



**TOGETHER
WE **WILL**
BEAT CANCER**

**FULL
FINANCIAL
REPORT
2013/14**

CONTENTS

Directors' Report	1
Auditor's Independence Declaration	10
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in funds	13
Statement of cash flows	14
Notes to the financial statements	
1. Introduction	15
2. Summary of significant accounting policies	15
3. Revenue	24
4. Expenses	26
5. Remuneration of auditors	26
6. Cash and cash equivalents	26
7. Trade and other receivables	27
8. Inventories	27
9. Investment property	28
10. Financial assets	28
11. Intangible assets	29
12. Property, plant and equipment	30
13. Trade and other payables	31
14. Provisions – employee benefits	31
15. Commitments	31
16. Contingent liabilities	31
17. Reconciliation of surplus/ (deficit) after income tax to net cash inflow from operating activities	32
18. Key management personnel	32
19. Events after reporting period	33
20. Interests in joint ventures	34
21. Financial risk management	35
22. Fundraising activities	39
Directors' Declaration	42
Declaration by Chief Executive Officer in respect of fundraising appeals	43
Independent Auditor's Report	44
Commentary on statement of comprehensive income	46
Commentary on statement of financial position	51

Directors' Report

For the year ended 30 June 2014

The Directors of The Cancer Council NSW (CCNSW) present their report with respect to the results for the financial year ended 30 June 2014 and the state of CCNSW's affairs at that date.

Directors

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

Stephen Ackland
Michael Back
Jill Boehm (Deputy Chair)
Mary Chiew
Bruce Hodgkinson SC (Chair)
Paul Lahiff
Mark Phillips
Stephen Roberts
John Stubbs
Melanie Trethowan.

Short- and long-term objectives

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

- the lives of cancer patients and carers
- scientific knowledge of cancer
- community understanding and behaviour in relation to cancer
- society, policy and practice in advancing cancer control.

In the longer term, our strategic priorities are to:

- conduct and fund world-class research that reduces the impact of cancer
- reduce cancer in the NSW community by encouraging people to lead healthy, cancer-smart lifestyles.
- empower and support people affected by cancer, so that no one need face cancer alone
- ensure that governments take action to reduce cancer risk and improve access to care and treatment
- enable the community to raise money to help beat cancer.

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 2014

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's *Annual Report 2013/2014*, where we outline more detail on each of the focus areas and their achievements in this financial year:

- research (pages 11–12)
- prevention (pages 13–14)
- information and support (pages 15–16)
- advocacy (pages 17–18)
- fundraising (pages 19–20).

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 2014

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 administration expenditure ratios
- the number of NSW people engaged as donors, volunteers, advocates and research participants
- the 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 41–46 of CCNSW's *Annual Report 2013/2014* 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 2014 was \$73,608,000. In the same period, expenditure was \$70,908,000, leaving a surplus of \$2,700,000.

The main sources of revenue were:	\$'000
Fundraising	59,754
Retail	7,926
Interest and investments	3,790
Grant income	980

The main areas of expenditure were:

Fundraising	22,172
Research	14,232
Regional program delivery	7,283
Information and support	6,237
Retail	7,202
Advocacy and prevention	4,195
Media, communication and marketing	3,452
Infrastructure and administration	6,135

Directors' Report

For the year ended 30 June 2014

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*(Cth) 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 2014, the number of members was 48 (2013: 38).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is on page 10.

Directors' Report

For the year ended 30 June 2014

Information on Directors

Dr Stephen Ackland MBBS, FRACP, GAICD

Member of the Cancer Research Committee

First elected to the 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

Director, Hunter Cancer Research Alliance (HCRA)

Dr Ackland is also former President of the Clinical Oncology Society of Australia (COSA) and former Chair and secretary of the Medical Oncology Group of Australia. 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 preclinical 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, FRANZCR

Member of the Governance Committee

First appointed to the Board in December 2011

Director, Northern Sydney Cancer Centre

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 Central Coast Cancer Centre. His past involvement with Cancer Council NSW has included cancer awareness workshops, fundraising activities and events such as Relay For Life.

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

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

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

Ms Boehm is a registered nurse and midwife, and a past 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 (ISLHD) in 2011 and was formerly Chief Executive Officer of Can Assist (2001–2005). In addition, Ms Boehm was a founding member of the Board of the Cancer Institute NSW until March 2010. Ms Boehm was also a member of the Gene Technology Ethics and Community Consultation Committee for the Federal Government from 2008 to 2011. Ms Boehm co-chairs the Quality Committee for the ISLHD and is the board representative on the Medical and Dental Appointments Advisory Committee.

Ms Boehm 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).

Directors' Report

For the year ended 30 June 2014

Ms Mary Chiew

Member of the Remuneration and Nomination Committee.

First appointed to the Board in April 2007, reappointed in April 2010 and April 2013

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 Cancer Council NSW and helps to maintain a focus on the interests of cancer patients in Board discussions.

Mr Bruce Hodgkinson SC

Chair of the Board, Chair of the Governance Committee,

Member of the Remuneration and Nomination Committee,

First elected to the Board in July 2007, re-elected October 2009 and December 2012

Barrister, Denman Chambers

Mr Hodgkinson is the Head of Denman Chambers and 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 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. He has been a Director of Cancer Council Australia since 2008 and is Chairman of the Rugby Union Players Association.

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 Cancer Council of NSW.

Mr Paul Lahiff BSc(Agr), FAIM

Chair of the Investment Committee, Chair of the Remuneration and Nomination Committee

First appointed to the Board in February 2007, reappointed February 2010 and February 2013

Mr Lahiff is Chair of the New Payments Platform Steering Committee and also chairs the Retail Finance Intelligence (RFi) Advisory Board, the Australian Payments Clearing Association Stakeholder Forum, Smartline Personal Mortgage Advisors, and LIXI Australia. He also runs his own consultancy business specialising in strategy formulation in the financial services sector.

He has over thirty years' experience in banking and finance, having served as Managing Director of Mortgage Choice, Permanent Trustee and Heritage Bank.

Mr Mark Phillips

Member of the Audit and Finance Committee

First appointed to the Board in April 2013

Mr Phillips has in excess of 30 years of business experience. In a 20-year career with the Commonwealth Bank of Australia, he was instrumental in the development of a range of new business divisions. Subsequently, he spent over 10 years as the Chief Executive Officer of companies listed on the Australian Stock Exchange. Today, he is a director and adviser for businesses and not-for-profit organisations.

Directors' Report

For the year ended 30 June 2014

Mr Stephen Roberts BB, MBA, GAICD

Chair of the Audit and Finance Committee

First appointed to the Board in October 2007, re-elected November 2009 and December 2012

Company director

Mr Roberts is a member of the boards of Cancer Council Australia, Cancer Council Australia Executive Committee and Social Ventures Australia Capital Fund. Professionally, he is an independent company director and was Senior Partner and Regional Business Leader of Asia Pacific for Mercer Investments, Managing Director of Russell Investments Australasia and Executive Vice-President at BT Funds Management Ltd. He brings extensive business and management experience to the Board. Mr Roberts is trained as a chartered accountant, and is also Chair of the POSH Committee, which engages in fundraising activities for Cancer Council NSW.

