,160	1,689
Inventories	8	1,348	1,263
Financial assets	10	305	2,057
Total current assets		12,136	8,151
Non-current assets			
Investment properties	9	330	300
Financial assets	10	52,392	52,800
Intangible assets	11	424	-
Property, plant and equipment	12	17,963	17,899
Total non-current assets		71,109	70,999
TOTAL ASSETS		83,245	79,150
Liabilities			
Current liabilities			
Trade and other payables	13	3,543	2,504
Provisions - employee benefits	14	1,964	1,779
Total current liabilities		5,507	4,283
Non-current liabilities			
Provisions - employee benefits	14	728	477
Total non-current liabilities		728	477
TOTAL LIABILITIES		6,235	4,760
NET ASSETS		77,010	74,390
Funds			
General funds		71,544	65,231
Restricted funds reserve		6,538	8,421
Available-for-sale financial assets reserve		(4,647)	(2,186)
Asset revaluation reserve		3,575	2,924
TOTAL FUNDS		77,010	74,390

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 2012

	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 2010	61,280	8,839	(2,303)	2,924	70,740
Transfer to/(from) reserves	418	(418)	-	-	-
Total comprehensive income for the year	3,533	-	117	-	3,650
Closing balance as at 30 June 2011	65,231	8,421	(2,186)	2,924	74,390
Opening balance as at 1 July 2011	65,231	8,421	(2,186)	2,924	74,390
Transfer to/(from) reserves	1,883	(1,883)	-	651	651
Total comprehensive income for the year	4,430	-	(2,461)	-	1,969
Closing balance as at 30 June 2012	71,544	6,538	(4,647)	3,575	77,010

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(j).

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 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts			
Receipts from supporters and funding sources (inclusive of GST)		65,886	61,130
Receipts from grant funding		2,340	1,925
Dividends, franking credits and interest received		673	1,043
		68,899	64,098
Payments			
Payments to suppliers and employees (inclusive of GST)		(63,989)	(61,991)
		(63,989)	(61,991)
Net cash inflow from operating activities	16	4,910	2,107
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		834	394
Proceeds from sale of available-for-sale financial assets		-	7,900
Proceeds from sale of held-to-maturity investments		2,057	5,000
Payments for purchase of available-for-sale financial assets		-	(17,900)
Payments for purchase of held-to-maturity investments		(305)	(2,057)
Payments for purchase of intangible assets		(434)	-
Payments for purchase of property, plant and equipment		(1,881)	(1,367)
Net cash (inflow)/outflow from investing activities		271	(8,030)
Net increase/(decrease) in cash and cash equivalents		5,181	(5,923)
Cash and cash equivalents at beginning of year		3,142	9,065
Cash and cash equivalents at end of year	6	8,323	3,142

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 2012

1. Introduction

This financial report covers The Cancer Council NSW (CCNSW) as an individual entity for the year ended 30 June 2012. The financial report is presented in Australian currency.

CCNSW is a not-for-profit entity, and 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 and 2 of the Directors' Report.

The financial report was authorised for issue by the Directors on 29 October 2012.

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 2012

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 include 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.

Collectability 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 2012

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.

(i) Intangible assets

Intangible assets include acquired software, capitalised on the basis of the costs incurred to acquire and install the software. Subsequent software expenditure is expensed as incurred.

They are accounted for using the cost model, whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives (between 3 to 10 years). Residual values and useful lives are reviewed at each reporting date.

Notes to the financial statements

For the year ended 30 June 2012

(j) 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 are 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's carrying amount is written down immediately to its recoverable amount if the asset's 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.

(k) 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.

(l) 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 2012

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.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(n) 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.

(o) 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 19.

(p) 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.

Notes to the financial statements

For the year ended 30 June 2012

(q) 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.

(r) 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.

(s) New Accounting Standards and Interpretations

CCNSW has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements for the current or prior periods.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by CCNSW for the year ended 30 June 2012. CCNSW has considered and elected to early adopt *AASB 9: Financial Instruments* for financial year commencing 1 July 2012. There will be no impact on the financial statements for the year ended 30 June 2012 from the early adoption of *AASB 9: Financial Instruments*. CCNSW has not yet assessed the impact of all the other new or amended Accounting Standards and Interpretations.

(t) 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.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or where technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Long service leave provision

As discussed in note 2 (l), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
3. Revenue		
Fundraising income		
Events - involving the sale of merchandise	5,125	5,316
Events - other	13,178	11,314
Appeals - conducted with a trader	11,980	11,438
Appeals - other	14,233	14,919
	44,516	42,987
Bequest income		
Bequests	13,997	9,957
	13,997	9,957
Retail income		
Sale of goods	7,130	7,283
	7,130	7,283
Interest and investment income		
Interest	332	880
Managed fund distributions	2,053	3,521
Imputation credits received	341	163
	2,726	4,564
Grant income		
AMP Foundation - AMP Grant	80	-
Australian Broadcasting Corporation - Breast cancer study	20	-
Cancer Australia - <i>Aboriginal Cancer Journeys</i>	-	3
Cancer Australia - Brain cancer grant	10	20
Cancer Australia - Cancer unknown primary	-	21
Cancer Australia - Culturally and linguistically diverse communities	10	20
Cancer Australia - National telephone support project	-	5
Cancer Australia - Supporting people with cancer	47	-
Cancer Institute NSW - Cancer patient information resources gap analysis	-	18
Cancer Institute NSW - Data linkage	95	64
Cancer Institute NSW - Hepatitis B, Lets talk about it project	80	-
Cancer Institute NSW - Lung cancer treatment algorithms	-	15
Commonwealth Bank Staff Community Fund	-	9
Community Development Support Expenditure Grants	9	41
Cure Cancer Australia - Innovator and Project Grants	-	2
Department of Health and Ageing - Healthy lifestyles and risk modification	-	8
Good Shepherd - No-interest loans for people affected by cancer	4	5
Law and Justice Foundation - The Legal Referral Service evaluation	14	-
NHMRC - Canfell NHMRC modelling	369	-
NHMRC - CDA	99	53
NHMRC - Cervical invasive neoplasia study	-	124
NHMRC - Equipment Grant	21	-
NHMRC - Fellowship	151	75
NHMRC - Infectious and lifestyle determinants of non-melanoma skin cancer	49	240
NHMRC - Partnership Grant	104	-
NHMRC - Patterns of Cancer Care for Aboriginal People in NSW	465	90
NHMRC - Prostate outcomes study	16	15
North Coast Health Promotion - Smoke-free policy project	-	10

