



Full Financial Report 2014/2015

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Directors' Report

For the year ended 30 June 2015

The Directors of The Cancer Council NSW (CCNSW) present their report with respect to the results for the financial year ended 30 June 2015 and the state of CCNSW's affairs at that date.

Directors

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

Bruce Hodgkinson SC (Chair)
Stephen Ackland (until December 2014)
Michael Back (until December 2014)
Jill Boehm OAM (Deputy Chair) (until December 2014)
James Butler (from December 2014)
Mary Chiew
Lisa Horvath (from April 2015)
Paul Lahiff (until April 2015)
John Laker (from December 2014)
Joe McGirr (from December 2014)
Jeff Mitchell (from April 2015)
Mark Phillips (Deputy Chair) (from February 2015)
Stephen Roberts
John Stubbs (until December 2014)
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, and
- 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, and
- 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 2015

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 2014/2015*, where we outline more detail on each of the focus areas and their achievements in this financial year:

- research (pages 11–14);
- prevention (pages 15–18);
- information and support (pages 19–22);
- advocacy (pages 23–26); and
- fundraising (pages 27–30).

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; and
- trends in net returns from revenue programs.

Directors' Report

For the year ended 30 June 2015

The operational effectiveness of CCNSW work is measured by:

- coverage of target populations or settings with programs in cancer prevention and support;
- net income from fundraising and revenue streams;
- fundraising cost:income ratios, and infrastructure and investment expenditure ratios;
- the number of NSW people engaged as donors, volunteers, advocates and research participants; and
- 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 11–36 of CCNSW's *Annual Report 2014/2015* for summaries 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 2015 was \$81,079,000. In the same period, expenditure was \$71,717,000, leaving a surplus of \$9,362,000.

The main sources of revenue were: \$'000

Fundraising	67,378
Retail	7,338
Interest and investments	3,508
Grant income	1,709

The main areas of expenditure were:

Fundraising	22,025
Research	14,926
Regional program delivery	7,254
Information and support	5,260
Retail	6,881
Advocacy and prevention	4,620
Media, communication and marketing	3,065
Infrastructure and administration	7,686

Directors' Report

For the year ended 30 June 2015

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 2015, the number of members was 118 (2014: 48).

Directors' Report

For the year ended 30 June 2015

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. Retired December 2014.

Conjoint Professor, Faculty of Health, University of Newcastle
Staff Specialist, Medical Oncology, Calvary Mater Newcastle Hospital
Director, Hunter Cancer Research Alliance (HCRA)

Associate Professor Michael Back, FRANZCR

Member of the Governance Committee

First appointed to the Board in December 2011. Retired December 2014.

Director, Northern Sydney Cancer Centre

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. Retired December 2014.

Mr James Butler

Elected to the Board in December 2014.

Mr Butler has been an active volunteer for Cancer Council NSW for over 17 years, including roles as Chair of the Hills Relay For Life Committee, a trained Cancer Council NSW advocate and Chair of the Western Sydney Cancer Advocacy Network. As a two-time cancer survivor, he understands the need to influence decision-makers around key issues that affect cancer patients.

Mr Butler is currently Chair of Cancer Council NSW's Consumer Review Panel for research and the Hills Community Cancer Network. Outside of Cancer Council NSW, Mr Butler is an active consumer representative on cancer services committees in the Western Sydney Local Health District and he has owned a business for 25 years.

Ms Mary Chiew

Member of the Remuneration and Nomination Committee

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

Consultant

Directors' Report

For the year ended 30 June 2015

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, Acting Chair 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. Mr Hodgkinson 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 NSW.

Clinical Associate Professor Lisa Horvath MBBS, FRACP, PhD

Board Director Representative Cancer Research Committee

Appointed to the Board in April 2015.

Clinical Associate Professor Horvath is the Director of Medical Oncology and acting Director of Research at the Chris O'Brien Lifehouse. She completed medical school at the University of Sydney and trained in medical oncology at Royal Prince Alfred Hospital, where she was appointed to the senior staff in 2003. She completed her PhD in translational research at the Garvan Institute of Medical Research in 2004.

A/Prof Horvath's research interest is predominantly in the field of prostate cancer biomarkers and therapeutics. She is involved in a large number of clinical trials in prostate and colorectal cancers as well as Phase I trials and holds academic appointments at both the University of Sydney and the University of New South Wales and is the Head of Prostate Cancer Therapeutics at The Kinghorn Cancer Centre/Garvan Institute of Medical Research. She has also published more than 60 research papers in peer-reviewed journals in the last 15 years.

Directors' Report

For the year ended 30 June 2015

Mr Paul Lahiff BSc(Agr), FAIM

Member of the Investment Committee

Chair of the Investment Committee, Chair of the Remuneration and Nomination Committee. until April 2015.

First appointed to the Board in February 2007, reappointed February 2010 and February 2013. Resigned April 2015.

Dr John Laker AO, BEc(Hons 1) (Syd), MSc(Econ), PhD (London), Hon DSc (Syd)

Member of the Governance Committee

Elected to the Board in December 2014.

Dr Laker was Chairman of the Australian Prudential Regulation Authority (APRA), the regulator of the Australian financial services industry from 2003 to 2014. An economist by training, Dr Laker had an extensive career in the Reserve Bank of Australia prior to his appointment to APRA, holding senior positions in the economic, international and financial stability areas, both in Australia and London. He has also worked in the Commonwealth Treasury and the International Monetary Fund.

Currently, Dr Laker is a member of the Council of the University of Technology Sydney and the External Advisory Panel of the Australian Securities and Investments Commission (ASIC). He also lectures at the University of Sydney. Dr Laker was made an Officer of the Order of Australia in 2008 and has won other professional awards for his services to the regulation of the Australian financial system.

Associate Professor Joe McGirr MBBS, MHSM, FRACMA

Elected to the Board in December 2014.

Associate Professor McGirr is Associate Dean Rural of The University of Notre Dame Australia School of Medicine, Sydney. He has worked in clinical medicine and senior health administration in south west rural and regional NSW for more than 25 years. He originally practised clinically as a specialist in emergency medicine before making a career in health administration, becoming Chief Executive Officer of the Greater Murray Area Health Service and then Director of Clinical Operations for the Greater Southern Area Health Service. He is a fellow of the Australasian College for Emergency Medicine and the Royal Australasian College of Medical Administrators. He has been a member of the Western Regional Advisory Committee of Cancer Council NSW since 2011.

Mr Jeff Mitchell MBA, GAICD

Member of the Audit and Finance Committee

Appointed to the Board in April 2015.

