



Cancer Council NSW Full Financial Report 2016/2017

A CANCER-FREE FUTURE
FOR
EVERYONE

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Directors' report

For the year ended 30 June 2017

The Directors of Cancer Council NSW (CCNSW) present their report with respect to the results for the financial year ended 30 June 2017 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:

Mark Phillips (Chair)
Nicholas Adams
James Butler
Toby Heap
Lisa Horvath
John Laker
Joe McGirr
Melanie Trethowan
Jane Young

About Cancer Council NSW

Cancer Council NSW believes in a cancer-free future. We are the only organisation in Australia that works across every area of every cancer.

We have five strategic priorities that are helping us achieve our vision of 'a cancer-free future':

- Research: we conduct and fund world-class research that reduces the impact of cancer.
- Prevention: we reduce cancer in the NSW community by encouraging people to lead healthy, cancer-smart lifestyles.
- Advocacy: we ensure that governments take action to reduce cancer risk and improve access to care and treatment.
- Information and support: we empower and support people affected by cancer, so that no one need face cancer alone.
- Fundraising: we enable the community to raise money for a cancer-free future.

Together with our volunteers, supporters, stakeholders and staff, we are committed to reducing the impact of cancer on individuals and the community, and to lessening the burden for people affected by cancer.

Directors' report

For the year ended 30 June 2017

Principal activities and how they 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 the *Cancer Council NSW Annual Report 2016/2017*, where we provide more detail on each of the focus areas and achievements in this financial year:

- research (pages 10–13)
- prevention (pages 14–17)
- information and support (pages 18–21)
- advocacy (pages 22–25)
- fundraising (pages 26–29).

How we measure our performance, including any key performance indicators used

We assess the outcome of our work in relation to:

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

The operational effectiveness of our work is measured by:

- coverage of target populations or settings with programs in cancer prevention and support
- mission expenditure ratios to ensure expenditure on mission delivery is maximised
- 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
- 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.

Directors' report

For the year ended 30 June 2017

See the following pages in our *Annual Report 2016/2017* for a summary of our performance indicators against each strategic priority:

- Research: page 12
- Prevention: page 16
- Information and support: page 20
- Advocacy: page 24
- Fundraising: page 28
- Our people: page 36
- Our organisation: page 47

Review of financial operations and results of CCNSW

The total income for the financial year ended 30 June 2017 was \$84,408,000. In the same period, expenditure was \$79,665,000, leaving a surplus of \$4,743,000.

The main sources of revenue were: \$'000

Fundraising	66,912
Sale of sun protection products (retail)	8,000
Interest and investments	4,589
Grant income	3,244

The main areas of expenditure were:

Fundraising	22,591
Research	15,196
Regional program delivery	10,223
Information and support	6,801
Sale of sun protection products (retail)	7,346
Advocacy and prevention	5,941
Marketing and communications	3,901
Infrastructure and administration	7,666

Directors' report

For the year ended 30 June 2017

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 2017, the number of members was 185 (2016: 174).

Directors' report

For the year ended 30 June 2017

Information on Directors

Mr Mark Phillips BCom (Hons), MCom, FAICD

Chair of the Board, CCNSW representative on the Cancer Council Australia Board
Appointed to the Board in April 2013 and re-appointed April 2016

Mr Phillips has more than 30 years' experience in business. 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, Mr Phillips spent more than 10 years as the Chief Executive Officer of various companies listed on the Australian Securities Exchange and as an adviser to businesses and not-for-profit organisations. He is currently Chief Executive Officer of CatholicCare Sydney.

Mr Nicholas Adams BCom (Marketing)

Chair of the Fundraising and Marketing Committee
Elected to the Board in December 2015

Mr Adams is the Chief Market Manager at Allianz Australia Insurance and has 23 years' experience in financial services and telecommunications marketing with companies such as Westpac, American Express and Bupa. He has expertise in CRM, loyalty and digital marketing, and building data-driven marketing programs to drive both revenue and customer engagement with brands. At a community level, Mr Adams is involved with supporting the homeless through the St Vincent de Paul Society, and Weave, a not-for-profit group focused on disadvantaged and vulnerable young people, women, children and families in the City of Sydney and South Sydney.