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
NSW Health - Australian Better Health Initiative	22	33
NSW Health - Food marketing complaints registry	-	20
NSW Department of Ageing, Disability and Home Care (Carers)	56	56
NSW Health - Smoking Care support - Blacktown	-	150
NSW Health - Smoking Care training	-	258
NZ Health Ministry - Consultancy monies	45	138
NZ Health Ministry - Hep B Nurse Educator Grant	43	-
NZ Health Ministry - HPV prevalence study	-	44
Prostate Cancer Foundation of Australia - Prevalence	103	52
Prostate Cancer Foundation of Australia - Therapies for prostate cancer	-	69
Queensland Institute of Medical Research - Pancreatic Patterns of Care Study	95	36
The Health Administration Corporation - Mental health professionals' training	138	80
The Health Administration Corporation - Food Policy	65	-
Transport for NSW - Community Transport Grant	10	-
Union for International Cancer Control - China modelling	-	47
University of Manchester, UK - ARTISTIC - Cervical screening	78	-
University of NSW - CRC referral study	-	62
University of Sydney - Vitamin D and prostate cancer study	42	42
	2,340	1,925

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 \$1,038,000 have been included in revenue and general funds at 30 June 2012.

	Opening Balance 1 Jul 2011 \$'000	Receipts 2012 \$'000	Payments 2012 \$'000	Closing Balance 30 Jun 2012 \$'000
Health promotion grants	266	588	(640)	214
Contract research grants	967	1,752	(1,895)	824
	1,233	2,340	(2,535)	1,038

	2012 \$'000	2011 \$'000
Other revenue		
Accommodation fees	331	446
Account management charge	63	5
Gain on disposal of property, plant and equipment	-	29
Membership fees	1	1
Patient transport	22	20
Project contributions received	356	372
Seminars and conferences	7	7
Sponsorship income	32	-
	811	880
Total revenue	71,520	67,595

Notes to the Financial Statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
4. Expenses		
Surplus before income tax includes the following specific expenses:		
Employee benefits expense	28,063	25,063
Depreciation		
Building	387	385
Leasehold improvements	244	176
Office furniture and equipment	741	766
Motor vehicles	244	232
	1,616	1,559
Rental expense relating to operating leases	1,810	1,622
Direct operating expenses from investment property	1	1

	2012 \$	2011 \$
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 - BDO

Audit of financial report under the <i>Corporations Act 2001</i>	46,600	45,300
Other assurance services - audit of regulatory statements	3,300	3,300
Total remuneration for assurance services	49,900	48,600

	2012 \$'000	2011 \$'000
6. Cash and cash equivalents		
Cash on hand	25	26
Cash at bank	5,215	2,626
Deposits at call	3,083	490
	8,323	3,142

As at balance date, cash at bank was earning interest of 3.50% p.a. (2011: 4.25% p.a.) and deposits at call were earning 5.10% p.a. (2011: 6.11% p.a.).

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
7. Trade and other receivables		
Trade receivables	1,169	658
Provision for impairment of trade receivables	(8)	-
Other receivables	371	230
GST receivable	487	542
Interest receivable	24	44
Prepayments	117	215
	2,160	1,689

(a) Ageing of trade receivables and impairment

	Gross \$'000	Impairment \$'000
At 30 June 2012		
Not past due	1,144	-
Past due 0 - 30 days	11	-
Past due 30 - 60 days	6	-
Past due 60 - 90 days	8	8
	1,169	8
At 30 June 2011		
Not past due	-	-
Past due 0 - 30 days	647	-
Past due 30 - 60 days	11	-
Past due 60 - 90 days	0	-
	658	-

(b) Movements in the provision for impairment of receivables

	2012 \$'000	2011 \$'000
Opening balance 1 July	-	(5)
Additional provision	(8)	-
Unused amount reversed	-	5
Closing balance 30 June	(8)	-

(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	1,348	1,263
	1,348	1,263

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
9. Investment property		
At fair value	330	300
	330	300

(a) Movement in investment property

Opening balance 1 July	300	270
Increase in fair value of investment property	30	30
Closing balance 30 June	330	300

(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 (2011: \$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	305	2,057
	305	2,057

Non-current assets

Managed funds		
Available for sale	52,392	52,800
	52,392	52,800

(a) Managed funds

Changes in the fair value of available-for-sale financial assets are recorded in equity and disclosed in other comprehensive income.