Mr Mitchell has over 35 years' experience in the financial services industry and was most recently a member of the Group Executive team at Westpac with responsibility for strategy implementation. He was Managing Director of Corporate & Institutional Banking at Westpac and has held senior executive roles across the breadth of institutional banking at National Australia Bank that include General Manager Global Markets, General Manager Asia and General Manager UK & Europe.

Directors' Report

For the year ended 30 June 2015

Mr Mitchell is currently involved in business advisory, leadership coaching, mentoring and non-executive directorships.

Mr Mark Phillips BCom(Hons), MCom, FAICD

Member of the Audit and Finance Committee, Chair of the Investment Committee and Deputy Chair of the Board (appointed February 2015)

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.

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. Retired December 2014.

Chief Executive Officer, CanSpeak

Ms Melanie Trethowan MB (Marketing)

Member of the Audit and Finance Committee

First elected to the Board in December 2008, re-elected December 2011 and December 2014.

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 a graduate of the Australian Rural Leadership Program, Australian Institute of Company Directors and is a Vincent Fairfax Fellow. Since 1996, she has operated a marketing and project consultancy business based in Mudgee.

Directors' Report

For the year ended 30 June 2015

Company Secretary

Ms Angela Aston JP, CSA(Cert) (until December 2014).

Ms Louisa Fitz-Gerald (from 19 December 2014).

Ms Catherine Maxwell (from 14 July 2015).

Directors' benefit

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

Meetings of Directors/Committees:

	Full meetings of Directors		Audit and Finance Committee		Investment Committee		Governance Committee		Remuneration and Nomination Committee		Cancer Research Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
S Ackland ¹	2	3	*	*	*	*	*	*	*	*	3	5
M Back ¹	1	2	*	*	*	*	0	2	*	*	*	*
J Boehm ¹	2	3	2	2	*	*	2	2	*	*	*	*
J Butler ²	2	2	*	*	*	*	*	*	*	*	*	*
M Chiew	5	5	*	*	*	*	*	*	4	4	*	*
B Hodgkinson	5	5	*	*	*	*	4	4	3	4	*	*
L Horvath ³	0	0	*	*	*	*	*	*	*	*	1	1
P Lahiff ⁴	4	4	*	*	5	5	*	*	3	3	*	*
J Laker ^{2,5}	2	2	*	*	*	*	2	2	*	*	*	*
J McGirr ²	2	2	*	*	*	*	*	*	*	*	*	*
J Mitchell ^{3,6}	0	0	2	3	*	*	*	*	*	*	*	*
M Phillips ^{7,8}	5	5	5	5	1	1	*	*	*	*	*	*
S Roberts	5	5	5	5	*	*	*	*	*	*	*	*
J Stubbs ¹	0	3	*	*	*	*	*	*	*	*	*	*
M Trethowan	5	5	4	5	*	*	*	*	*	*	*	*

¹ Retired December 2014

² Elected December 2014

³ Appointed April 2015

⁴ Resigned April 2015

⁵ Appointed to Governance Committee February 2015

⁶ Appointed to Audit and Finance Committee October 2014

⁷ Appointed Deputy Chair February 2015

⁸ Appointed Chair of Investment Committee April 2015

A = Number of meetings attended

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

* = Not a member of the relevant Committee

Directors' Report

For the year ended 30 June 2015

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 \$15,100 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

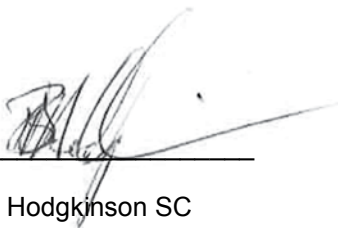
No person has applied to the Court for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court.

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 as auditor and this report is made in accordance with a resolution of Directors.



Mr B Hodgkinson SC
Director

Sydney

27 October 2015



Mr Mark Phillips
Director

Sydney

27 October 2015

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue			
Fundraising income	3,22	67,378	59,754
Retail Income	3	7,338	7,926
Interest and investment income	3	3,508	3,790
Grant income	3	1,709	980
Other income	3	1,066	1,048
Total revenue		80,999	73,498
Increase in fair value of investment property	10	80	110
Total income		81,079	73,608
Expenses			
Fundraising expenditure		22,025	22,172
Retail expenditure		6,881	7,202
Research expenditure		14,926	14,232
Regional program delivery		7,254	7,283
Information and support services		5,260	6,237
Advocacy and prevention		4,620	4,195
Media, communication and marketing expenditure		3,065	3,452
Infrastructure and administration		7,686	6,135
Total expenses		71,717	70,908
Surplus before income tax expense		9,362	2,700
Income tax expense	2 (c)	-	-
Surplus for the year		9,362	2,700
Other comprehensive income			
Items that will not be reclassified subsequently to surplus or deficit			
Increase/(decrease) in investments at fair value through other comprehensive income	11 (b)	2,676	5,326
Total comprehensive income for the year		12,038	8,026

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 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	9,998	6,316
Trade and other receivables	8	2,100	1,996
Inventories	9	1,133	1,517
Financial assets	11	129	-
Total current assets		13,360	9,829
Non-current assets			
Investment properties	10	580	440
Financial assets	11	80,737	70,303
Intangible assets	12	744	690
Property, plant and equipment	13	23,709	17,164
Total non-current assets		105,770	88,598
TOTAL ASSETS		119,130	98,427
Liabilities			
Current liabilities			
Trade and other payables	14	4,746	3,296
Provisions - employee benefits	15	2,269	1,906
Total current liabilities		7,015	5,202
Non-current liabilities			
Provisions - employee benefits	15	527	745
Total non-current liabilities		527	745
TOTAL LIABILITIES		7,542	5,947
NET ASSETS		111,588	92,479
Funds			
General funds		90,015	73,721
Restricted funds reserve	21	9,884	7,361
Investments at fair value reserve		(380)	6,962
Grant income reserve	3	1,427	860
Asset revaluation reserve		10,642	3,575
TOTAL FUNDS		111,588	92,479

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

An error impacting on the prior year reserves has been identified and corrected via a prior year adjustment. See note 21 for more detail

Statement of changes in funds

For the year ended 30 June 2015

	General funds \$'000	Restricted funds reserve \$'000	Investments at fair value reserve \$'000	Grant income reserve \$'000	Asset revaluation reserve \$'000	Total funds \$'000
Opening balance as at 1 July 2013 (restated)	71,198	6,842	1,636	1,202	3,575	84,453
Transfer to/(from) reserves	(177)	519	-	(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	73,721	7,361	6,962	860	3,575	92,479
Opening balance as at 1 July 2014 (restated)	73,721	7,361	6,962	860	3,575	92,479
Transfer to/(from) reserves	6,932	2,523	(10,018)	567	7,067	7,071
Surplus for the year	9,362	-	-	-	-	9,362
Other comprehensive income for the year	-	-	2,676	-	-	2,676
Total comprehensive income for the year	9,362	-	2,676	-	-	12,038
Closing balance as at 30 June 2015	90,015	9,884	(380)	1,427	10,642	111,588

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.