Mr Adams was recognised as a Rising Star of Australian Marketing in 2004 and was named the Australian Direct Marketer of the Year in 2010. He was also identified as a Global Marketing Leader in 2011, 2012, 2013 and 2014 by the New York-based *Internationalist Magazine*.

Mr James Butler

Member of the Remuneration and Nomination Committee, Chair of the Consumer Research Review Panel,
Chair of the Relay For Life Steering Committee
Elected to the Board in December 2014

Mr Butler has been an active volunteer for Cancer Council NSW for almost 20 years, holding roles including Chair of the Hills Relay For Life Committee, and Chair of the Western Sydney Cancer Advocacy Network. He is a trained Cancer Council NSW advocate. As a two-time cancer survivor, he understands the need to influence decision-makers around key issues that have an impact on people affected by cancer.

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

Directors' report

For the year ended 30 June 2017

Dr Toby Heap BAppSc, MCom, PhD, GAICD

Chair of the Investment Committee, Member of the Audit and Risk Committee, Member of the Fundraising and Marketing Committee

Elected to the Board in December 2015

Dr Heap is a Founding Partner of H2 Ventures, a venture capital investment firm. He is a Non-Executive Director of not-for-profit fintech hub Stone & Chalk, equity crowdfunding platform Equitise, and is the Chair of the independent dance organisation Shaun Parker & Company. He is a member of The University of Sydney Alumni Council and holds a PhD in Health Sciences from The University of Sydney.

Previously a founder of several digital startups, Dr Heap was a Research Fellow at The University of Sydney, a member of the Australian Securities and Investment Commission's Digital Finance Advisory Committee and a Non-Executive Director of SPELD NSW – a not-for-profit association supporting children and adults with specific learning difficulties.

Professor Lisa Horvath MBBS, FRACP, PhD

Board Director Representative on the Cancer Research Committee

Appointed to the Board in April 2015

Professor Horvath is the Director of Medical Oncology and inaugural 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.

Professor Horvath's research interest is predominantly in the field of prostate cancer biomarkers and therapeutics and she is involved in a large number of clinical trials in prostate and colorectal cancers, as well as Phase I trials. She holds academic appointments at both The University of Sydney and UNSW, and is the Head of Clinical Prostate Cancer Research at The Kinghorn Cancer Centre/Garvan Institute of Medical Research. Professor Horvath has also published more than 70 research papers in peer-reviewed journals in the past 16 years.

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

Chair of the Governance Committee, Chair of the Remuneration and Nomination Committee, Chair of the Audit and Risk 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 before his appointment to APRA, both in Australia and London, and has also worked in the Commonwealth Treasury and the International Monetary Fund (IMF).

Directors' report

For the year ended 30 June 2017

Currently, Dr Laker is an External Expert for the IMF and has participated in a number of reviews of major banking systems. He is Chairman of The Banking and Finance Oath Limited and a member of the Council of the University of Technology, Sydney, as well as the Australian Securities and Investment Commission's External Advisory Panel. 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

Member of the Remuneration and Nomination Committee, Member of the Accommodation Sub-Committee
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 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. Associate Professor McGirr is a fellow of the Australasian College for Emergency Medicine and the Royal Australasian College of Medical Administrators, and has been a member of the Western Regional Advisory Committee of Cancer Council NSW since 2011. He is currently a Director of the National Rural Health Alliance.

Ms Melanie Trethowan MB (Mktg), GAICD

Member of the Fundraising and Marketing Committee, Member of the Governance Committee, Member of the Accommodation Sub-Committee
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, and Daffodil Day Town Manager. Her previous board experience includes the Central West Community College, Kanandah Retirement 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, Ms Trethowan has operated a marketing and project consultancy business based in Mudgee.

Directors' report

For the year ended 30 June 2017

Professor Jane Young MBBS, MPH, PhD, FAFPHM

Member of the Cancer Research Committee
Appointed to the Board in June 2016

Professor Young trained in medicine in the United Kingdom in 1983, undertook a Master of Public Health in 1998 and completed a PhD in applied epidemiology at The University of Sydney in 2000. She holds joint appointments with The University of Sydney, where she is Professor in Cancer Epidemiology; and Sydney Local Health District, where she is Executive Director of the Surgical Outcomes Research Centre, and Executive Director, Research for the Institute of Academic Surgery at Royal Prince Alfred Hospital.