(b) Movement in financial assets held to maturity

Opening balance 1 July	2,057	5,000
Additions	305	2,057
Disposals	(2,057)	(5,000)
Closing balance 30 June	305	2,057

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
(c) Movement in available-for-sale financial assets		
Opening balance 1 July	52,800	39,162
Additions	2,053	21,421
Increase/(decrease) in fair value of managed funds	(2,461)	117
Disposals	-	(7,900)
Closing balance 30 June	52,392	52,800

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

Australian Shares	13,021	14,353
Overseas Shares (Hedged)	5,730	4,697
Overseas Shares (Unhedged)	1,026	4,668
Listed Property (Global)	2,970	2,837
Diversified Alternatives	-	5,319
Australian Sovereign Bonds	1,663	2,167
Overseas Sovereign Bonds	1,637	2,233
Australian Small Companies Fund	976	1,064
Direct Property Fund	2,166	2,329
Overseas Low Volatility Fund	2,640	-
Emerging Markets Fund	2,303	2,583
Overseas Small Companies Fund	2,038	1,073
Global Credit Fund	3,276	2,109
Emerging Market Debt Fund	2,092	-
Listed Infrastructure Fund	1,764	1,635
Natural Resources Fund	1,879	2,041
Unlisted Infrastructure Fund	2,332	2,084
Cash	4,878	1,608
	52,392	52,800

(e) Risk management

Information about CCNSW's exposure to market risk is provided in note 20.

11. Intangible assets

Opening balance 1 July	-	-
Additions	434	-
Amortisation	(10)	-
Closing balance 30 June	424	-

Notes to the financial statements

For the year ended 30 June 2012

12. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Office furniture and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2011						
Opening net book amount	4,345	10,228	557	2,477	849	18,456
Additions	-	244	149	414	560	1,367
Disposals	-	-	-	(42)	(323)	(365)
Depreciation expense	-	(385)	(176)	(766)	(232)	(1,559)
Closing net book amount	4,345	10,087	530	2,083	854	17,899
At 30 June 2011						
Cost or fair value	4,345	11,033	1,289	5,070	1,173	22,910
Accumulated depreciation	-	(946)	(759)	(2,987)	(319)	(5,011)
Net book amount	4,345	10,087	530	2,083	854	17,899
Year ended 30 June 2012						
Opening net book amount	4,345	10,087	530	2,083	854	17,899
Additions	-	69	600	645	567	1,881
Revaluation increment/(decrement)	-	651	-	-	-	651
Disposals	-	(548)	-	(9)	(295)	(852)
Depreciation expense	-	(387)	(244)	(741)	(244)	(1,616)
Closing net book amount	4,345	9,872	886	1,978	882	17,963
At 30 June 2012						
Cost or fair value	4,345	9,902	1,889	5,597	1,201	22,934
Accumulated depreciation	-	(30)	(1,003)	(3,619)	(319)	(4,971)
Net book amount	4,345	9,872	886	1,978	882	17,963

Valuations of freehold land and buildings

All property, plant and equipment categories are valued at cost, with the exception of 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. Building valuations were conducted as at 30 June 2012, with revaluations based on independent assessments by members of the Australian Property Institute. The revaluation increment was credited to the asset revaluation reserve in accumulated funds.

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
13 . Trade and other payables		
Trade creditors and accruals	3,543	2,504
	3,543	2,504

14. Provisions - employee benefits

	Current liability \$'000	Non-current liability \$'000
Year ended 30 June 2011		
Opening Balance 1 July 2010	1,374	449
Additional provisions recognised/(unused amounts reversed)	1,929	28
Employee benefits taken	(1,524)	-
Closing balance 30 June 2011	1,779	477
Year ended 30 June 2012		
Opening Balance 1 July 2011	1,779	477
Additional provisions recognised/(unused amounts reversed)	1,674	251
Employee benefits taken	(1,489)	-
Closing balance 30 June 2012	1,964	728

15. 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	3,527	2,553	6,080
Research Program Grants	1,800	4,500	6,300
Strategic Research Partnership grants	1,043	1,150	2,193
Innovator grants	300	450	750
International Cancer Genome Consortium grant	500	500	1,000
45 and Up Study	300	600	900
Total research grant commitments	7,470	9,753	17,223
Rental lease commitments	1,680	3,423	5,103
Total commitments	9,150	13,176	22,326

The total commitments above include input tax credits of \$2,029,636 that are expected to be recoverable from the Australian Taxation Office.

Notes to the financial statements

For the year ended 30 June 2012

	2012 \$'000	2011 \$'000
16. Reconciliation of surplus/(deficit) after income tax to net cash inflow from operating activities		
Surplus/(deficit) for the year	4,430	3,533
Depreciation	1,616	1,559
Amortisation	10	-
Non-cash managed fund distributions	(2,053)	(3,521)
Net (gain)/loss on sale of property, plant and equipment	18	(29)
(Increase) in fair value of Investment property	(30)	-
Decrease/(increase) in trade and other receivables	(471)	9
(Increase)/decrease in inventories	(85)	(127)
(Decrease)/increase in provisions	436	433
(Decrease)/increase in trade and other payables	1,039	250
Total cash inflows from operating activities	4,910	2,107

17. Key management personnel

(a) Directors

The following persons were Directors of CCNSW during the year:

Stephen Ackland

Jill Boehm (Deputy Chair)

Michael Back

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 2012

(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
Andrew Penman AM	Chief Executive Officer
Sally Chatterjee	Chief Operating Officer (commenced 27 February 2012)
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 (resigned 30 December 2011)
Trudi Mitchell	Divisional Director, Marketing and Communications (appointed 1 January 2012)
Freddy Sitas	Divisional Director, Cancer Research
Kathy Chapman	Divisional Director, Health Strategies
Marion Carroll	Divisional Director, People Learning and Culture (acting until 10 October 2011)
Sandra Rouco	Divisional Director, People Learning and Culture (commenced 10 October 2011)

Other key management personnel compensation

	2012 \$'000	2011 \$'000
Short-term employee benefits	1,537	1,632
	1,537	1,632

(c) Transactions with Directors and key management personnel.