An error impacting on the prior year reserves has been identified and corrected via a prior year adjustment. See note 21 for more detail

Statement of cash flows

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from supporters and funding sources (inclusive of GST)		75,524	70,212
Receipts from grant funding		1,709	980
Dividends, franking credits and interest received		497	421
		77,730	71,613
Payments to suppliers and employees (inclusive of GST)		(67,922)	(68,423)
		(67,922)	(68,423)
Net cash inflow from operating activities	17	9,808	3,190
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		184	66
Proceeds from sale of financial assets		39,443	-
Payments for purchase of held-to-maturity investments		(129)	-
Proceeds from sale of investment properties		-	880
Payments for purchase of investments at fair value through other comprehensive income		(44,343)	(1,500)
Payments for purchase of intangible assets		(230)	(139)
Payments for purchase of property, plant and equipment		(1,052)	(733)
Net cash inflow from investing activities		(6,127)	(1,426)
Net increase in cash and cash equivalents		3,682	1,764
Cash and cash equivalents at beginning of year		6,316	4,552
Cash and cash equivalents at end of year	7	9,998	6,316

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 2015

1. Introduction

This financial report covers The Cancer Council NSW (CCNSW) as an individual entity for the year ended 30 June 2015. 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 27 October 2015. 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 2015

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

The amount of the impairment loss is recognised in the surplus or deficit within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes 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 2015

(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 2015

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 11.

(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 two properties which are held for capital appreciation and/or rental yields and is 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.

Intangible assets 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 2015

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 2015

(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 association operations

The proportionate interests in the assets, liabilities, revenue and expenses of joint association activities have been incorporated in the financial statements under the appropriate headings. Details of the joint association 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 2015

(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.

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 the consolidated entity:

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
CCNSW has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

CCNSW has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following relevant standards: AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity.

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 the company for the annual reporting period ended 30 June 2015. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance

Notes to the financial statements

For the year ended 30 June 2015

obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. CCNSW will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the company.

(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 at 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.

(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.

(u) 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 2015

	2015 \$'000	2014 \$'000
3. Revenue		
Fundraising income		
Bequests	20,694	11,510
Events - involving sale of merchandise	4,162	4,276
Events - other	12,819	15,506
Appeals and events - conducted with a trader	15,434	14,597
Appeals other	14,269	13,865
	67,378	59,754
Retail Income		
Sale of goods	7,338	7,926
	7,338	7,926
Interest and investment income		
Interest	200	168
Managed funds distributions	3,011	3,369
Imputation credits received	297	253
	3,508	3,790
Grant income		
AMP Foundation - AMP grant	100	100
Cancer Australia - Supporting people with cancer	-	8
Cancer Council Queensland - Mindfulness study	27	37
Cancer Institute NSW - Data linkage	-	22
Cancer Institute NSW - Evidence To practice grant	-	15
Cancer Institute NSW - Youth campaign	-	29
Cancer Institute NSW - Implementation of TTP among Aboriginal families	9	35
Commonwealth Bank community grant	-	9
Gilead Sciences Pty Ltd - GILEAD grant	-	10
Good Shepherd Microfinance - No-interest loan grant	7	4
NHMRC - Fellowship Smith	63	77
NHMRC - Fellowship Yu	-	25
NHMRC - Infrastructure support scheme	15	19
NHMRC - Partnership grant	42	35
NSW Department of Health - Hepatitis B resource development	-	7
NSW Department of Ageing, disability and home care (Carers)	62	60
NZ Health Ministry - Hepatitis B nurse educator grant	-	53
Prostate Cancer Foundation of Australia - Prevalence	-	52
Prostate Cancer Foundation of Australia - Prostate cancer guidelines	92	64
The Health Administration Corporation - Eat It To Beat It	-	68
University of Sydney - Bladder cancer	30	55

Notes to the financial statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Tour de Cure - Cancer awareness evening and school healthy eating	-	7
University of Sydney - Rekindle - Sexuality after cancer	55	50
The Dry July Foundation - Inala House accommodation grant	23	80
Western Sydney and Nepean Blue Mountains Local Health District- Eat It To Beat It	54	59
Prostate modelling	244	-
Cancer Institute NSW – Men’s 50+ skin cancer prevention campaign	150	-
Victorian Cytology Service - Compass pilot grant	105	-
NZ Consultancy HPV Testing modelling	61	-
Next Gen HPV modelling	91	-
Lynch grant	82	-
Colorectal cancer screening modelling	6	-
Cancer prevention screening strategies evaluation CDF grant	32	-
Data modelling/Analysis for cancer screening & immunisation	25	-
Alcohol & cancer resources development grant	10	-
Supporting people with cancer grant	111	-
Cancer Institute NSW - Hep B hotter west funding grant	84	-
Cancer Institute NSW - Transport to treatment grant	60	-
Tackling tobacco delivery	25	-
Healthy living after cancer grant	36	-
Warrarah 2 Coal Project - Community foundation grant	8	-
	1,709	980

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 \$1,427,089 have been included in revenue and held in reserves at 30 June 2015.

	Opening Balance 1 July 2014 \$'000	Receipts 2015 \$'000	Interest 2015 \$'000	Payments 2015 \$'000	Closing Balance 30 June 2015 \$'000
Health promotion grants	404	794	-	(690)	508
Contract research grants	456	915	-	(452)	919
	860	1,709	-	(1,142)	1,427

Notes to the financial statements

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Other revenue		
Accommodation fees	319	388
Account management charge	97	58
Gain on disposal of property, plant and equipment	27	27
Membership fees	1	1
Patient transport	36	46
Project contributions received	446	498
Sponsorship income	-	30
Registration fees	140	-
	1,066	1,048
Total revenue	80,999	73,498

4. Expenses

Surplus before income tax includes the following specific expenses:

Employee benefits expense	30,277	30,275
Depreciation		
Building	286	284
Leasehold improvements	282	303
Office furniture and equipment	561	627
Motor vehicles	288	269
	1,417	1,483
Rent expense relating to operating leases	2,097	2,029
Direct operating expenses from investment property	1	1
	2015	2014
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 ACNC Act 2012 (Cth)	51,000	49,500
Other assurance services- audit of regulatory statements	5,500	-
Total remuneration for assurance services	56,500	49,500

Notes to the financial statements

For the year ended 30 June 2015

6. Commitments

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

	1 year or less	Over 1 to 5 years	Total
	\$'000	\$'000	\$'000
Research grant commitments			
Research Project Grants	4,762	4,111	8,873
Research Program Grants	900	-	900
Strategic Research Partnership grants	1,726	2,333	4,059
Priority-driven Collaborative Cancer Research Scheme	180	219	399
45 and Up Study	400	1,400	1,800
Total research grant commitments	7,967	8,064	16,031
Rental lease commitments	1,629	3,733	5,361
Total commitments	9,596	11,797	21,393

The total commitments above include input tax credits of \$1,944,818 that are expected to be recoverable from the Australian Taxation Office.