Professor Young is a health services researcher with a focus on applying epidemiological methods to improve cancer services and patient outcomes. She has undertaken research spanning the cancer journey, and has an interest in surgical trials as well as developing and evaluating new models of care, promoting evidence-based practice and using data to improve cancer service delivery. She has co-authored over 200 peer-reviewed journal articles.

Company Secretary

Ms Catherine Maxwell FGIA

Directors' benefit

No Director of Cancer Council NSW has received, or has become entitled to receive, a benefit in respect of their role as a Director.

Meetings of Directors/Committees:

	Full meetings of Directors		Audit and Risk Committee		Cancer Research Committee		Fundraising and Marketing Committee		Governance Committee		Investment Committee		IT Committee ¹		Remuneration and Nomination Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
N Adams	5	6	*	*	*	*	3	3	*	*	*	*	*	*	*	*
J Butler	6	6	*	*	*	*	*	*	*	*	*	*	*	*	3	3
T Heap	5	6	5	5	*	*	3	3	*	*	4	4	*	*	*	*
L Horvath	5	6	*	*	5	5	*	*	*	*	*	*	*	*	*	*
J Laker	6	6	5	5	*	*	*	*	3	3	*	*	*	*	3	3
J McGirr	6	6	*	*	*	*	*	*	*	*	*	*	*	*	3	3
J Mitchell ²	1	1	1	1	*	*	*	*	*	*	1	1	2	2	*	*
M Phillips	6	6	*	*	*	*	1	1	*	*	*	*	*	*	*	*
M Trethowan	6	6	*	*	*	*	3	3	3	3	*	*	*	*	*	*
J Young	6	6	*	*	2	5	*	*	*	*	*	*	*	*	*	*

¹ Disbanded December 2016

² Resigned as a Director 4 October 2016

³ CEO from 24 October 2016

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 2017

Insurance of officers

During the financial year, CCNSW paid a premium of \$11,450 to insure the Directors and Secretary of the company, and an additional \$16,450 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 Mark Phillips
Director



Dr John Laker
Director

Sydney

24 October 2017

Sydney

24 October 2017

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Revenue			
Fundraising income	2, 4	66,912	67,415
Sale of sun protection products (retail) income	2	8,000	7,753
Interest and investment income	2	4,589	4,445
Grant income	2	3,244	2,570
Other revenue	2	1,583	1,387
Total revenue		84,328	83,570
Increase in fair value of investment property	9	80	-
Total income		84,408	83,570
Expenses			
Fundraising	4	22,591	20,280
Sale of sun protection products (retail)	5	7,346	7,431
Research	5	15,196	15,048
Regional program delivery	5	10,223	9,652
Information and support services	5	6,801	5,592
Advocacy and prevention	5	5,941	5,081
Marketing and communications		3,901	3,483
Infrastructure and administration		7,666	8,052
Total expenses		79,665	74,619
Surplus before income tax expense		4,743	8,951
Income tax expense	21 (c)	-	-
Surplus for the year		4,743	8,951
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	10 (b)	3,876	(622)
Total comprehensive income for the year		8,619	8,329

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 2017

	Notes	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents		11,156	10,318
Trade and other receivables	8	5,549	6,584
Inventories		1,341	1,361
Financial assets	10	136	131
Total current assets		18,182	18,394
Non-current assets			
Investment properties	9	600	520
Financial assets	10	93,083	85,289
Intangible assets	11	4,096	1,476
Property, plant and equipment	12	23,484	24,059
Total non-current assets		121,263	111,344
TOTAL ASSETS		139,445	129,738
Liabilities			
Current liabilities			
Trade and other payables		7,650	6,958
Provisions - employee benefits	13	2,613	2,231
Total current liabilities		10,263	9,189
Non-current liabilities			
Provisions - employee benefits	13	646	632
Total non-current liabilities		646	632
TOTAL LIABILITIES		10,909	9,821
NET ASSETS		128,536	119,917
Funds			
General funds		102,823	96,937
Restricted funds reserve		9,085	11,159
Investments at fair value reserve		2,874	(1,002)
Grant income reserve		3,112	2,181
Asset revaluation reserve		10,642	10,642
TOTAL FUNDS		128,536	119,917