Mr John Stubbs

First appointed to the Board in September 2012

Chief Executive Officer, CanSpeak

Fourteen years ago, John was diagnosed with chronic myeloid leukaemia. Since that time, he has been a committed and passionate advocate for people affected by cancer. He holds degrees in Accounting and Arts, and is a regular speaker at medical conferences and seminars on cancer policy, advocacy, clinical trials and related issues. He is currently Chief Executive Officer of CanSpeak, a national cancer consumer advocacy group. He was awarded an Honorary Associate of the University of Sydney's School of Medicine for his work in the promotion of clinical trials in this country. As a board member for the Cancer Institute NSW, Mr Stubbs is their nominee on the Board of Cancer Council NSW. His other current board memberships in Australia are with the Faculty of Radiation Oncology and the Royal Australian and New Zealand College of Radiologists.

Ms Melanie Trethowan MB (Marketing)

Member of the Audit and Finance Committee

First elected to the Board in December 2008, re-elected December 2011

Ms Trethowan has been actively involved in cancer issues since 2004. To date, her roles with Cancer Council NSW 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. Her previous board experience includes the Central West Community College, Kanandah Retirement Ltd and the Foundation for Australian Agricultural Women. She is currently Chair of the annual Mudgee Readers' Festival event. 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 JP, CSA (Cert).

Directors' benefit

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

Directors' Report

For the year ended 30 June 2014

Meetings of Directors/ Committees:

	Full meetings of Directors		Audit and Finance Committee		Investment Committee		Governance Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
S Ackland	6	6	*	*	*	*	*	*	*	*
M Back	4	6	*	*	*	*	8	8	*	*
J Boehm	6	6	4	5	*	*	8	8	*	*
M Chiew	3	6	*	*	*	*	*	*	2	2
B Hodgkinson	6	6	*	*	*	*	8	8	2	2
P Lahiff	5	6	*	*	4	4	*	*	2	2
M Phillips	6	6	5	5	*	*	*	*	*	*
S Roberts	6	6	5	5	*	*	*	*	*	*
J Stubbs	4	6	*	*	*	*	*	*	*	*
M Trethowan	5	6	2	2	*	*	*	*	*	*

A = Number of meetings attended

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

* = Not a member of the relevant Committee

Insurance of officers

During the financial year, CCNSW paid a premium of \$7,000 to insure the Directors and Secretary of the company, and an additional \$15,000 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* (Cth) 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* (Cth).

Directors' Report

For the year ended 30 June 2014

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 10.

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 continues in office in accordance with section 327 of the *Corporations Act 2001* (Cth). This report is made in accordance with a resolution of Directors.



Mr B Hodgkinson SC

Director

Sydney

28 October 2014



Ms Jill Boehm OAM

Director

Sydney

28 October 2014



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian professional ethical pronouncements in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Paul Bull', with a stylized flourish at the end.

Paul Bull
Partner

BDO East Coast Partnership

Sydney, 28 October 2014

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.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Revenue			
Fundraising income	3, 22	59,754	59,588
Retail income	3	7,926	7,609
Interest and investment income	3	3,790	2,495
Grant income	3	980	2,220
Other revenue	3	1,048	914
Total revenue		73,498	72,826
Increase in fair value of investment property	9	110	-
Total income		73,608	72,826
Expenses			
Fundraising expenditure		22,172	21,948
Retail expenditure		7,202	6,905
Research expenditure		14,232	14,782
Regional program delivery		7,283	7,227
Information and support services		6,237	7,010
Advocacy and prevention		4,195	4,501
Media, communication and marketing expenditure		3,452	3,317
Infrastructure and administration		6,135	6,043
Total expenses		70,908	71,733
Surplus before income tax expense		2,700	1,093
Income tax expense	2 (c)	-	-
Surplus for the year		2,700	1,093
Other comprehensive income			
Items that will not be reclassified subsequently to surplus or deficit			
Gain/loss on disposal of available-for-sale financial assets		-	67
Increase/(decrease) in investments at fair value through other comprehensive income	10 (c)	5,326	6,283
Total comprehensive income for the year		8,026	7,443

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

Statement of financial position

As at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	6,316	4,552
Trade and other receivables	7	1,996	3,946
Inventories	8	1,517	1,982
Total current assets		9,829	10,480
Non-current assets			
Investment properties	9	440	1,210
Financial assets	10	70,303	59,942
Intangible assets	11	690	723
Property, plant and equipment	12	17,164	17,947
Total non-current assets		88,597	79,822
TOTAL ASSETS		98,426	90,302
Liabilities			
Current liabilities			
Trade and other payables	13	3,296	3,248
Provisions - employee benefits	14	1,906	2,000
Total current liabilities		5,202	5,248
Non-current liabilities			
Provisions - employee benefits	14	745	601
Total non-current liabilities		745	601
TOTAL LIABILITIES		5,947	5,849
NET ASSETS		92,479	84,453
Funds			
General funds		74,976	72,004
Restricted funds reserve		6,106	6,036
Investments at fair value reserve		6,962	1,636
Grant income reserve		860	1,202
Asset revaluation reserve		3,575	3,575
TOTAL FUNDS		92,479	84,453

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 2014

	General funds	Restricted funds reserve	Investments at fair value reserve	Grant income reserve	Asset revaluation reserve	Total funds
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2012	70,506	6,538	(4,647)	1,038	3,575	77,010
Transfer to/(from) reserves	338	(502)	-	164	-	-
Surplus for the year	1,093	-	-	-	-	1,093
Other comprehensive income for the year	67	-	6,283	-	-	6,350
Total comprehensive income for the year	1,160	-	6,283	-	-	7,443
Closing balance as at 30 June 2013	72,004	6,036	1,636	1,202	3,575	84,453
Opening balance as at 1 July 2013	72,004	6,036	1,636	1,202	3,575	84,453
Transfer to/(from) reserves	272	70	-	(342)	-	-
Surplus for the year	2,700	-	-	-	-	2,700
Other comprehensive income for the year	-	-	5,326	-	-	5,326
Total comprehensive income for the year	2,700	-	5,326	-	-	8,026
Closing balance as at 30 June 2014	74,976	6,106	6,962	860	3,575	92,479

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.

Investments at fair value reserve

The investments at fair value reserve is used to record changes in the fair value of financial assets classified as investments at fair value through other comprehensive income as described in note 2(f). Amounts are reclassified to surplus or deficit when the associated assets are sold or impaired.

Grant income reserve

The grant income reserve relates to grant monies received but not yet spent. These funds are held in reserve until spent appropriately in line with the conditions of the funding agreement.

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 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts			
Receipts from supporters and funding sources (inclusive of GST)		70,212	65,891
Receipts from grant funding		980	2,220
Dividends, franking credits and interest received		421	436
		71,613	68,547
Payments			
Payments to suppliers and employees (inclusive of GST)		(68,423)	(71,706)
		(68,423)	(71,706)
Net cash inflow/(outflow) from operating activities	17	3,190	(3,159)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		66	271
Proceeds from sale of available-for-sale financial assets		-	1,000
Proceeds from sale of held-to-maturity investments		-	305
Proceeds from sale of investment properties		880	-
Payments for purchase of investments at fair value through other comprehensive income		(1,500)	-
Payments for purchase of intangible assets		(139)	(386)
Payments for purchase of property, plant and equipment		(733)	(1,802)
Net cash inflow from investing activities		(1,426)	(612)
Net increase/(decrease) in cash and cash equivalents		1,764	(3,771)
Cash and cash equivalents at beginning of year		4,552	8,323
Cash and cash equivalents at end of year	6	6,316	4,552

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 2014

1. Introduction

This financial report covers The Cancer Council NSW (CCNSW) as an individual entity for the year ended 30 June 2014. The financial report is presented in Australian dollars, which is the company's functional and presentational currency.