	2015	2014
	\$'000	\$'000
7. Cash and cash equivalents		
Cash on hand	15	16
Cash at bank	9,983	6,300
	9,998	6,316

As at balance date, cash at bank was earning interest of 2.57% p.a.

8. Trade and other receivables

Trade receivables	1,458	1,210
Provision for impairment of trade receivables	(2)	(7)
GST receivable	442	370
Interest receivable	1	4
Prepayments	201	419
	2,100	1,996

Notes to the financial statements

For the year ended 30 June 2015

(a) Ageing of trade receivables and impairment

	Gross \$'000	Impairment \$'000
At 30 June 2015		
Not past due	1,408	-
Past due 0-30 days	41	-
Past due 0-30 days	7	-
Past due 60-90 days	2	2
	1,458	2
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

(b) Movement in the provision for impairment of receivables

	2015 \$'000	2014 \$'000
Opening balance 1 July	(7)	(3)
Additional provision	-	(8)
Unused amount reversed	5	4
Closing balance 30 June	(2)	(7)

(c) Credit risk and interest rate risk

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

9. Inventories

Goods held for resale	1,133	1,517
	1,133	1,517

10. Investment property

At fair value	580	440
	580	440

Notes to the financial statements

For the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
(a) Movement in investment property		
Opening balance 1 July	440	1,210
Additional property received from a bequest	60	-
Disposal of bequested property	-	(880)
Increase in fair value of investment property	80	110
Closing balance 30 June	580	440

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

CCNSW was bequeathed one investment property currently under life tenancy, and one third of a second property which is to be sold in 2015-16. The direct operating expenses for investment property totalled \$1,000 for the year (2014: \$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.

11. Financial assets

Current assets

Term deposits		
Held-to-maturity investments	129	-
	129	-

Non-current assets

Financial Assets - Managed Funds	80,737	70,303
	80,737	70,303

(a) Managed funds

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

(b) Movement in investments

Opening balance 1 July	70,303	59,942
Additions	47,353	5,035
Increase/(decrease) in fair value of managed funds	2,676	5,326
Disposals	(39,595)	-
Closing balance 30 June	80,737	70,303

Notes to the financial statements

For the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
(c) Investment at the end of the financial year were as follows:		
Australian Shares (tax exempt)	19,079	16,446
Australian Small Companies Fund	3,750	2,332
Australian Sovereign Bonds	3,706	2,294
Cash Fund	22,453	4,734
Direct Property Fund	3,875	2,829
Emerging Market Debt Fund	-	2,358
Emerging Markets Fund	-	3,268
Global Credit Fund	7,365	3,860
Listed Infrastructure Fund	-	2,261
Listed Property (Global)	-	2,791
Natural Resources Fund	-	2,051
Overseas Low Volatility Fund	-	3,812
Overseas Shares (Hedged)	-	10,650
Overseas Shares (Unhedged)	15,434	2,397
Overseas Small Companies Fund	-	3,515
Overseas Sovereign Bonds	1,985	1,837
Unlisted Infrastructure Fund	3,090	2,868
	80,737	70,303

(d) Risk management

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

12. Intangible assets (computer software)

Opening balance 1 July	690	723
Additions	229	139
Disposals	-	(35)
Amortisation	(175)	(137)
Closing balance 30 June	744	690

Notes to the financial statements

For the year ended 30 June 2015

13. 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 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

Year ended 30 June 2015

Opening net book amount	4,345	9,581	727	1,683	828	17,164
Additions	-	-	101	534	417	1,052
Revaluation increment/(decrement)	3,660	3,407	-	-	-	7,067
Disposals	-	-	-	-	(157)	(157)
Depreciation expense	-	(286)	(282)	(561)	(288)	(1,418)
Closing net book amount	8,005	12,702	546	1,656	800	23,709

At 30 June 2015

Cost or fair value	8,005	12,891	1,737	5,903	1,464	30,000
Accumulated depreciation	-	(189)	(1,191)	(4,247)	(664)	(6,291)
Net book amount	8,005	12,702	546	1,656	800	23,709

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 2015, 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 2015

	2015	2014
	\$'000	\$'000
14. Trade and other payables		
Trade creditors	2,309	2,833
Accruals	2,437	463
	4,746	3,296

15. Provisions - employee benefits

	Current liability	Non-current liability
	\$'000	\$'000
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

Year ended 30 June 2015

Opening balance 1 July 2014	1,906	745
Additional provisions recognised/(unused amounts reversed)	1,888	(218)
Employee benefits taken	(1,525)	-
Closing balance 30 June 2015	2,269	527

	2015	2014
	\$'000	\$'000
16. Contingent liabilities		
Bank guarantees in respect of operating leases	129	110
	129	110

Notes to the financial statements

For the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
17. Reconciliation of surplus/(deficit) after income tax to net cash inflow from operating activities		
Surplus for the year	9,362	2,700
Depreciation	1,417	1,483
Amortisation	175	137
Non-cash managed fund distributions	(3,010)	(3,369)
Non-cash financial assets received	156	(169)
Non-cash investment property received	(60)	-
Net (gain) on sale of property, plant and equipment	(27)	(30)
Net loss on disposal of intangibles	-	35
(Increase) in fair value of investment property	(80)	(110)
(Increase)/decrease in trade and other receivables	(104)	1,950
Decrease in inventories	385	464
Decrease in provisions	145	50
Decrease in trade payables	1,450	48
Total cash inflows from operating activities	9,808	3,190

18. Key management personnel

(a) Directors

The following persons were Directors of CCNSW during the year:

Stephen Ackland (to December 2014)

Michael Back (to December 2014)

Jill Boehm (Deputy Chair) (to December 2014)

Mary Chiew

Bruce Hodgkinson SC (Chair)

Paul Lahiff (to April 2015)

Mark Phillips (Deputy Chair) (from February 2015)

Stephen Roberts

John Stubbs (to December 2014)

James Butler (from December 2014)

John Laker (from December 2014)

Joe McGirr (from December 2014)

Jeff Mitchell (from April 2015)

Lisa Horvath (from April 2015)

Melanie Trethowan

Notes to the financial statements

For the year ended 30 June 2015

Remuneration of Directors

Board Directors received no remuneration from CCNSW during the year.