Patrick Cregan, is also a Director 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 \$303,861 for clinical trials research during the year ended 30 June 2012. An additional \$50,671 was paid to and \$205,495 was received from the Cancer Institute 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 \$2,271,534 during the year ended 30 June 2012. CCNSW also received distributions of \$3,991,446 from CCA for the NSW share of national fundraising campaigns, with an additional \$912,686 due from CCA, and included in trade and other receivables as at 30 June 2012 .

Board Director, Stephen Roberts, is an employee of Mercer Investments. During the year ended 30 June 2012, CCNSW paid Mercer investment management fees of \$390,691 based on normal commercial terms and conditions.

18. 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 2012

19. 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. The joint venture agreement with Blue Gum Lodge (BGL) was terminated on 30 September 2011, with Cancer Council paid its share of the BGL assets on termination.

CCNSW holds a 50% voting power in Lilier Lodge and Casuarina Lodge, and had 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:

	2012 \$'000	2011 \$'000
Current assets		
Cash and cash equivalents	721	1,242
Trade and other receivables	29	18
Total current assets	751	1,260
Non-current assets		
Property, plant and equipment	1,524	1,831
Total non-current assets	1,524	1,831
Total assets	2,275	3,091
Current liabilities		
Trade and other payables	13	34
Total current liabilities	13	34
Total liabilities	13	34
Share of net assets employed in joint venture	2,261	3,057
Revenue		
Accommodation fees	331	446
Interest	21	51
Total revenue	351	497
Expenses		
Staff	166	243
Operational costs	135	212
Total expenses	301	455
Surplus/(deficit) before income tax	49	42

Notes to the financial statements

For the year ended 30 June 2012

20. 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 cooperation with management. They report to the Board of Directors for regular reporting and specific approvals.

CCNSW holds the following financial instruments:

	2012	2011
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	8,323	3,142
Trade and other receivables	2,160	1,689
Financial assets held to maturity	305	2,057
Available-for-sale financial assets	52,392	52,800
Total financial assets	63,180	59,688
Financial liabilities		
Trade and other payables	3,543	2,504
Total financial liabilities	3,543	2,504

(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 2012, CCNSW's investments can be classified into 17 categories. They are Australian Shares (25%), Overseas Shares (Hedged) (11%), Overseas Shares (Unhedged) (2%), Listed Property (Global) (6%), , Australian Sovereign Bonds (3%), Overseas Sovereign Bonds (3%), Australian Small Companies (2%), Direct Property (4%), Overseas Low Volatility (5%), Emerging Markets (4%), Overseas Small Companies (4%), Global Credit (6%), Emerging Market Debt (4%), Listed Infrastructure (3%), Natural Resources (4%), Unlisted Infrastructure (5%) and Cash (9%). Below is a description of each fund type.

Notes to the financial statements

For the year ended 30 June 2012

Australian Shares Fund - invests in Australian 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.

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

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

Australian Small Companies Fund - invests in the shares of Australian small companies using a multi-manager approach*.

Direct Property Fund - invests primarily in direct property, with a focus on unlisted properties, using a multi-manager approach*.

Overseas Low Volatility Fund - invests primarily in overseas equities, with a focus on low volatility, using a multi-manager approach*.

Emerging Markets Fund - invests in the financial markets of emerging market countries, using a multi-manager approach*.

Overseas Small Companies Fund - invests in the shares of overseas small companies, using a multi-manager approach*.

Global Credit Fund - invests in fixed interest securities issued by Australian and overseas companies, using a multi-manager approach*.

Emerging Market Debt Fund - invests in fixed interest securities in emerging market countries, using a multi-manager approach*.

Listed Infrastructure Fund - invests in a range of listed infrastructure projects, using a multi-manager approach*.

Natural Resources Fund - invests in traditional and emerging natural resources assets, using a multi-manager approach*.

Unlisted Infrastructure Fund - invests in a range of unlisted infrastructure projects, 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.

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 and that an income distribution of 40% of total unit price gains is received for each fund. The parameters are based on long-term market return expectations, adjusted by reasonable worst case/best case return scenarios.

Notes to the financial statements

For the year ended 30 June 2012

				2012		2011	
	Long-term return expectation	Estimate return range	Sensitivity	Impact on surplus \$'000	Impact on funds \$'000	Impact on surplus \$'000	Impact on funds \$'000
Australian Shares	9.6%	-15.0% 15.0%	-5.4% 24.6%	- 1,281	(703) 3,203	- 1,412	(775) 3,531
Overseas Shares (Hedged)	8.4%	-16.0% 16.0%	-7.6% 24.4%	- 559	(435) 1,398	- 458	(357) 1,146
Overseas Shares (Unhedged)	8.2%	-15.0% 15.0%	-6.8% 23.2%	- 95	(70) 238	- 433	(317) 1,083
Listed Property (Global)	7.1%	-16.0% 16.0%	-8.9% 23.1%	- 274	(264) 686	- 262	(252) 655
Australian Sovereign Bonds	5.5%	-3.5% 3.5%	2.0% 9.0%	13 60	33 150	17 78	43 195
Overseas Sovereign Bonds	5.6%	-3.5% 3.5%	2.1% 9.1%	14 60	34 149	19 81	47 203
Australian Small Companies Fund	10.4%	-17.5% 17.5%	-7.1% 27.9%	- 109	(69) 272	- 119	(76) 297
Direct Property Fund	7.1%	-5.5% 5.5%	1.6% 12.6%	14 109	35 273	15 117	37 293
Overseas Low Volatility Fund	8.2%	-13.0% 13.0%	-4.8% 21.2%	- 224	(127) 560	- -	- -
Emerging Markets Fund	11.1%	-17.5% 17.5%	-6.4% 28.6%	- 263	(147) 659	- 296	(165) 739
Overseas Small Companies Fund	8.8%	-17.5% 17.5%	-8.7% 26.3%	- 214	(177) 536	- 113	(93) 282
Global Credit Fund	6.0%	-5.0% 5.0%	1.0% 11.0%	13 144	33 360	8 93	21 232
Emerging Market Debt Fund	7.6%	-12.0% 12.0%	-4.4% 19.6%	(37) 164	(92) 410	- -	- -
Listed Infrastructure Fund	7.9%	-12.0% 12.0%	-4.1% 19.9%	- 140	(72) 351	- 130	(67) 325
Natural Resources Fund	7.7%	-15.0% 15.0%	-7.3% 22.7%	- 171	(137) 427	- 185	(149) 463
Unlisted Infrastructure Fund	8.0%	-5.5% 5.5%	2.5% 13.5%	23 126	58 315	21 113	52 281
Cash	5.7%	-1.0% 1.0%	4.7% 6.7%	92 131	229 327	30 43	76 108