CCNSW is a not-for-profit unlisted public company limited by guarantee, incorporated and 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 pages 1 to 3 of the Directors' Report, which is not part of the financial report.

The financial report was authorised for issue by the Directors on 28 October 2014. The Directors have the power to amend and reissue this financial report.

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

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), NSW legislation (the *Charitable Fundraising Act 1991* (NSW) and associated regulations), and the *ACNC Act 2012* (Cth), as appropriate for not-for-profit oriented entities.

CCNSW is a not-for-profit organisation and as such the term 'profit' is not applicable and the term 'surplus' is used where required.

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.

Notes to the financial statements

For the year ended 30 June 2014

Revenue is recognised for the major business activities as follows.

Fundraising income

Fundraising revenue is recognised when the amount of revenue can be measured reliably and it is controlled by CCNSW. There is an inherent risk associated with a not-for-profit entity's operating environment, as it relates to revenue recognition from cash receipt fundraising sources. This arises as a result of the internal control environment surrounding the recording of cash receipts from fundraising revenue.

Retail income

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

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* (Cth).

(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 rate 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 uncollectable 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 uncollectable 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.

Notes to the financial statements

For the year ended 30 June 2014

(f) Financial assets

Classification

CCNSW classifies its financial assets in the following categories: 'investments at fair value through other comprehensive income', and 'financial assets at amortised cost'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of CCNSW's financial assets at initial recognition:

(i) Investments at fair value through other comprehensive income

At initial recognition, CCNSW may make an irrevocable election (on an instrument-by-instrument basis) to recognise the change in fair value of investments in equity instruments in other comprehensive income. This election is permitted for equity instruments that are not held for trading purposes.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

These instruments are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented within equity in the investments at fair value reserve. When an instrument is derecognised, the cumulative gain or loss is transferred directly to retained earnings and is not recognised in profit or loss.

Dividends or other distributions received from these investments are still recognised in profit or loss as part of interest and investment income.

Measurement

Classification is determined based on CCNSW's business model and the contractual cashflow characteristics of the financial assets. Financial assets will be classified as either amortised cost or investments at fair value through other comprehensive income.

A financial asset is measured at amortised cost using the effective interest rate method if the following conditions are met:

- The objective of CCNSW's business model in relation to those instruments is to hold the asset to collect the contractual cash flows; and
- The contractual cash flows give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

If these criteria are not met, then the financial asset must be classified as investments at fair value through other comprehensive income.

Investments that are not held for trading are able to be classified as fair value through other comprehensive income rather than fair value through profit or loss. On disposal, the cumulative gains or losses recognised in equity over the period CCNSW held the investments are transferred directly to retained earnings and are not permitted to be recognised in profit or loss. Investments at fair value through other comprehensive income are no longer required to be assessed for impairment.

Notes to the financial statements

For the year ended 30 June 2014

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which CCNSW commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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.

Subsequent measurement

Loans and receivables are carried at amortised cost less impairment using the effective interest method. Details on how the fair value of financial instruments is determined are disclosed in note 1(t).

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

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

(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.

(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.

Notes to the financial statements

For the year ended 30 June 2014

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 statement of profit or loss and other comprehensive income.

(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 reporting date. These amounts are unsecured and are paid within the suppliers' terms, usually 30 days.

(l) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date, are recognised in current liabilities in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements

For the year ended 30 June 2014

(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 CCNSW will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to the statement of profit or loss and other comprehensive income 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 statement of financial position.

(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 20.

(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.

(q) Financial reporting by segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors.

CCNSW operates primarily in one segment. The principal activities consist of initiatives and programs to lead, empower and mobilise the NSW community to beat cancer. CCNSW operates in one geographical area, being NSW.

Notes to the financial statements

For the year ended 30 June 2014

(r) Rounding off

CCNSW 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 of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early-adopted.

Any significant impact on the accounting policies of CCNSW from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of CCNSW.

The following Accounting Standards and Interpretations are most relevant to CCNSW:

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

CCNSW has applied *AASB 13* and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price', and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets, whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

CCNSW has applied *AASB 119* and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle

CCNSW has applied *AASB 2012-5* from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: confirmation that repeat application of *AASB 1 First-time Adoption of Australian Accounting Standards* is permitted; clarification of borrowing cost exemption in *AASB 1*; clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with *AASB 101 Presentation of Financial Statements*; clarification that servicing of equipment is covered by *AASB 116 Property, Plant and Equipment*, if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in *AASB 132 Financial Instruments: Presentation* should be accounted for in accordance with *AASB 112 Income Taxes*; and clarification of the financial reporting requirements in *AASB 134 Interim Financial Reporting* and the disclosure requirements of segment assets and liabilities.

Notes to the financial statements

For the year ended 30 June 2014

New Accounting Standards and Interpretations not yet mandatory or early adopted

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 annual reporting period ended 30 June 2014. CCNSW's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to CCNSW, are set out below.

Annual Improvements to IFRSs 2010–2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affect several Accounting Standards as follows: clarification that the issuance of *AASB 13 Fair Value Measurement*, and the amending of *AASB 139 Financial Instruments: Recognition and Measurement* and *AASB 9 Financial Instruments* did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; clarification that in *AASB 116 Property, Plant and Equipment* and *AASB 138 Intangible Assets*, when an asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (ie proportional restatement of accumulated amortisation); and amending of *AASB 124 Related Party Disclosures* to clarify that an entity providing key management personnel services to the reporting entity, or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on CCNSW.

Annual Improvements to IFRSs 2011–2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affect four Accounting Standards as follows: clarification of the 'meaning of effective IFRSs' in *AASB 1 First-time Adoption of Australian Accounting Standards*; clarification that the scope of the portfolio exemption in *AASB 13 Fair Value Measurement* includes all contracts accounted for within the scope of *AASB 139 Financial Instruments: Recognition and Measurement* or *AASB 9 Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in *AASB 132 Financial Instruments: Presentation*; and clarification that determining whether a specific transaction meets the definition of both a business combination, as defined in *AASB 3 Business Combinations* and investment property, as defined in *AASB 140 Investment Property*, requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on CCNSW.

(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.

(i) Financial assets are fair value through other comprehensive income

CCNSW holds an investment in shares classified as financial assets at fair value through other comprehensive income. As CCNSW has early-adopted *AASB 9 Financial Instruments* with effect from 1 July 2012, CCNSW has made an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. No further impairment of the financial assets at fair value through other comprehensive income will be recognised.

Notes to the financial statements

For the year ended 30 June 2014

(ii) Estimation of useful lives of assets

CCNSW 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.