(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
Sandra Simm	Divisional Director, Corporate Services and Chief Financial Officer
Merewyn Partland	Divisional Director, Community Engagement and Program Delivery
Julie Callaghan	Divisional Director, Organisational Integration and Performance
Trudi Mitchell	Divisional Director, Marketing and Communications (resigned 17 July 2015)
Freddy Sitas	Divisional Director, Cancer Research (resigned 27 March 2015)
Karen Canfell	Divisional Director, Cancer Research (appointed 21 March 2015)
Kathy Chapman	Divisional Director, Cancer Programs
Fiona Fahey	Divisional Director, Human Resources
Branko Ceran	Chief Information Officer (appointed July 1 2014)

Other key management personnel compensation

	2015	2014
	\$'000	\$'000
Annual remuneration and benefits	2,110	2,031
	2,110	2,031

(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 \$3,873,638 during the year ended 30 June 2015 for membership fees and national merchandise purchases. CCNSW also received distributions of \$3,260,097 from CCA for the NSW share of national fundraising campaigns.

19. Events after reporting period

CCNSW are 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 2015

20. Interests in joint associations

CCNSW has entered into two joint associations 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 association operations and is entitled to a 50% share of their output.

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

	2015	2014
	\$'000	\$'000
Current assets		
Cash and cash equivalents	1,146	1,012
Trade and other receivables	35	47
Total current assets	1,181	1,059
Non-current assets		
Property, plant and equipment	1,363	1,417
Total non-current assets	1,363	1,417
Total assets	2,544	2,476
Current liabilities		
Trade and other payables	32	18
Total current liabilities	32	18
Total liabilities	32	18
Share of net assets employed in joint venture	2,512	2,458
Revenue		
Accommodation fees	324	333
Interest	33	58
Total revenue	357	391
Expenditure		
Staff	135	148
Operational	168	158
Total expenses	303	306
Surplus/(deficit) before income tax	54	85

Notes to the financial statements

For the year ended 30 June 2015

21. Correction of restricted funds reserve

During the year a review of our restricted funds reserve process uncovered an issue with the data capture and reporting for some categories of restricted income within the Special Events Database (SEDB).

The restricted funds reserve relates to bequests and donations received by CCNSW with a purpose specified in the bequest or by the donor. These funds are held in the restricted funds reserve until spent appropriately in accordance with the donors' instructions. The SEDB system used to record and reconcile restricted reserves to the general ledger had an error within the report criteria used to extract the required information. This resulted in the finance team recording and reporting an incorrect position of restricted funds annually in the financial statements for the past three years which amounted to an understatement of the Restricted funds reserve of \$1.255m.

	2012 \$'000	2013 \$'000	2014 \$'000
Opening balance restricted funds reserve	8,421	6,538	6,036
Restricted use funds received	21,204	21,188	19,619
Restricted use expenditure	(23,087)	(21,691)	(19,549)
Closing balance	6,538	6,036	6,106
Correct balance required in reserve	6,783	6,842	7,361
Additional restricted income not recorded	245	561	449
% of total	1.2%	2.6%	2.3%

An accounting adjustment is required to correct the issue, and ensure the integrity of our restricted reserve balances reported to our supporters. The following discloses the impact of the correction of this error on the comparative financial information for the year ended 30 June 2014.

Statement of Financial position/Statement of changes in funds

	2014 Unadjusted for error \$'000	Adjustments for error \$'000	2014 Adjusted for error restated \$'000
General fund	74,976	(1,255)	73,721
Restricted funds reserve	6,106	1,255	7,361
Investments at fair value reserve	6,962	-	6,962
Grant income reserve	860	-	860
Asset revaluation reserve	3,575	-	3,575
Total funds	92,479	-	92,479

Notes to the financial statements

For the year ended 30 June 2015

22. 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:

	2015	2014
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	9,998	6,316
Trade and other receivables	1,456	1,203
Available-for-sale financial assets	80,737	70,303
Total financial assets	92,191	77,822
Financial liabilities		
Trade and other payables	4,746	3,296
Total financial liabilities	4,746	3,296

(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 2015, CCNSW's investments can be classified into 9 categories. They are Australian Shares (24%), Overseas Shares (Unhedged) (19%), Australian Sovereign Bonds (4%), Overseas Sovereign Bonds (2%), Australian Small Companies (5%), Global Credit (9%), Unlisted Infrastructure (4%), Unlisted Australian Property (5%) and Cash (28%). Below is a description of each fund type.

Notes to the financial statements

For the year ended 30 June 2015

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*.

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

Overseas Shares (Unhedged) Fund - invests in overseas shares 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 2015

				2015		2014	
	Long-term return expectation	Estimate return range	Sensitivity	Impact on surplus \$'000	Impact on funds \$'000	Impact on surplus \$'000	Impact on funds \$'000
Australian Shares	9.7%	-17.5%	-7.8%	-	(1,488)	-	(855)
		17.5%	27.2%	2,076	5,189	1,631	4,079
Australian Small Companies	10.1%	-20.2%	-10.1%	-	(379)	-	(182)
		20.2%	30.3%	455	1,136	263	658
Australian Sovereign Bonds	3.9%	-4.7%	-0.8%	-	(30)	17	44
		4.7%	8.6%	127	319	82	204
Cash Fund	4.1%	-1.2%	2.9%	260	651	81	204
		1.2%	5.3%	476	1,190	119	298
Direct Property	7.6%	-9.6%	-2.0%	-	(78)	-	(31)
		9.6%	17.2%	267	667	214	535
Emerging Market Debt (Unhedged)	7.4%	-12.0%	-4.6%	-	-	-	(150)
		12.0%	19.4%	-	-	254	634
Emerging Markets Equity (Unhedged)	8.9%	-20.0%	-11.1%	-	-	-	(262)
		20.0%	28.9%	-	-	273	682
Global Credit (Hedged)	6.1%	-5.0%	1.1%	32	81	17	42
		5.0%	11.1%	327	818	171	428
Listed Infrastructure (Hedged)	7.8%	-13.0%	-5.2%	-	-	-	(118)
		13.0%	20.8%	-	-	188	470
Listed Property (Global)	8.3%	-16.0%	-7.5%	-	-	-	(209)
		16.0%	24.5%	-	-	273	684
Natural Resources	7.7%	-15.0%	-7.3%	-	-	-	(150)
		15.0%	22.7%	-	-	186	466
Overseas Low Volatility	8.5%	-13.0%	-4.5%	-	-	-	(172)
		13.0%	21.5%	-	-	328	820
Overseas Shares (Hedged)	8.6%	-16.0%	-7.3%	-	-	-	(777)
		16.0%	24.7%	-	-	1,052	2,631
Overseas Shares (Unhedged)	8.3%	-15.0%	-6.6%	-	(1,127)	-	(158)
		15.0%	23.4%	1,525	3,812	224	561
Overseas Small Companies	9.2%	-17.5%	-8.3%	-	-	-	(292)
		17.5%	26.7%	-	-	375	939
Overseas Sovereign Bonds	3.7%	-4.5%	-0.8%	-	(16)	15	37
		4.5%	8.2%	65	163	66	165
Unlisted Infrastructure	7.7%	-8.8%	-1.1%	-	(34)	15	37
		8.8%	16.5%	204	510	176	439