(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 minimum 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. Debtors' 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).

Notes to the financial statements

For the year ended 30 June 2012

(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 2012.

(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 2012	\$'000
Available-for-sale financial assets	52,392

Notes to the financial statements

For the year ended 30 June 2012

21. 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

	2012	2011
	\$'000	\$'000
Gross proceeds from fundraising appeals (including bequests)	58,513	52,943
Total costs of fundraising appeals	(18,235)	(16,918)
Net surplus from fundraising appeals	40,278	36,025
Net margin from fundraising appeals	69%	68%

(b) Application of funds for charitable purposes

During the year, CCNSW achieved a net surplus of \$40,278,000 from fundraising appeals, a net surplus of \$835,000 from retail activities, \$2,340,000 from project grants, \$841,000 from other income and a net surplus of \$2,726,000 from investments. Surplus available to spend on research and support programs is \$47,020,000.

Surplus available to spend on CCNSW projects	47,020	44,406
Less:		
Cancer research	14,962	16,053
Health advocacy and prevention	4,695	4,777
Regional program delivery (health campaigns and information and support services)	6,438	5,599
Media, communication and marketing	2,853	2,614
Cancer information services	2,324	2,879
Accommodation services	601	454
Multicultural information service	238	190
Supportive care	2,393	1,200
Cancer Helpline	1,133	843
Cancer Council Connect	404	437
Practical support	1,033	1,046
Infrastructure and investment costs	5,516	4,664
	42,590	40,756
Net surplus to be spent on future CCNSW projects	4,430	3,650

Notes to the financial statements

For the year ended 30 June 2012

(c) Fundraising appeals conducted jointly with traders

Face-to-face and door-to-door donor acquisition	2012 \$'000	2011 \$'000
Revenue	11,980	11,438
Total payments to trader	(2,032)	(2,130)
Other direct expenses	(214)	(155)
Gross contribution	9,734	9,153
Net margin from fundraising activities conducted with traders	81%	80%

(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, Pink Ribbon events and Do Your Thing

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, Workplace Giving, In Memoriam donations 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

	2012 \$'000	2011 \$'000
Total cost of fundraising/Gross proceeds from fundraising	18,235/ 58,513 = 31%	16,918/ 52,943 = 32%
Net surplus from fundraising/Gross proceeds from fundraising	40,278/ 58,513 = 69%	36,025/ 52,943 = 68%
Total cost of services/Total expenditure	37,074/ 67,120 = 55%	36,092/ 64,062 = 56%
Total cost of services/Total revenue	37,074/ 71,520 = 52%	36,092/ 67,595 = 53%

Notes to the financial statements

For the year ended 30 June 2012

(f) Fundraising income by appeal/event

	2012 \$'000	2011 \$'000
Bequests		
Bequests	13,997	9,957
Events - involving sale of merchandise		
Daffodil Day	3,603	3,797
Pink Ribbon Day	1,522	1,518
Events - other		
Do Your Thing	3,564	2,905
Pink Ribbon events	889	890
POSH Auction	1,020	1,069
Relay For Life	7,705	6,451
Appeals - conducted with a trader		
Face-to-face pledge appeal (Breakthrough)	11,980	11,438
Appeals - other		
Australia's Biggest Morning Tea	4,538	4,330
Call To Arms	200	259
Direct mail appeals (Breakthrough)	2,815	2,511
Direct mail appeals (other)	1,940	2,577
Donations (other)	1,989	2,084
Girls Night In	1,720	1,977
In Memoriam donations	461	578
Workplace Giving	570	603
Total fundraising income	58,513	52,943

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr B Hodgkinson SC
Director

Sydney
29 October 2012



Ms Jill Boehm OAM
Director

Sydney
29 October 2012

Declaration by Chief Operating Officer in respect of fundraising appeals

I, Sally Chatterjee, Chief Operating 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.



Sally Chatterjee
Chief Operating Officer

Sydney

29 October 2012



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, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and the *Charitable Fundraising Act 1991* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal 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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



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 2012 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 website.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Cancer Council NSW, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

Cash from donations and other fundraising activities are a significant source of revenue for the company. The company has determined that it is impractical to establish control over the collection of revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from these sources were limited, our audit procedures with respect to donations and other fundraising activities had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether donations and other fundraising activities received are complete.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion 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 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards 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 2012, 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 2012;
- (c) money received as a result of fundraising appeals conducted by The Cancer Council NSW during the year ended 30 June 2012 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.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'BDO Paul Bull', is written over the BDO East Coast Partnership text.

Paul Bull

Partner

Sydney, 29 October 2012

Commentary on statement of comprehensive income

The result for the financial year ended 30 June 2012 was a surplus of \$4.4m compared with a budget surplus of \$0.3m. This result was achieved through most income streams reaching or exceeding targeted levels and expenditure being less than planned across most areas.

Revenue

Total revenue was \$71.5m, 6% up on last year's revenue of \$67.6m, and comparable with budget of \$71.7m.