(iii) 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.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
3. Revenue		
Fundraising income		
Bequests	11,510	13,740
Events - involving sale of merchandise	4,276	4,237
Events - other	15,506	13,755
Appeals and events - conducted with a trader	14,597	14,038
Appeals - other	13,865	13,818
	59,754	59,588
Retail income		
Sale of goods	7,926	7,609
	7,926	7,609
Interest and investment income		
Interest	168	196
Managed funds distributions	3,369	2,059
Imputation credits received	253	240
	3,790	2,495
Grant income		
AMP Foundation - AMP Grant	100	104
Cancer Australia - Supporting people with cancer	8	25
Cancer Council Queensland - Mindfulness Study	37	-
Cancer Institute NSW - Data linkage	22	91
Cancer Institute NSW - Evidence To Practice Grant	15	25
Cancer Institute NSW - Hepatitis B, Lets talk about it project	-	20
Cancer Institute NSW - Men's 50+ Skin Cancer Prevention Campaign	-	50
Cancer Institute NSW - Youth Campaign	29	-
Cancer Institute NSW - Implementation of TTP among Aboriginal families	35	-
Commonwealth Bank Community Grant	9	-
Cunningham Centre - Sacred Heart Hospice	-	37
Department of Health and Ageing - Eat It To Beat It	-	90
Gilead Sciences Pty Ltd - GILEAD Grant	10	10
Good Shepherd Microfinance - No-interest loan grant	4	-
Newcastle Permanent Building Society Limited - Vehicles Grant	-	68
NHMRC - Canfell NHMRC modelling	-	168
NHMRC - CDA	-	75
NHMRC - Equipment grant	-	7
NHMRC - Fellowship Smith	77	70
NHMRC - Fellowship Yu	25	50
NHMRC - Independent research institutes infrastructure support	-	151
NHMRC - Infrastructure support scheme	19	-
NHMRC - Partnership Grant	35	137
NHMRC - Patterns of Cancer Care for Aboriginal People in NSW	-	145
NHMRC - Prostate outcomes study	-	24
NSW Department of Health - Hepatitis B resource development	7	20
NSW Department of Ageing, Disability and Home Care (Carers)	60	57
NZ Health Ministry - Consultancy monies	-	92
NZ Health Ministry - Hepatitis B Nurse Educator Grant	53	87
Prostate Cancer Foundation of Australia - Prevalence	52	103
Prostate Cancer Foundation of Australia - Prostate Cancer Guidelines	64	44
Queensland Institute of Medical Research - Pancreatic Patterns of Care Study	-	147

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
ROCHE - Compass Trial	-	69
The Health Administration Corporation - Food Policy	-	15
The Health Administration Corporation - Eat It To Beat It	68	30
Tour de Cure - Cancer awareness evening and School Healthy Eating Garden	7	5
University of Manchester, UK - ARTISTIC - Cervical screening	-	75
University of Sydney - Bladder cancer	55	-
University of Sydney - Rekindle - Sexuality after cancer	50	-
The Dry July Foundation - Inala House Accommodation Grant	80	-
Victorian Cytology Service Incorporated - Australian consultancy modelling	-	11
Western Sydney and Nepean Blue Mtns Local Health Districts – Eat It To Beat It	59	118
	980	2,220

Unspent grant funds

Grant income has been recognised as revenue in the statement of profit or loss and other comprehensive income. It includes amounts yet to be spent in the manner specified by the contributor. Unexpended amounts totalling \$860,485 have been included in revenue and held in reserves at 30 June 2014.

	Opening Balance 1 July 2013 \$'000	Receipts 2014 \$'000	Interest 2014 \$'000	Payments 2014 \$'000	Closing Balance 30 June 2014 \$'000
Health promotion grants	519	595	-	(710)	404
Contract research grants	683	385	-	(612)	456
	1,202	980	-	(1,322)	860

	2014 \$'000	2013 \$'000
Other revenue		
Accommodation fees	388	302
Account management charge	58	6
Gain on disposal of property, plant and equipment	27	20
Membership fees	1	1
Patient transport	46	23
Project contributions received	498	502
Sponsorship income	30	9
Registration fees	-	51
	1,048	914

Total Revenue	73,498	72,826
----------------------	---------------	---------------

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
4. Expenses		
Surplus before income tax includes the following specific expenses:		
Employee benefits expense	30,275	30,902
Depreciation		
Building	284	277
Leasehold improvements	303	311
Office furniture and equipment	627	729
Motor vehicles	269	250
	1,483	1,567
Rental expense relating to operating leases	2,029	1,925
Direct operating expenses from investment property	1	1
	2014 \$	2013 \$
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>ACNC Act 2012</i> (Cth)	49,500	49,500
Other assurance services - audit of regulatory statements	-	2,000
Total remuneration for assurance services	49,500	51,500
	2014 \$'000	2013 \$'000
6. Cash and cash equivalents		
Cash on hand	16	20
Cash at bank	6,300	4,532
	6,316	4,552

As at balance date, cash at bank was earning interest of 2.91% p.a. (2013: 2.5% p.a.)

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
7. Trade and other receivables		
Trade receivables	1,210	2,645
Provision for impairment of trade receivables	(7)	(3)
GST receivable	370	578
Interest receivable	4	1
Prepayments	419	725
	1,996	3,946

(a) Ageing of trade receivables and impairment

	Gross \$'000	Impairment \$'000
At 30 June 2014		
Not past due	1,171	
Past due 0 - 30 days	27	
Past due 30 - 60 days	4	
Past due 60 - 90 days	8	7
	1,210	7
At 30 June 2013		
Not past due	2,612	-
Past due 0 - 30 days	17	-
Past due 30 - 60 days	10	-
Past due 60 - 90 days	6	3
	2,645	3

(b) Movements in the provision for impairment of receivables

	2014 \$'000	2013 \$'000
Opening balance 1 July	(3)	(8)
Additional provision	(8)	(2)
Unused amount reversed	4	7
Closing balance 30 June	(7)	(3)

(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	1,517	1,982
	1,517	1,982

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
9. Investment property		
At fair value	440	1,210
	440	1,210

(a) Movement in investment property

Opening balance 1 July	1,210	330
Additional property received from a bequest	-	880
Disposal of bequested property	(880)	-
Increase in fair value of investment property	110	-
Closing balance 30 June	440	1,210

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

Two investment properties were bequeathed to CCNSW; one is currently occupied under a life tenancy agreement, the other was sold for capital gain in July 2013. As a result, no rental income is generated from investment property. The direct operating expenses for investment property totalled \$1,000 for the year (2013: \$1,000).

(c) Valuation basis

The basis of the valuation of investment property is fair value, being the amounts for which the properties 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

Non-current assets

Managed funds		
Available for sale	70,303	59,942
	70,303	59,942

(a) Managed funds

Changes in the fair value of investments are recorded in equity and disclosed in other comprehensive income.

(b) Movement in financial assets held to maturity

Opening balance 1 July	-	305
Additions	-	-
Disposals	-	(305)
Closing balance 30 June	-	-

(c) Movement in investments

Opening balance 1 July	59,942	52,392
Additions	5,035	2,200
Increase/(decrease) in fair value of managed funds	5,326	6,283
Disposals	-	(933)
Closing balance 30 June	70,303	59,942

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
(d) Investments at the end of the financial year were as follows:		
Australian Shares (tax exempt)	16,446	13,961
Australian Small Companies Fund	2,332	1,982
Australian Sovereign Bonds	2,294	2,176
Cash	4,734	3,818
Direct Property Fund	2,829	2,317
Emerging Market Debt Fund	2,358	2,382
Emerging Markets Fund	3,268	2,977
Global Credit Fund	3,860	3,494
Listed Infrastructure Fund	2,261	1,636
Listed Property (Global)	2,791	2,399
Natural Resources Fund	2,051	1,869
Overseas Low Volatility Fund	3,812	3,293
Overseas Shares (Hedged)	10,650	8,609
Overseas Shares (Unhedged)	2,397	2,002
Overseas Small Companies Fund	3,515	2,880
Overseas Sovereign Bonds	1,837	1,724
Unlisted Infrastructure Fund	2,868	2,423
	70,303	59,942

(e) Risk management

Information about CCNSW's exposure to market risk is provided in note 21.