Notes to the financial statements

For the year ended 30 June 2015

(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 8 for details on trade receivables).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to meet obligations as they fall due. CCNSW manages liquidity risk by monitoring quarterly forecasts of income, 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 2015.

(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 2015	\$'000
Investment financial assets	80,737
Land and buildings	20,708
Investment properties	580

Notes to the financial statements

For the year ended 30 June 2015

23. 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

	2015	2014
	\$'000	\$'000
Gross proceeds from fundraising appeals (including bequests)	67,378	59,754
Total cost of fundraising appeals	(22,025)	(22,172)
Net surplus from fundraising appeals	45,353	37,582
Net margin from fundraising appeals	67%	63%

(b) Application of funds for charitable purposes

During the year, CCNSW achieved a net surplus of \$45,353,000 from fundraising appeals, a net surplus of \$457,000 from retail activities, \$1,709,000 from project grants, \$1,146,000 from other income and a net surplus of \$3,508,000 from investments. Surplus available to spend on research and support programs is \$52,173,000.

Surplus available to spend on CCNSW projects	52,173	44,234
Less:		
Cancer research	14,926	14,232
Regional program delivery (health campaigns and information and support services)	7,254	7,283
Advocacy and prevention	4,620	4,195
Cancer information services	1,144	1,696
Accommodation services	383	344
Supportive care	1,974	1,935
13 11 20 Information and Support	492	1,012
Cancer Council Connect	292	296
Practical support	975	954
Media, communication and marketing	3,065	3,452
Infrastructure and administration	7,686	6,135
	42,811	41,534
Net surplus to be spent on future CCNSW projects	9,362	2,700

Notes to the financial statements

For the year ended 30 June 2015

(c) Fundraising appeals conducted jointly with traders*

Face-to-face and telemarketing donor acquisition, Seven Bridges Walk, the Mysterybox Rally and the Shitbox Rally	2015 \$'000	2014 \$'000
Revenue	15,434	15,631
Total payments to trader	(2,763)	(3,528)
Other direct expenses	(872)	(1,207)
Gross contribution	11,799	10,896
Net margin from fundraising activities conducted with traders	76%	70%

(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, Shitbox 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

	2015 \$'000	2014 \$'000
Total cost of fundraising/Gross proceeds from fundraising	22,025/ 67,378 = 33%	22,172/ 59,754 = 37%
Net surplus from fundraising/Gross proceeds from fundraising	45,353/ 67,378 = 67%	37,582/ 59,754 = 63%
Total cost of services/Total expenditure	35,125/ 71,717 = 49%	35,398/ 70,908 = 50%
Total cost of services/Total revenue	35,125/ 80,999 = 43%	35,398/ 73,498 = 48%

* a trader is a person who conducts a fundraising appeal partly for their own benefit.

Notes to the financial statements

For the year ended 30 June 2015

(f) Fundraising income by appeal/event

	2015	2014
	\$'000	\$'000
Bequests		
Bequests	20,694	11,510
Events - involving sale of merchandise		
Daffodil Day	3,137	3,039
Pink Ribbon Day	1,025	1,237
Events - other		
Do It For Cancer	3,894	3,234
Move Over Cancer	410	50
Pink Ribbon events	1,754	2,016
POSH Auction	1,152	975
Relay For Life	5,609	8,196
Appeals - conducted with a trader		
Face-to-Face pledge appeal (Breakthrough)	12,966	13,227
Shitbox Rally and Mystery Box Rally	1,840	1,812
Seven Bridges Walk	628	592
Appeals - other		
Australia's Biggest Morning Tea	4,767	4,566
Direct mail appeals (Breakthrough)	2,316	2,328
Direct mail appeals (other)	4,867	4,216
Donations (other)	1,388	1,719
In Memoriam donations	300	461
Workplace Giving	631	576
Total fundraising income	67,378	59,754

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 give a true and fair view of the consolidated entity's financial position as at 30 June 2015 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
27 October 2015



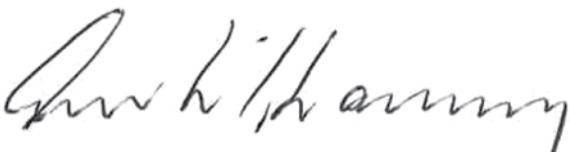
Mr Mark Phillips
Director

Sydney
27 October 2015

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
27 October 2015

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 2015, 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 responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the responsible entities 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.

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 Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 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 2015, 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 2015;
- (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, 27 October 2015

Commentary on statement of profit or loss and other comprehensive income

The result for the financial year ended 30 June 2015 was a surplus of \$9.4m compared with a budgeted surplus of \$1.4m. The result was achieved through most income streams reaching targeted levels, bequests far exceeding expectations, and expenditure being less than planned across most areas.

Revenue

Total revenue was \$81.0m, being \$7.5m or 10.2% up on last year's revenue of \$73.5m, and 4.9% higher than the budget of \$77.2m.

Fundraising income increased by \$7.6m or 12.8% from last year (from \$59.8m to \$67.4m), and was 6.5% higher than the budget target of \$63.3m.

Bequest income was the standout performer reaching a record level of \$20.7m. This was \$9.1m or 79.8% higher than last year, and \$7.7m or 59.3% higher than budget. The result was largely due to receiving six substantial bequests above \$1.0m.

Do It For Cancer (DIFC) posted its seventh consecutive year of income growth, up on last year by \$0.7m or 20.4%. The result is attributable 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 DIFC website.

Relay For Life (RFL) income was down compared to last year by \$2.6m, 31.6%, and down on budget by \$2.7m, 32.7%. The reduction was mainly due to the cancellation of major RFLs either due to weather, poor participation, lower fundraising levels and also engagement issues with the new website.

Our face-to-face pledge appeal (Breakthrough) was down on last year by \$0.3m or 2.0%. The result was due to a declining donor pool of regular givers. At Jun 30, the year to date (YTD) total number of donors was 31,243, compared to 33,464 last year. The shortfall was partly offset by a new acquisition campaign for regular giving.