Fundraising income increased by \$1.5m or 3% from last year (from \$43.0m to \$44.5m); however, it fell 7% short of the budgeted target of \$47.6m.

Relay For Life (RFL) was the standout performer in terms of fundraising growth, with gross income up on last year by \$1.2m or 18%. Analysis of net income results shows RFL's net contribution growing an impressive 36% from last year (from \$3.6m to \$4.9m). This result is due to strong income growth, and a year focusing on monitoring and containing event costs. It should be noted that significant investment is planned in 2013 for the RFL website and expectations are for a slight drop in net income from this year's results.

Do Your Thing (DYT) posted its fourth consecutive year of income growth, up on last year by \$0.7m or 24%. This year's result is primarily attributed to continued growth in the Seven Bridges Walk and the Sh*tbox Rally. Attention on monitoring and containing DYT costs paid off, with DYT net contribution growing 16% from last year (from \$1.8m to \$2.1m).

All other fundraising events and appeals posted results comparable to both last year and expected budget levels. A commentary on the performance and challenges of our more established events can be found on page 18 of our 2011/12 annual report.

Bequest income increased by \$4.0m or 40% from last year (from \$10.0m to \$14.0m), exceeding budget of \$11.0m by 27%. This great result was due to receiving several significant previously unnotified bequests. This is a notoriously challenging program to budget, and its increase this year is the major reason for our overall budget surplus.

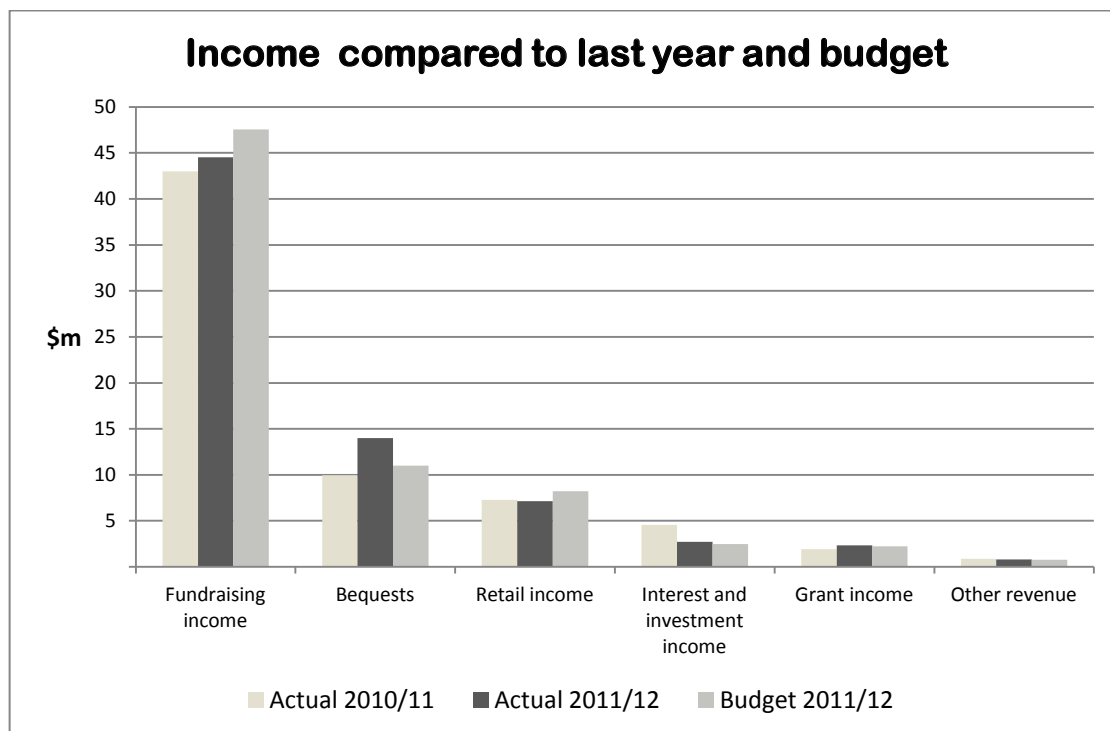
Retail income decreased for the third consecutive year, down \$0.2m or 3% on last year (\$7.3m to \$7.1m). This result is \$1.1m or 13% lower than budget and is primarily attributed to a cooler than normal summer and the continued downturn in the retail sector during the year. Expectations are higher for 2013, with predictions of a warmer summer and a strengthened online presence, likely to turn around this negative trend.

Investment income decreased this year by \$1.9m or 41% (\$4.6m to \$2.7m), in line with decreases in income across global markets. This result is \$0.2m or 9% higher than budget, and is the eighth consecutive year that Cancer Council's investment portfolio has outperformed the ASX 200.

Our investment policy is closely monitored by our Board and the Investment Committee, which take a long-term view of our investments, and operate under the guidance of our investment advisors, Mercer, to ensure the stability of CCNSW and improve future investment returns.

Grant income increased by \$0.4m or 21% from last year (\$1.9m to \$2.3m). This result is \$0.10m or 5% higher than budget, and is primarily attributed to two significant new research grants being received during the year.

Other revenue decreased by \$0.1m or 11% from last year (\$0.9m to \$0.8m) and was comparable to budget.



Expenditure

Total expenditure increased by \$3.0m or 5% from last year (\$64.1m to \$67.1m). This result reflects a year of growth in program spending and investment in improved technology in most areas, although it was still \$4.3m or 6% lower than budget.

Fundraising expenditure increased by \$1.3m or 8% from last year (\$16.9m to \$18.2m). This result is \$2.6m or 12% lower than budget, due to lower than anticipated recruitment to our Breakthrough regular giving program, leading to lower recruitment costs.