11. Intangible assets (computer software)

Opening balance 1 July	723	424
Additions	139	386
Disposals	(35)	-
Amortisation	(137)	(87)
Closing balance 30 June	690	723

Notes to the financial statements

For the year ended 30 June 2014

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 2013						
Opening net book amount	4,345	9,872	886	1,978	882	17,963
Additions	-	232	424	713	433	1,802
Disposals	-	-	-	(41)	(210)	(251)
Depreciation expense	-	(277)	(311)	(729)	(250)	(1,567)
Closing net book amount	4,345	9,827	999	1,921	855	17,947
At 30 June 2013						
Cost or fair value	4,345	10,131	2,313	5,502	1,251	23,542
Accumulated depreciation	-	(304)	(1,314)	(3,581)	(396)	(5,595)
Net book amount	4,345	9,827	999	1,921	855	17,947
Year ended 30 June 2014						
Opening net book amount	4,345	9,827	999	1,921	855	17,947
Additions	-	38	31	387	277	733
Disposals	-	-	-	(1)	(35)	(36)
Depreciation expense	-	(284)	(303)	(624)	(269)	(1,480)
Closing net book amount	4,345	9,581	727	1,683	828	17,164
At 30 June 2014						
Cost or fair value	4,345	10,167	1,636	5,361	1,409	22,918
Accumulated depreciation	-	(586)	(909)	(3,678)	(581)	(5,754)
Net book amount	4,345	9,581	727	1,683	828	17,164

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 2014

	2014 \$'000	2013 \$'000
13. Trade and other payables		
Trade creditors	2,833	2,581
Accruals	463	667
	3,296	3,248

14. Provisions - employee benefits

	Current liability \$'000	Non-current liability \$'000
Year ended 30 June 2013		
Opening Balance 1 July 2012	1,964	728
Additional provisions recognised/(unused amounts reversed)	1,625	(127)
Employee benefits taken	(1,589)	-
Closing balance 30 June 2013	2,000	601
Year ended 30 June 2014		
Opening Balance 1 July 2013	2,000	601
Additional provisions recognised/(unused amounts reversed)	1,600	144
Employee benefits taken	(1,694)	-
Closing balance 30 June 2014	1,906	745

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	4,096	3,540	7,636
Research Program Grants	1,950	900	2,850
Strategic Research Partnership grants	1,879	3,259	5,138
Priority-driven Collaborative Cancer Research Scheme	197	46	243
45 and Up Study	200	1,800	2,000
Total research grant commitments	8,322	9,545	17,867
Rental lease commitments	1,773	3,116	4,889
Total commitments	10,095	12,661	22,756

The total commitments above include input tax credits of \$2,244,636 that are expected to be recoverable from the Australian Taxation Office.

	2014 \$'000	2013 \$'000
16. Contingent liabilities		
Bank guarantees in respect of operating leases	110	93
	110	93

Notes to the financial statements

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
17. Reconciliation of surplus/(deficit) after income tax to net cash inflow from operating activities		
Surplus for the year	2,700	1,093
Depreciation	1,483	1,567
Amortisation	137	87
Non-cash managed fund distributions	(3,369)	(2,058)
Non-cash financial assets received	(169)	(142)
Non-cash investment property received	-	(880)
Net (gain) on sale of property, plant and equipment	(30)	(20)
Net loss on disposal of intangibles	35	-
(Increase) in fair value of investment property	(110)	-
Decrease/(increase) in trade and other receivables	1,950	(1,786)
Decrease/(increase) in inventories	465	(634)
Increase/(decrease) in provisions	50	(91)
Increase/(decrease) in trade and other payables	48	(295)
Total cash inflows from operating activities	3,190	(3,159)

18. Key management personnel

(a) Directors

The following persons were Directors of CCNSW during the year:

Stephen Ackland

Michael Back

Jill Boehm (Deputy Chair)

Mary Chiew

Bruce Hodgkinson SC (Chair)

Paul Lahiff

Mark Phillips

Stephen Roberts

John Stubbs

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 2014

(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
Jim L'Estrange	Chief Executive Officer
Ted Starc	Divisional Director, Corporate Services and Chief Financial Officer (resigned 6 September 2013)
Sandra Simm	Divisional Director, Finance (appointed 6 September 2013)
Gillian Batt	Divisional Director, Cancer Information and Support Services (contract ended 15 November 2013)
Merewyn Partland	Divisional Director, Community Engagement and Program Delivery
Julie Callaghan	Divisional Director, Organisational Integration and Performance
Trudi Mitchell	Divisional Director, Marketing and Communications
Freddy Sitas	Divisional Director, Cancer Research
Kathy Chapman	Divisional Director, Cancer Programs
Sandra Rouco	Divisional Director, Human Resources (resigned 14 May 2014)
Fiona Fahey	Divisional Director, Human Resources (appointed 10 June 2014)
John Davies	Head, Information Technology (resigned 4 September 2013)
Anthony Ashton	Acting Head, Information Technology (appointed 4 September 2013, resigned 9 May 2014)

Other key management personnel compensation

	2014 \$'000	2013 \$'000
Short-term employee benefits	2,031	1,701
	2,031	1,701

(c) Transactions with Directors and key management personnel.

Two Directors, Bruce Hodgkinson and Stephen Roberts, are also Directors of Cancer Council Australia (CCA). CCNSW paid CCA \$3,397,444 during the year ended 30 June 2014 for membership fees and national merchandise purchases. CCNSW also received distributions of \$2,780,435 from CCA for the NSW share of national fundraising campaigns.

19. Events after reporting period

CCNSW was not aware of any events that have occurred after reporting 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 2014

20. Interests in joint ventures

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

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

	2014 \$'000	2013 \$'000
Current assets		
Cash and cash equivalents	1,012	890
Trade and other receivables	47	36
Total current assets	1,059	926
Non-current assets		
Property, plant and equipment	1,417	1,473
Total non-current assets	1,417	1,473
Total assets	2,476	2,399
Current liabilities		
Trade and other payables	18	25
Total current liabilities	18	25
Total liabilities	18	25
Share of net assets employed in joint venture	2,458	2,374
Revenue		
Accommodation fees	389	311
Interest	2	40
Total revenue	391	351
Expenditure		
Staff	148	131
Operational	158	136
Total expenses	306	267
Surplus/(deficit) before income tax	85	84

Notes to the financial statements

For the year ended 30 June 2014

21. Financial risk management

CCNSW's 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:

	2014	2013
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	6,316	4,552
Trade and other receivables	1,996	3,946
Available-for-sale financial assets	70,303	59,942
Total financial assets	78,615	68,440
Financial liabilities		
Trade and other payables	3,296	3,248
Total financial liabilities	3,296	3,248

(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 investments at fair value through other comprehensive income.