Direct mail appeals were up on last year by \$0.6m or 9.8% and included a record income level of \$1.0m for the tax appeal.

Overall our established flagship events were slightly down this year, with Daffodil Day falling just short of budget (2.0%) while still showing growth on last year (3.2%). Pink Ribbon Day also fell short of its budgeted target, being down on last year (-17.1%).

A more detailed commentary on the performance and challenges of these and other fundraising events and appeals can be found on Pages 27 to 30 of the 2014/15 Annual Report.

Retail income decreased by \$0.6m or 7.4% on last year (\$7.9m to \$7.3m). The result is \$0.8m or 9.7% lower than budget and is primarily attributed to a wetter summer compared to the previous

year. Licencing negotiations with a major product line also impacted on retail income during the year.

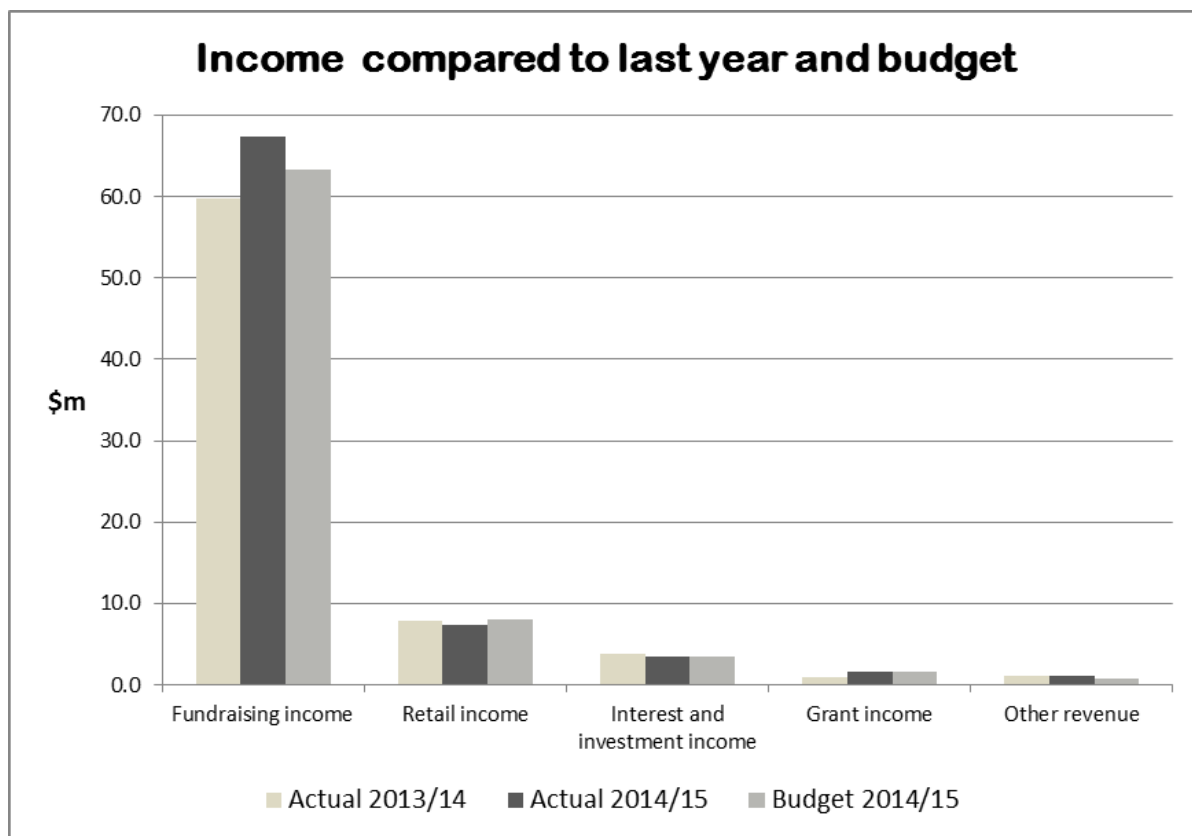
Interest and investment income decreased this year by \$0.3m or 7.4% (\$3.8m to \$3.5m). This was primarily due to the de-risking of our investment portfolio during the year, resulting in lower fund distributions than last year across some asset classes. The result is \$0.1m or 2.8% higher than budget.

Our investment portfolio delivered a solid year of capital returns with an unrealised gain of \$2.7m booked to reserves during the year. Combining income and capital yields for the year showed a healthy 8.3% return on our investments.

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

Grant income increased by \$0.7m or 74.4% on last year (\$1.0m to \$1.7m) primarily due to a higher success rate on grant applications, up from 24% to 80%. The result is \$0.1m or 5.1% higher than budget.

Other revenue increased by \$0.1m or 1.7% from last year (\$1.0m to \$1.1m) which was marginally higher than budget.



Expenditure

Total expenditure increased by \$0.8m or 1.1% from last year (\$70.9m to \$71.7m), reflecting a year of measured investment in program spending and sustained investment in future fundraising revenue. Total expenditure was \$4.1m or 5.4% lower than the budget of \$75.8m. This was primarily due to lower spending in fundraising programs than budgeted, and lower spending on our Constituent Relationship Management System, which took a different direction than originally planned.

Fundraising expenditure decreased by \$0.2m or 0.7% from last year (\$22.2m to \$22.0m), which is \$1.6m or 6.6% lower than budget. Savings in expenditure were achieved across the fundraising portfolio, most significantly in Do It For Cancer, and in regular giving.

Retail expenditure decreased by \$0.3m or 4.5% from last year (\$7.2m to \$6.9m). The result is \$0.4m or 5.3% lower than budget due to lower sales activity than expected.

Research expenditure increased by \$0.7m or 4.9% from last year (\$14.2m to \$14.9m) largely due to additional staff in our research modelling team. The result is \$0.3m or 2.2% lower than budget.

Regional program delivery expenditure (\$7.3m) was on par with last year and also with the budget.

Cancer information and support services expenditure decreased by \$0.9m or 15.7% from last year (\$6.2m to \$5.3m). This reduction is primarily due to restructuring the program area, reducing management costs, discontinuing some projects and merging the management with advocacy and prevention into one strategic cancer programs division. The result is \$0.2m or 4.2% lower than budget.