Retail expenditure decreased by \$0.1m or 2% from last year (\$6.4m to \$6.3m), in line with the decrease in retail income.

Research expenditure decreased by \$1.1m or 7% from last year (\$16.1m to \$15.0m). This result is \$1.5m or 10% lower than budget, primarily due to the conclusion of the five-year clinical trials partnership with Cancer Institute NSW.

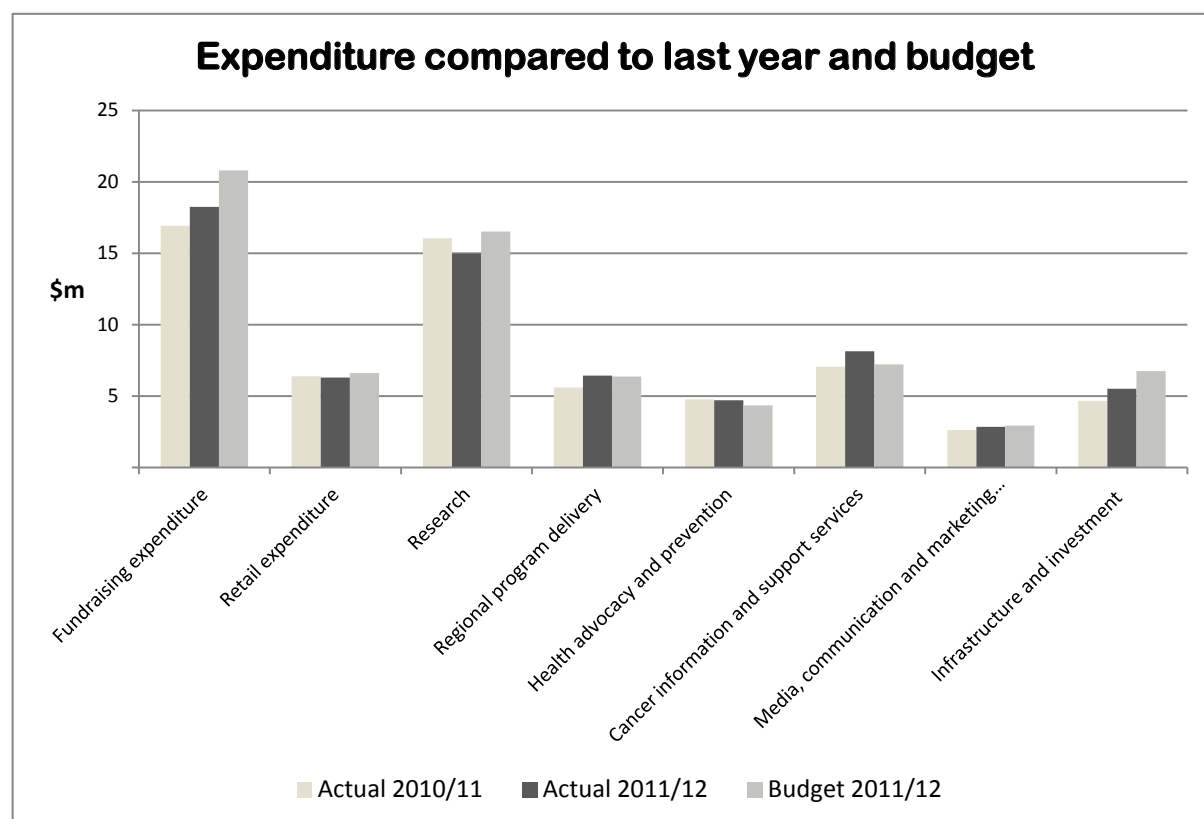
Regional program delivery expenditure increased by \$0.8m or 14% from last year (\$5.6m to \$6.4m), primarily due to increased staff resources in our regional network, with fewer staff vacancies than in 2010/11. This result is comparable with budget.

Health advocacy and prevention expenditure decreased by \$0.1m or 2% from last year (\$4.8m to \$4.7m). This decrease is primarily due to reduced expenditure in the Smoking Care Project, as the funding for this project from NSW Health was spent. This result is comparable to budget.

Cancer information and support services expenditure increased by \$1.1m or 16% from last year (\$7.0m to \$8.1m). This is primarily due to further expansion of our Legal and Financial Planning Referral services and investment in new technology for our Helpline. This result is \$0.4m or 5% higher than the original budget.

Media, communication and marketing expenditure increased by \$0.3m or 12% from last year (\$2.6m to \$2.9m) due to additional expenditure in social media, and increased development work on our new website. This result is comparable to budget.

Infrastructure and investment expenditure increased by \$0.8m or 17% from last year (\$4.7m to \$5.5m) and is \$0.2m or 4% above budget. This variance is due to the expansion of our People Learning and Culture Division, and additional expenditure on a new performance management system.



Commentary on our expenditure categories

CCNSW's **fundraising expenditure** comprises all of the direct costs incurred to run and administer the significant number of events and appeals held state-wide during the year. Whilst the majority of our events and appeals are dependent on volunteer contributions, they are driven by a team of 72 dedicated staff from our Head Office and our regional offices. In addition to the cost of these staff employed in fundraising roles, the following are included in our fundraising costs:

- Staff costs for our Information Systems, Data Analytics, and Donor and Events Support staff, who work on supporting fundraising events and appeals
- Contractor costs for recruiting donors into our Breakthrough regular giving program
- Research into and development of future fundraising revenue streams.

The following are **not** included in our fundraising costs:

- Staff costs for our human resources, volunteer, finance, and risk and property teams who support fundraising events and appeals
- Staff costs for our media and communications team and the Office of the CEO who support fundraising events and appeals.