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 2014, CCNSW's investments can be classified into 17 categories. They are Australian Shares (23%), Overseas Shares (Hedged) (15%), Overseas Shares (Unhedged) (4%), Listed Property (Global) (4%), Australian Sovereign Bonds (3%), Overseas Sovereign Bonds (3%), Australian Small Companies (3%), Direct Property (4%), Overseas Low Volatility (5%), Emerging Markets Equity (5%), Overseas Small Companies (5%), Global Credit (6%), Emerging Markets Debt (3%), Listed Infrastructure (3%), Natural Resources (3%), Unlisted Infrastructure (4%) and Cash (7%). Below is a description of each fund type.

Notes to the financial statements

For the year ended 30 June 2014

Australian Shares Fund - Invests in Australian shares via a multi-manager approach* by selecting investment managers who utilise tax-effective strategies. It is designed specifically for investors who are tax exempt and can reclaim franking credits.

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

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

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

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

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

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

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

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

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

Natural Resources Fund - invests in traditional and emerging natural resources assets, 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*.

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*.

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

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

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

* **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 assumptions 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 2014

	Long-term return expectation	Estimate return range	Sensitivity	2014		2013	
				Impact on surplus	Impact on funds	Impact on surplus	Impact on funds
				\$'000	\$'000	\$'000	\$'000
Australian Shares	9.7%	-15.0% 15.0%	-5.2% 24.8%	- 1,631	(855) 4,079	- 1,385	(726) 3,462
Australian Small Companies	10.2%	-18.0% 18.0%	-7.8% 28.2%	- 263	(182) 658	- 220	(143) 551
Australian Sovereign Bonds	5.4%	-3.5% 3.5%	1.9% 8.9%	17 82	44 204	17 77	41 194
Cash	5.3%	-1.0% 1.0%	4.3% 6.3%	81 119	204 298	66 96	164 241
Direct Property	8.9%	-10.0% 10.0%	-1.1% 18.9%	- 214	(31) 535	32 133	79 334
Emerging Market Debt (Unhedged)	7.4%	-12.0% 12.0%	-4.6% 19.4%	- 254	(150) 634	- 186	(107) 464
Emerging Markets Equity (Unhedged)	8.9%	-20.0% 20.0%	-11.1% 28.9%	- 273	(262) 682	- 317	(250) 792
Global Credit (Hedged)	6.1%	-5.0% 5.0%	1.1% 11.1%	17 171	42 428	15 155	38 388
Listed Infrastructure (Hedged)	7.8%	-13.0% 13.0%	-5.2% 20.8%	- 188	(118) 470	- 130	(69) 324
Listed Property (Global)	8.3%	-16.0% 16.0%	-7.5% 24.5%	- 273	(209) 684	- 235	(180) 588
Natural Resources	7.7%	-15.0% 15.0%	-7.3% 22.7%	- 186	(150) 466	- 170	(136) 424
Overseas Low Volatility	8.5%	-13.0% 13.0%	-4.5% 21.5%	- 328	(172) 820	- 285	(145) 711
Overseas Shares (Hedged)	8.6%	-16.0% 16.0%	-7.3% 24.7%	- 1,052	(777) 2,631	- 851	(628) 2,126
Overseas Shares (Unhedged)	8.3%	-15.0% 15.0%	-6.6% 23.4%	- 224	(158) 561	- 187	(132) 468
Overseas Small Companies	9.2%	-17.5% 17.5%	-8.3% 26.7%	- 375	(292) 939	- 309	(236) 772
Overseas Sovereign Bonds	5.5%	-3.5% 3.5%	2.0% 9.0%	15 66	37 165	14 62	34 155
Unlisted Infrastructure	8.3%	-7.0% 7.0%	1.3% 15.3%	15 176	37 439	27 134	68 335

(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 form 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 2014

(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, 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 2014.

(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 2014	\$'000
Investment financial assets	70,303
Land and buildings	13,926
Investment properties	440

Notes to the financial statements

For the year ended 30 June 2014

22. Fundraising activities

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

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

	2014	2013
	\$'000	\$'000
Gross proceeds from fundraising appeals (including bequests)	59,754	59,588
Total costs of fundraising appeals	(22,172)	(21,948)
Net surplus from fundraising appeals	37,582	37,640
Net margin from fundraising appeals	63%	63%

(b) Application of funds for charitable purposes

During the year, CCNSW achieved a net surplus of \$37,582,000 from fundraising appeals, a net surplus of \$724,000 from retail activities, \$980,000 from project grants, \$1,158,000 from other income and a net surplus of \$3,790,000 from investments. Surplus available to spend on research and support programs is \$44,234,000.

Surplus available to spend on CCNSW projects	44,234	43,973
Less:		
Cancer research	14,232	14,782
Regional program delivery (health campaigns and information and support services)	7,283	7,227
Advocacy and prevention	4,195	4,501
Cancer information services	1,696	1,696
Accommodation services	344	304
Multicultural information service	-	173
Supportive care	1,935	2,576
13 11 20 Information and Support	1,012	1,012
Cancer Council Connect	296	296
Practical support	954	953
Media, communication and marketing	3,452	3,317
Infrastructure and administration	6,135	6,043
	41,534	42,880
Net surplus to be spent on future CCNSW projects	2,700	1,093

Notes to the financial statements

For the year ended 30 June 2014

(c) Fundraising appeals conducted jointly with traders

Face-to-face and telemarketing donor acquisition, Seven Bridges Walk, the Mysterybox Rally and the Sh*tbox Rally	2014 \$'000	2013 \$'000
Revenue	15,631	14,038
Total payments to trader	(3,528)	(4,768)
Other direct expenses	(1,207)	(597)
Gross contribution	10,896	8,673
 Net margin from fundraising activities conducted with traders	 70%	 62%

(d) Fundraising appeals conducted during the year

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

Appeals conducted jointly with a trader: Face-to-face pledge appeal (Breakthrough), Mysterybox Rally, Sh*tbox Rally, Seven Bridges Walk

Fundraising events: Relay For Life, POSH Auction, Pink Ribbon events and Do It For Cancer

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 and In Memoriam donations

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

(e) Comparison of monetary figures and percentages

	2014 \$'000	2013 \$'000
Total cost of fundraising/Gross proceeds from fundraising	22,172/ 59,754 = 37%	21,948/ 59,588 = 37%
Net surplus from fundraising/Gross proceeds from fundraising	37,582/ 59,754 = 63%	37,640/ 59,588 = 63%
Total cost of services/Total expenditure	35,398/ 70,908 = 50%	36,837/ 71,733 = 51%
Total cost of services/Total revenue	35,398/ 73,498 = 48%	36,837/ 72,826 = 51%

Notes to the financial statements

For the year ended 30 June 2014

(f) Fundraising income by appeal/event

	2014 \$'000	2013 \$'000
Bequests		
Bequests	11,510	13,740
Events - involving sale of merchandise		
Daffodil Day	3,039	2,886
Pink Ribbon Day	1,237	1,351
Events - other		
Do It For Cancer	4,319	3,509
Pink Ribbon events	2,016	2,007
POSH Auction	975	938
Relay For Life	8,196	8,165
Appeals - conducted with a trader		
Face-to-face pledge appeal (Breakthrough)	13,227	12,798
Sh*tbox Rally	1,370	1,240
Appeals - other		
Australia's Biggest Morning Tea	4,566	4,486
Call to Arms	-	126
Direct mail appeals (Breakthrough)	2,328	2,378
Direct mail appeals (other)	4,216	3,064
Donations (other)	1,719	1,946
In Memoriam donations	461	394
Workplace Giving	575	560
Total fundraising income	59,754	59,588

END OF AUDITED FINANCIAL STATEMENTS

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the *ACNC Act 2012* (Cth), the Accounting Standards, the *ACNC Regulations 2013* 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 2(a) 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 2014 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

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Mr B Hodgkinson SC
Director

Sydney
28 October 2014



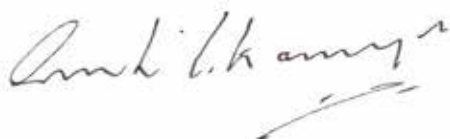
Ms Jill Boehm OAM
Director

Sydney
28 October 2014

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Jim L'Estrange, Chief Executive Officer of The Cancer Council NSW declare that in my opinion:

- a) the income statement gives a true and fair view of all income and expenditure of The Cancer Council NSW with respect to fundraising appeals; and
- b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- c) the provisions of the *Charitable Fundraising Act 1991* (NSW), 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.