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

Statement of changes in funds

For the year ended 30 June 2017

	General funds	Restricted funds reserve	Investments at fair value reserve	Grant income reserve	Asset revaluation reserve	Total funds
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2015	90,015	9,884	(380)	1,427	10,642	111,588
Transfer to/(from) reserves	(2,029)	1,275	-	754	-	-
Surplus for the year	8,951	-	-	-	-	8,951
Other comprehensive income for the year	-	-	(622)	-	-	(622)
Total comprehensive income for the year	8,951	-	(622)	-	-	8,329
Closing balance as at 30 June 2016	96,937	11,159	(1,002)	2,181	10,642	119,917
Opening balance as at 1 July 2016	96,937	11,159	(1,002)	2,181	10,642	119,917
Transfer to/(from) reserves	1,143	(2,074)	-	931	-	-
Surplus for the year	4,743	-	-	-	-	4,743
Other comprehensive income for the year	-	-	3,876	-	-	3,876
Total comprehensive income for the year	4,743	-	3,876	-	-	8,619
Closing balance as at 30 June 2017	102,823	9,085	2,874	3,112	10,642	128,536

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 10(b).

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 12.

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

Statement of cash flows

For the year ended 30 June 2017

	Notes	2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Receipts			
Receipts from supporters and funding sources (inclusive of GST)		78,293	69,591
Receipts from grant funding		3,568	2,570
Dividends, franking credits and interest received		791	653
		82,652	72,814
Payments			
Payments to suppliers and employees (inclusive of GST)		(77,731)	(70,871)
		(77,731)	(70,871)
Net cash inflow from operating activities	16	4,921	1,943
Cash flows from investing activities			
Payments for purchase of financial assets at fair value through profit and loss		(3,337)	-
Proceeds from sale of property, plant and equipment		121	193
Proceeds from sale of other financial assets		3,183	1,302
Disposal of bequested property		-	60
Payments for purchase of intangible assets		(2,778)	(998)
Payments for purchase of property, plant and equipment		(1,272)	(2,180)
Net cash inflow from investing activities		(4,083)	(1,623)
Net increase in cash and cash equivalents		838	320
Cash and cash equivalents at beginning of year		10,318	9,998
Cash and cash equivalents at end of year		11,156	10,318

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 2017

1. Introduction

This financial report covers Cancer Council NSW (CCNSW) as an individual entity for the year ended 30 June 2017. 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:

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 24 October 2017. The Directors have the power to amend and reissue this financial report.

Notes to the financial statements

For the year ended 30 June 2017

	2017 \$'000	2016 \$'000
2. Revenue		
Fundraising income		
Bequests	21,101	21,550
Events - involving sale of merchandise	2,516	3,601
Events - other	11,997	12,002
Appeals and events - conducted with a trader	17,331	15,690
Appeals - other	13,967	14,572
	66,912	67,415

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 it is impractical to maintain effective controls prior to the recording of cash fundraising receipts in the financial records.

Sale of sun protection products (retail) income

Sale of goods	8,000	7,753
	8,000	7,753

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

Interest and investment income

Interest	281	231
Managed funds distributions	3,764	3,792
Imputation credits received	544	422
	4,589	4,445

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

Grant income

Lynch grant - Improving detection of colorectal cancer	579	-
Pros-D trial grant	398	-
NZ Consultancy HPV Testing Modelling	252	315
Pathways - Bowel and lung cancer grant	200	-
Cervical cancer policies modelling	197	131
Prostate Cancer Care and Outcomes Study (PCOS-15)	190	142
Lynch grant	161	159
Cancer Institute NSW - Mens 40+ skin cancer prevention campaign	150	150
HPV vaccination and cancer screening grant	146	76
Next Gen HPV Modelling	118	234
NHMRC - Infrastructure support scheme	112	74
AMP Foundation - AMP grant	100	100
Volunteer palliative care services grant	97	35
Cancer prevention screening strategies evaluation CDF grant	72	58
NSW Department of Ageing, Disability and Home Care (Carers)	62	62
Dry July - Refurbishment of Greater Western Sydney community hub	57	-
Tackling Tobacco e-learning grant	56	75
Healthy Living after Cancer grant	56	56
Lynch grant - Inherited cancer connect partnership	50	-
Oncology machine grant	45	-