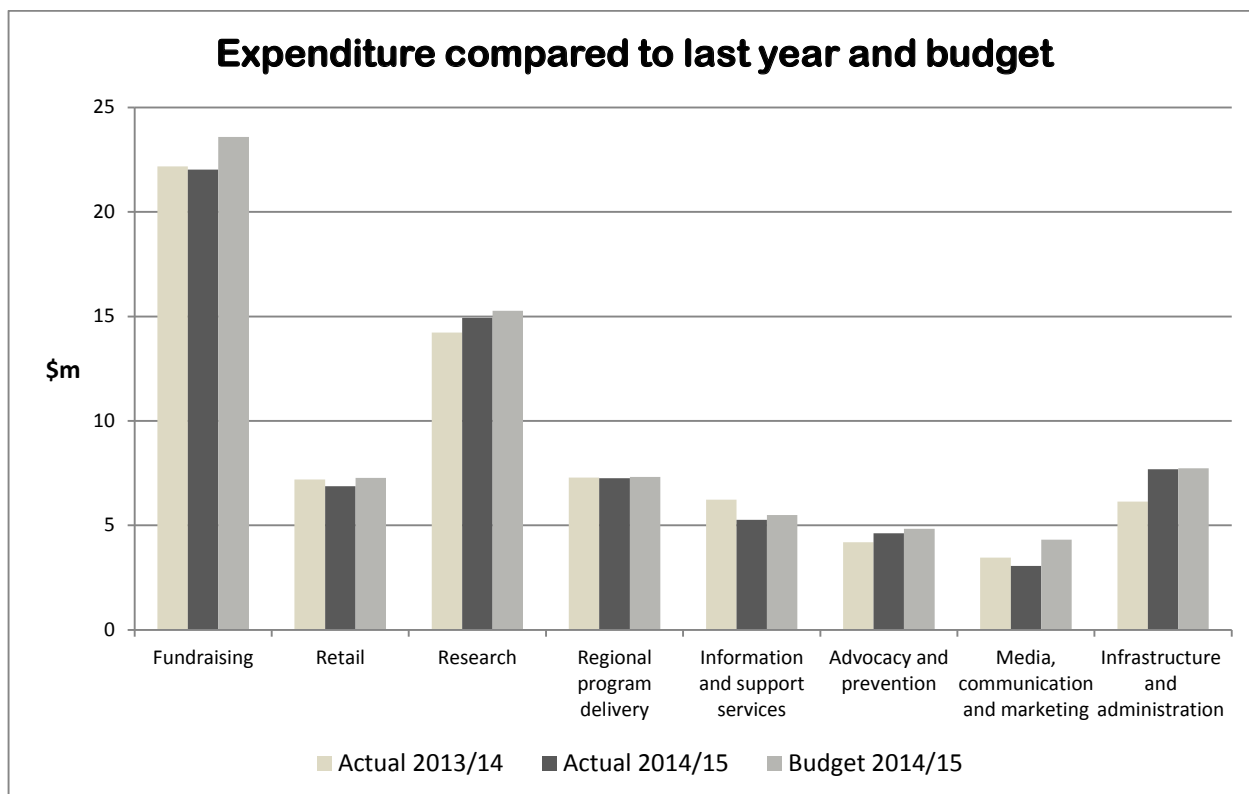
Advocacy and prevention expenditure increased by \$0.4m or 10.1% from last year (\$4.2m to \$4.6m). A result \$0.2m or 4.4% lower than budget.

Media, communication and marketing expenditure decreased by \$0.4m or 11.2% from last year (\$3.5m to \$3.1m). The result is \$1.2m or 28.9% lower than budget, and is primarily due to the Masterbrand expenditure being revised down during the year.

Infrastructure and administration expenditure increased by \$1.6m or 25.3% from last year (\$6.1m to \$7.7m) reflecting the higher level of expenditure on Information Technology (IT) with the transformation of the IT function, including implementation of security, wireless and network infrastructure. The result is on par with budget.

See pages 11–36 of CCNSW's *Annual Report 2014/2015* for:

- outcomes achieved through our expenditure during the year, and
- a summary of our performance indicators against each strategic priority.



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 57 dedicated staff from our head office and regional offices. In addition to the cost of the 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; and
- 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 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 has 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 (RFL). We held RFL events in 53 communities during the year, involving more than 36,200 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 23 of the 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 is 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 345 permanent employees, our casual employees and our 2,308 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 Technology: systems architecture and IT security, IT service desk, hardware replacement, and software development and maintenance.
- Risk and Property: risk management, building maintenance, facilities management, 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 is **not** included in our infrastructure and administration costs:

- Staff costs for our Information Technology, 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 the 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 \$20.7m or 21.0% from last year (\$98.4m to \$119.1m), with net assets increasing by \$19.1m or 20.7% (\$92.5m to \$111.6m). This increase is mostly attributable to the surplus for the year (\$9.4m) together with the increase in the fair value of our property and land through an external valuation (\$7.1m).

Cash and cash equivalents increased by \$3.6m or 58.3% from last year (\$6.3m to \$9.9m). The 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 in 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 increased by \$0.1m or 5.2% from last year (\$2.0m to \$2.1m). 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 decreased by \$0.4m or 25.3% from last year (\$1.5m to \$1.1m). They include retail inventory in 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 14.8% from last year (\$70.3m to \$80.7m). 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. This is explained in Note 11 of the full financial report.

Property, plant and equipment increased by \$6.5m or 38.1% from last year (\$17.2m to \$23.7m). This increase is mainly due to the revaluation of land and buildings at year end (\$6.4m).

Liabilities

Total liabilities increased by \$1.6m or 26.8% from last year (\$5.9m to \$7.5m).

Trade and other payables increased by \$1.4m or 44.0% from last year (\$3.3m to \$4.7m). This balance is for payments due to suppliers for work completed prior to 30 June 2015 across all areas of the organisation.

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 \$19.1m or 20.7% from last year (\$92.5m to \$111.6m). This increase is attributable to the surplus for the year (\$9.4m) together with the unrealised gains in our investments (\$2.7m), and the increase in the fair value of our property and land through an external valuation (\$7.1m).

Our restricted funds reserve, which forms part of this total fund balance, increased by \$2.5m or 34.3% from last year (\$7.4m to \$9.9m). 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. Please refer to note 21 for details of the changes to the opening balance.

Our investments at fair value reserve decreased by \$7.4m from last year (\$7.0m to -\$0.4m). The decrease is due to realising prior year gains in the market value of our managed funds during the year.

Our grants income reserve increased by \$0.5m or 65.9% from last year (\$0.9m to \$1.4m).

Our asset revaluation reserve increased by \$7.1m or 197.7% with revaluations of our land and buildings taking place during the financial 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.

NOTES:

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without cancer



**Cancer
Council
NSW**
13 11 20

cancercouncil.com.au

153 Dowling Street
Woolloomooloo NSW 2011
feedback@nswcc.org.au



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