Jim L'Estrange
Chief Executive Officer

Sydney

28 October 2014

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 statements of financial position as at 30 June 2014, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *ACNC Act 2012* 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.

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.

Independence

In conducting our audit, we have complied with the independence requirements of the *ACNC Act 2012*.



Basis for Qualified Opinion

We draw attention to Note 2(b) to the financial report which describes the revenue recognition policy of The Cancer Council NSW which has determination that it is impractical to establish control over the collection of cash receipts from fundraising prior to its entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to fundraising cash receipts had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the cash receipt revenue of The Cancer Council NSW is complete.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualification Opinion paragraph, the financial report of The Cancer Council NSW is in accordance with the *ACNC Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *ACNC Regulations 2013*.

Report on Other Legal and Regulatory Requirements

We also report that:

- (a) the financial statements show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2014, 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 2014;
- (c) money received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and
- (d) as 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

Paul Bull
Partner

Sydney, 28 October 2014

Commentary on statement of profit or loss and other comprehensive income

The result for the financial year ended 30 June 2014 was a surplus of \$2.7m compared with a budget deficit of \$4.5m. This result was achieved through most income streams reaching targeted levels and expenditure being less than planned across most areas.

Revenue

Total revenue was \$73.5m, being \$0.7m or 1.0% up on last year's revenue of \$72.8m, and 1.8% higher than the budget of \$72.2m.

Fundraising income increased by \$0.2m or 0.3% from last year (from \$59.6m to \$59.8m); however, fell 1.2% short of the budgeted target of \$60.5m.

Do It For Cancer (DIFC) was the standout performer, posting its sixth consecutive year of income growth, up on last year by \$0.8m or 23.1%. This result is attributed to a greater number of community fundraisers doing their own thing to raise funds, greater engagement with social media, and the continued success of the new DIFC website.

Relay For Life (RFL) income was similar to last year, but \$0.2m or 2.4% down on the budgeted target. This result is due to sustained fundraising across most areas of the state. A continued focus on monitoring and containing event costs saw the net income for RFL stabilise at \$5m, despite significant investment during the year on the new RFL website.

Bequest income decreased by \$2.2m or 16.2% from last year (from \$13.7m to \$11.5m); and fell short of the budget of \$12.0m by 4.2%. This result was due to the delayed settlement of two significant bequests.

Our face-to-face pledge appeal (Breakthrough) was up on last year by \$0.4m or 3.4%. This result is due to continued investment in new donor acquisitions during the year to maintain a strong foundation of regular giving income. The net return of this key income stream improved by \$1.3m or 16% in 2013/14, largely due to reduced expenditure.

Direct mail appeals were up on last year by \$1.1m or 20%. This great result is due to improved performance of several appeals.

Overall our established merchandise events held steady this year, with Daffodil Day meeting budget and showing promising growth on last year (5.3%). Pink Ribbon Day also met its budgeted target which was down on last year (-8.4%).

A more detailed commentary on the performance and challenges of these and other fundraising events and appeals can be found on pages 19 and 20 of our 2013/14 annual report.

Retail income increased by \$0.3m or 4.2% on last year (\$7.6m to \$7.9m). This result is \$0.2m or 3% higher than budget and is primarily attributed to a warmer summer season and a strengthened online presence.

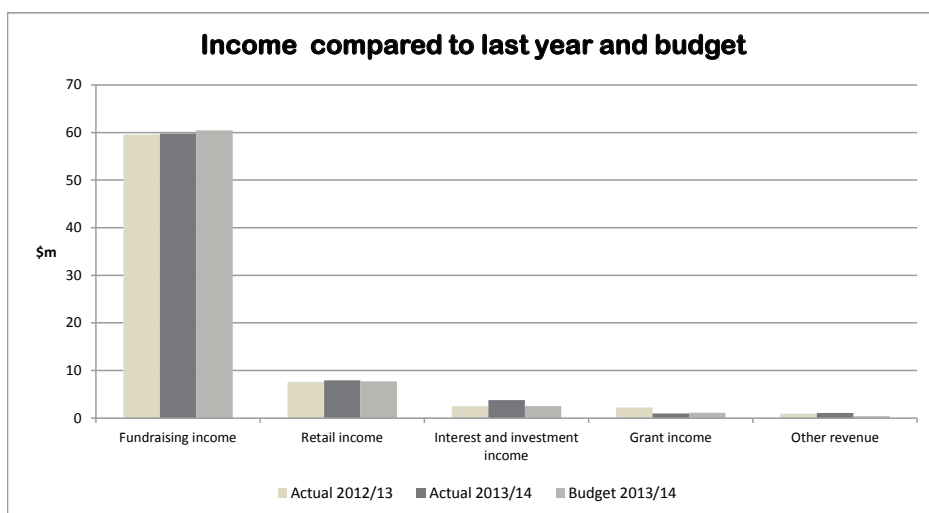
Interest and investment income increased this year by \$1.3m or 52% (\$2.5m to \$3.8m), primarily due to strong markets resulting in higher fund distributions than last year across most asset classes. This result is \$1.3m or 51% higher than budget.

Our investment portfolio delivered another outstanding year of capital returns with an unrealised gain of \$5.3m booked to reserves during the year. Combining income and capital yields for the year shows an impressive 14.5% return on our Investments.

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 decreased by \$1.2m or 54.5% from last year (\$2.2m to \$1.0m) primarily due to the completion of several significant grant projects in 2012/13. This result is \$0.1m or 12.8% lower than budget.

Other revenue increased by \$0.1m or 14.7% from last year (\$0.9m to \$1.0m) and was marginally higher than budget.



Expenditure

Total expenditure decreased by \$0.8m or 1.2% from last year (\$71.7m to \$70.9m). This result reflects a year of minor contraction in program spending and sustained investment in future fundraising revenue. Total expenditure was \$5.8m or 7.6% lower than budget of \$76.7m primarily due to lower spending in fundraising programs than budgeted, and the review of our Constituent Relationship Management System, with this project taking a different direction than originally planned.

Fundraising expenditure increased by \$0.2m or 0.9% from last year (\$21.9m to \$22.1m), this result is \$2.6m or 10.5% lower than budget, due largely to the change in direction of our Constituent Relationship Management System not requiring budgeted funds. Savings in expenditure were also achieved across the fundraising portfolio, most significantly in Relay for Life and Do It For Cancer.