Notes to the financial statements

For the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Cervical cancer guidelines	33	240
Colorectal cancer guidelines	29	-
Toolkit to support SunSmart hat recommendation	25	-
The Dry July Foundation - Inala House accommodation grant	20	15
Connecting communities volunteer expo	15	-
Impact of taxing sugared drinks on health in Estonia grant	13	-
Safety monitoring protocols grant	10	50
Good Shepherd Microfinance - No-interest loan grant	1	3
Tackling Tobacco mental health grant	-	298
Accommodation grant - Dry July	-	90
NHMRC - Partnership grant	-	42
HCC outcomes mitigation and disease prevention	-	30
Northern Rivers - Transport to Treatment grant	-	29
University of Sydney - Rekindle - Sexuality after cancer	-	28
NHMRC - Fellowship Smith	-	19
Food policy grant	-	18
Cancer Institute NSW - Hep B Hotter West funding grant	-	18
Supporting Indigenous cancer support group	-	10
Evidence To Practice grant	-	10
Central West - Transport to Treatment grant	-	3
	3,244	2,570

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.

Other revenue

Accommodation fees	355	285
Account management charge	307	176
Gain on disposal of property, plant and equipment	83	79
Membership fees	1	1
Patient transport	99	102
Project contributions received	738	744
	1,583	1,387
Total revenue	84,328	83,570

3. 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 \$3,111,968 have been included in revenue and held in reserves at 30 June 2017.

	Opening balance 1 July 2016 \$'000	Receipts 2017 \$'000	Payments 2017 \$'000	Closing balance 30 June 2017 \$'000
Health promotion grants	910	684	(812)	782
Contract research grants	1,271	2,560	(1,501)	2,330
	2,181	3,244	(2,313)	3,112

Notes to the financial statements

For the year ended 30 June 2017

4. Fundraising activities

The below information is furnished under the *Charitable Fundraising Act 1991* (NSW) and NSW Fair Trading Fundraising Authority Conditions.

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

	2017	2016
	\$'000	\$'000
Gross proceeds from fundraising appeals (including bequests)	66,912	67,415
Total costs of fundraising appeals	(22,591)	(20,280)
Net surplus from fundraising appeals	44,321	47,135
Net margin from fundraising appeals	66%	70%

(b) Application of funds for charitable purposes

During the year, CCNSW achieved a net surplus of \$44,321,000 from fundraising appeals; a net surplus of \$654,000 from retail activities; \$3,244,000 from project grants; \$1,663,000 from other income and a net surplus of \$4,589,000 from investments. Surplus available to spend on research and support programs is \$54,471,000.

Surplus available to spend on CCNSW projects	54,471	55,859
Less:		
Cancer research	15,196	15,048
Regional program delivery (health campaigns, information and support services)	10,223	9,652
Advocacy and prevention	5,941	5,081
Cancer information services	1,961	1,126
Accommodation services	516	596
Supportive care	1,999	1,661
13 11 20 Information and Support	495	532
Cancer Council Connect	370	333
Practical support	1,460	1,344
Marketing and communications	3,901	3,483
Infrastructure and administration	7,666	8,052
	49,728	46,908
Net surplus to be spent on future CCNSW projects	4,743	8,951

Notes to the financial statements

For the year ended 30 June 2017

(c) Fundraising appeals conducted jointly with traders*

Face-to-face and telemarketing donor acquisition, Seven Bridges Walk, the Mystery Box Rally and the Sh*tbox Rally

	2017 \$'000	2016 \$'000
Revenue	17,331	15,690
Total payments to trader	(5,376)	(3,310)
Other direct expenses	(1,576)	(1,050)
Gross contribution	10,379	11,330
Net margin from fundraising activities conducted with traders	60%	72%

During the current year a decision was made to invest in the Direct marketing acquisition program which has reduced the net margin for 2016/17 to 60%. The benefits of this spend will be increased revenue in future years from additional regular givers.