As we are almost entirely reliant on community funds, CCNSW's existence and independence are dependent on active fundraising in a competitive market. Fundraising costs are necessary to ensure our work can continue and also grow to reach the increasing number of people diagnosed with cancer in NSW. We monitor our fundraising costs constantly, and regularly benchmark our costs against other participants in the fundraising market. Interpreting benchmarking results is a complex exercise, and many fundraising organisations use different funding models and strategies from ours. For example, many are not reliant on fundraising income but receive significant funding from government agencies, and a large number have less face-to-face interaction with their supporters, which will have an impact on their cost-income ratios.

Key to our mission is engaging with communities across NSW. Our fundraising events and appeals are not merely a means to raise funds: they also provide opportunities for us to promote our cancer prevention messages, support and information services, and advocacy initiatives. They also provide the opportunity for members of our community to connect with us and each other. One such example is Relay For Life. We held Relay events in 58 communities during the year, involving 47,800 participants and connecting people from communities all over NSW. All of the costs associated with planning and running these events are included in our fundraising costs.

More information on our fundraising revenue and associated costs is disclosed in note 21 of our full financial report.

CCNSW's **infrastructure and investment costs** comprise all of the costs (staff and other costs) required to support our Strategic Priorities and therefore our mission to defeat cancer.

Included in our infrastructure and investment costs are all of the expenditure for the following Divisions and functions:

- People Learning and Culture Division: recruitment, learning and development, performance planning, payroll and remuneration, workers compensation and other human resources services to our staff of 374 employees and our 2,467 regular registered volunteers
- Finance: accounts payable, accounts receivable, management reporting, internal and external audit, annual budget and quarterly forecasting, business analysis and improvement, taxation, and compliance management and training
- Information Systems: systems architecture and IT security, IT service desk, hardware replacement, and software development and maintenance
- Risk and Property: risk management, building maintenance, mail distribution, work health and safety, warehousing and business continuity
- Office of CEO: organisational strategy, direction and communication, corporate governance, Board and Board sub-committee management, and organisational membership
- Our share of funding the operational costs for Cancer Council Australia.

The following are **not** included in our infrastructure and investment costs:

- Staff costs for our Information Systems, and Donor and Events Support staff, who work directly on supporting fundraising events and appeals. These costs are therefore allocated to fundraising, as detailed above.

Media, communication and marketing expenditure incorporates the following functions:

- Communications: media relations, internal communications, reputation management, issues and risk management, stakeholder communications, and campaign strategy and implementation
- Marketing services: marketing support services for our information and prevention programs to stakeholders, and management of our CCNSW brand
- Digital: website building, maintenance and digital strategy
- Creative Services: print management and design.

Commentary on statement of financial position

Assets

Total assets increased by \$4.1m or 5% from last year (\$79.1m to \$83.2m), with net assets increasing by \$2.6m or 3% (\$74.4m to \$77.0m). This increase is primarily attributable to the surplus for the year (\$4.4m) together with the fair value losses on our managed funds (\$2.5m).

Cash and cash equivalents increased by \$5.2m or 168% from last year (\$3.1m to \$8.3m). This increase in cash levels is primarily attributed to the surplus during the year (\$4.4m). Cash balances within the range of \$1m to \$6m are required to fund ongoing operations, in particular to cover the two significant rounds of external research grant payments made during the year.

Trade and other receivables increased by \$0.5m or 29% from last year (\$1.7m to \$2.2m). They include monies or services due to CCNSW but not received as at 30 June. Significant items included in this balance are distributions due from Cancer Council Australia; donations received from our supporters prior to year end but not yet received from credit card companies; prepaid rent for our offices and retail stores for July; prepaid services; and GST credits due from the Australian Taxation Office.

Inventories of \$1.3m are comparable to last year's balance. They include retail inventory for our eight retail stores and event merchandise for our merchandise fundraising events, Pink Ribbon Day and Daffodil Day.

Financial assets decreased by \$2.2m or 4% from last year (\$54.9m to \$52.7m). This decrease is primarily due to fair value losses on our managed funds during the year (\$2.5m).

Property, plant and equipment increased by \$0.5m or 3% from last year (\$17.9m to \$18.4m). This movement represents regular asset turnover and depreciation charges, with no major additions or disposals during the year.

Liabilities

Total liabilities increased by \$1.4m or 29% from last year (\$4.8m to \$6.2m). This is mostly reflected in current liabilities.

Trade and other payables increased by \$1.0m or 40% from last year (\$2.5m to \$3.5m). This balance is for payments due to suppliers across all areas of the organisation, for work completed prior to 30 June 2012. The increase on last year is due to a higher level of activity in the month of June, particularly in our publications, and media, marketing and communications teams.

Provisions – employee benefits increased by \$0.4m or 17% from last year (\$2.3m to \$2.7m). This is partly due to growth in staff numbers, but primarily due to staff taking on average only three weeks of their four-week annual leave entitlement.

Funds

Total funds increased by \$2.6m or 3% from last year (\$74.4m to \$77.0m). This increase is primarily due to the surplus for the financial year (\$4.4m), together with the fair value losses on our managed funds (\$2.5m).

Our restricted funds reserve, which forms part of this total fund balance, decreased by \$1.9m from last year (\$8.4m to \$6.5m). It should be noted that \$3.8m of this reserve balance is classified as permanent funds, invested into perpetuity. Income earned on these funds can be spent on Cancer Council programs; however, the \$3.8m can never be spent.

Our available-for-sale financial assets reserve increased by \$2.4m or 109% from last year (\$2.2m to \$4.6m). This increase represents the unrealised losses in the market value of our managed funds at 30 June 2012.

Our asset revaluation reserve increased by \$0.7m or 24% from last year (\$2.9m to \$3.6m) representing a positive revaluation adjustment to our buildings in Parramatta and Woolloomooloo.



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