Retail expenditure increased by \$0.3m or 4.3% from last year (\$6.9m to \$7.2m), in line with the increase in retail income. This result is \$0.4m or 5% higher than budget due to higher sales activity than expected.

Research expenditure decreased by \$0.6m or 4.1% from last year (\$14.8m to \$14.2m). This result is \$0.6m or 4.1% lower than budget, primarily due to delays in patient recruitment leading to lower expenditure than planned on several internal research projects.

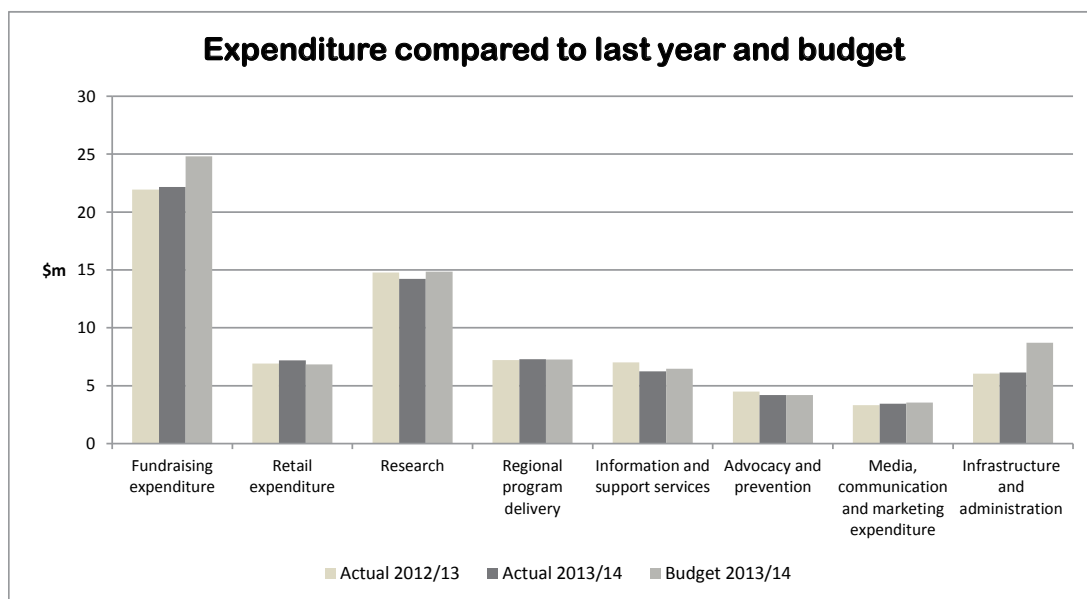
Regional program delivery expenditure increased by \$0.1m or 1.4% from last year (\$7.2m to \$7.3m). This result is \$0.3m or 4.1% higher than budget.

Cancer information and support services expenditure decreased by \$0.8m or 11.0% from last year (\$7.0m to \$6.2m). This reduction is primarily due to the restructure of this program area, reducing management costs, discontinuing some projects and merging the management together with advocacy and prevention into one strategic cancer programs division. This result is \$0.3m or 4.6% lower than budget.

Health advocacy and prevention expenditure decreased by \$0.3m or 6.7% from last year (\$4.5m to \$4.2m). This result was in line with budget.

Media, communication and marketing expenditure increased by \$0.2m or 4.1% from last year (\$3.3m to \$3.5m), with the continued investment in Cancer Council NSW's Masterbrand campaign to increase awareness and better engage the community in our work. This result is \$0.2m or 4.6% lower than budget.

Infrastructure and administration expenditure increased by \$0.1m or 1.5% from last year (\$6.0m to \$6.1m), This result is \$2.6m or 30% lower than budget, primarily due to lower than expected expenditure in Information Technology costs including Constituent Relationship 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 73 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 teams, 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 is 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 continually, and regularly benchmark our costs against other participants in the fundraising market and the *Charitable Fundraising Act (NSW)*. 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 56 communities during the year, involving more than 45,000 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 22 of our full financial report.

CCNSW's **infrastructure and administration 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 administration costs are all of the expenditure for the following Divisions and functions:

- Human Resources Division: recruitment, learning and development, performance planning, payroll and remuneration, workers compensation and other human resources services to our staff of 355 permanent employees, our casual employees and our 2,532 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 administration 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 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 \$8.1m or 9.0% from last year (\$90.3m to \$98.4m), with net assets increasing by \$8.0m or 9.7% (\$84.5m to \$92.5m). This increase is attributable to the surplus for the year (\$2.7m) together with the fair value gains on our managed funds (\$5.3m).

Cash and cash equivalents increased by \$1.8m or 38.8% from last year (\$4.6m to \$6.3m). This increase in cash levels is due to a multitude of factors and is best understood by reviewing the statement of cash flows and note 17 from the full financial report. 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 decreased by \$1.9m or 48.7% from last year (\$3.9m to \$2.0m). 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 increased by \$0.5m or 25.0% from last year (\$2.0m to \$1.5m). They include retail inventory for our eight retail stores and event merchandise for our merchandise fundraising events: Pink Ribbon Day and Daffodil Day. The reduction in inventory is primarily due to a focus on moving old merchandise stock, and reducing purchase levels of new stock.

Financial assets increased by \$10.4m or 17.3% from last year (\$59.9m to \$70.3m). This increase is primarily due to fair value gains on our managed funds, reinvestment of fund distributions and the top up of investments from surplus funds during the year, and is best explained in note 10 of the Full Financial Report.

Property, plant and equipment decreased by \$0.7m or 3.9% from last year (\$17.9m to \$17.2m). This decrease represents a year of restrained asset acquisitions and regular depreciation charges, with no major additions or disposals during the year.

Liabilities

Total liabilities increased by \$0.1m or 1.7% from last year (\$5.8m to \$5.9m).

Trade and other payables increased by \$0.1m or 3.1% from last year (\$3.2m to \$3.3m). This balance is for payments due to suppliers across all areas of the organisation, for work completed prior to 30 June 2014.

Provisions – employee benefits is comparable to last year's balance, with staff on average taking all of their four-week annual leave entitlement.

Funds

Total funds increased by \$8.0m or 9.5% from last year (\$84.5m to \$92.5m). This increase is attributed to the surplus for the financial year (\$2.7m), together with the fair value gains on our managed funds (\$5.3m).

Our restricted funds reserve, which forms part of this total fund balance, increased by \$0.1m or 1.7% from last year (\$6.0m to \$6.1m). 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 investments at fair value reserve increased by \$5.3m from last year (\$1.7m to \$7.0m). This increase represents the unrealised gains in the market value of our managed funds at 30 June 2014.

Our grants income reserve decreased by \$0.3m or 25% from last year (\$1.2m to \$0.9m).

Our asset revaluation reserve is \$3.6m and is unchanged from last year's balance, with no revaluations during the year.

Descriptions of the purpose and nature of these funds are found in the Statement of changes in funds, on page 13 of the full financial report.

This image shows a single sheet of bright yellow paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slightly textured appearance and is set against a dark background.



cancercouncil.com.au

153 Dowling Street
Woolloomooloo NSW 2011

feedback@nswcc.org.au
cancercouncil.com.au



facebook.com/cancercouncilnsw



twitter.com/cancercouncil



youtube.com/cancercouncilnsw1



@cancercouncil or #cancercouncil to show us yours



linkedin.com/company/cancer-council-nsw



pinterest.com/cancercouncil