(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), Mystery Box Rally, Sh*tbox Rally, Seven Bridges Walk

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

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

Other fundraising appeals: Australia's Biggest Morning Tea, Girls' Night In, Workplace Giving and In Memoriam donations

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

(e) Comparison of monetary figures and percentages

	2017 \$'000	2016 \$'000
Total mission/net surplus from fundraising	47,888/ 44,321 = 108%	44,790/ 47,135 = 95%
Total mission spend/total expenditure	47,888/ 79,665 = 60%	44,790/ 74,619 = 60%

* 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 2017

(f) Fundraising income by appeal/event

	2017 \$'000	2016 \$'000
Bequests		
Bequests	21,101	21,550
Events - involving sale of merchandise		
Daffodil Day	2,112	2,890
Pink Ribbon Day	404	711
Events - other		
Do It For Cancer	3,590	3,234
The March Charge	435	296
Pink Ribbon events	1,661	1,694
POSH Auction	1,114	1,193
Relay For Life	4,445	4,922
Challenge events	752	663
Appeals - conducted with a trader		
Face-to-face pledge appeal (Breakthrough)	14,027	12,344
Sh*tbox Rally and Mystery Box Rally	2,701	2,619
Seven Bridges Walk	603	727
Appeals - other		
Australia's Biggest Morning Tea	4,857	5,103
Direct mail appeals (Breakthrough)	2,295	3,450
Direct mail appeals (other)	3,748	3,783
Donations (other)	2,357	1,648
In Memoriam donations	500	359
Workplace Giving	210	229
Total fundraising income	66,912	67,415

Notes to the financial statements

For the year ended 30 June 2017

5. Mission expenditure

CCNSW seeks to maximise its expenditure on mission delivery. Below is a summary of those mission areas which CCNSW has funded in 2016/17.

	2017 \$'000	2016 \$'000
Mission		
Research expenditure	15,196	15,048
Regional program delivery (health campaigns, information and support services)	10,223	9,652
Sale of sun protection products (retail)	7,346	7,431
Information and support services	6,801	5,592
Advocacy and prevention	5,941	5,081
Direct mission support - Marketing and communications	1,942	1,542
Direct mission support - Leadership	439	444
Total mission expenditure	47,888	44,790
Mission enabling		
Fundraising expenditure	22,591	20,280
Infrastructure and administration*	7,227	7,608
Marketing and communications*	1,959	1,941
Total mission enabling expenditure	31,777	29,829
Total expenditure	79,665	74,619
% Mission spend	60%	60%

* Items from these categories which are directly related to mission have been reallocated to Direct mission support.

6. Other expenses not disclosed elsewhere

Employee benefits expense	32,792	30,986
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7. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor to CCNSW:

	2017 \$	2016 \$
Assurance services		
Audit services - BDO		
Audit of financial report under the ACNC Act 2012 (Cth)	54,000	52,500
Other assurance services - audit of regulatory statements	-	-
Total remuneration for assurance services	54,000	52,500

Notes to the financial statements

For the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
8. Trade and other receivables		
Trade receivables	4,366	5,446
Provision for impairment of trade receivables	(1)	(4)
GST receivable	697	670
Interest receivable	41	12
Prepayments	446	460
	5,549	6,584

(a) Ageing of trade receivables and impairment

	Gross	Impairment
	\$'000	\$'000
At 30 June 2017		
Not past due	2,252	-
Past due 0 - 30 days	2	-
Past due 30 - 60 days	-	-
Past due 60 - 90 days*	2,112	1
	4,366	1

* \$2,103,863 owing from Cancer Council Australia for income distributions for the first three quarters of 2016/17, with the full amount being received in September 2017.

At 30 June 2016

Not past due	1,327	-
Past due 0 - 30 days	41	-
Past due 30 - 60 days	69	-
Past due 60 - 90 days	4,009	4
	5,446	4

* \$4,003,925 owing from Cancer Council Australia for income distributions for the first three quarters of 2015/16, with the full amount being received in July 2016.

(b) Movements in the provision for impairment of receivables

	2017	2016
	\$'000	\$'000
Opening balance 1 July	(4)	(2)
Additional provision	-	(2)
Unused amount reversed	3	-
Closing balance 30 June	(1)	(4)

(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.

Notes to the financial statements

For the year ended 30 June 2017

	2017 \$'000	2016 \$'000
9. Investment property		
At fair value	600	520
	600	520

Investment property comprises one property that is 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.

(a) Movement in investment property

Opening balance 1 July	520	580
Disposal of bequested property	-	(60)
Increase in fair value of investment property	80	-
Closing balance 30 June	600	520

(b) Valuation basis

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

10. Financial assets

Current assets

Term deposits		
Held-to-maturity investments	136	131
	136	131

Non-current assets

Financial assets - Managed funds	84,083	85,289
Term deposits greater than 90 days	9,000	-
	93,083	85,289

(a) Managed funds

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

(b) Movement in investments

Opening balance 1 July	85,289	80,737
Additions	7,101	9,974
Increase/(decrease) in fair value of managed funds	3,876	(622)
Disposals (transfers within managed investments)	(12,183)	(4,800)
Closing balance 30 June	84,083	85,289

* Included within additions are reinvested managed fund distributions and financial asset bequests (refer to Note 16).

Notes to the financial statements

For the year ended 30 June 2017

	2017 \$'000	2016 \$'000
(c) Investments at the end of the financial year were as follows:		
Australian shares (tax exempt)	23,326	20,626
Australian small companies fund	4,378	4,100
Australian sovereign bonds	3,974	4,005
Cash fund	9,971	18,134
Direct property fund	10,321	9,327
Global credit fund	8,167	7,956
Overseas shares (unhedged)	17,550	15,253
Overseas sovereign bonds	2,211	2,195
Unlisted infrastructure fund	4,185	3,693
	84,083	85,289

(d) Risk management

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

11. Intangible assets (computer software)

Opening balance 1 July	1,476	744
Additions	2,778	998
Reclassification	-	(97)
Amortisation	(158)	(169)
Closing balance 30 June	4,096	1,476

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.

CCNSW is investing in technology through our Business Transformation program, enhancing our customer relationship management software to improve how we engage with the community, simplify our working environment and help us work more effectively.

Notes to the financial statements

For the year ended 30 June 2017

12. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Office furniture and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2016						
Opening net book amount	8,005	12,702	546	1,656	800	23,709
Additions	-	3	772	1,117	444	2,336
Disposals	-	-	(67)	(19)	(113)	(199)
Depreciation expense	-	(347)	(366)	(784)	(290)	(1,787)
Closing net book amount	8,005	12,358	885	1,970	841	24,059

At 30 June 2016

Cost or fair value	8,005	12,894	2,224	6,376	1,483	30,982
Accumulated depreciation	-	(536)	(1,339)	(4,406)	(642)	(6,923)
Net book amount	8,005	12,358	885	1,970	841	24,059

Year ended 30 June 2017

Opening net book amount	8,005	12,358	885	1,970	841	24,059
Additions	-	22	11	736	504	1,273
Disposals	-	-	-	-	(38)	(38)
Depreciation expense	-	(348)	(342)	(822)	(298)	(1,810)
Closing net book amount	8,005	12,032	554	1,884	1,009	23,484

At 30 June 2017

Cost or fair value	8,005	12,915	2,123	7,111	1,727	31,881
Accumulated depreciation	-	(883)	(1,569)	(5,227)	(718)	(8,397)
Net book amount	8,005	12,032	554	1,884	1,009	23,484

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 2017

Land and buildings (except for investment property – refer to note 9(a)) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

- buildings 25 to 40 years
- leasehold improvements 2 to 5 years
- office furniture and equipment 3 to 10 years
- motor vehicles 5 years

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

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

Gains and losses are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2017

13. Provisions - employee benefits

	Current liability	Non-current liability
	\$'000	\$'000
Year ended 30 June 2016		
Opening balance 1 July 2015	2,269	527
Additional provisions recognised/(unused amounts reversed)	1,514	105
Employee benefits taken	(1,552)	-
Closing balance 30 June 2016	2,231	632

Year ended 30 June 2017

Opening balance 1 July 2016	2,231	632
Additional provisions recognised/(unused amounts reversed)	2,097	14
Employee benefits taken	(1,714)	-
Closing balance 30 June 2017	2,613	646

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.

14. 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	4,083	3,398	7,481
Research program grants	1,572	4,895	6,467
Strategic Research Partnership grants	1,152	-	1,152
Priority-driven Collaborative Cancer Research Scheme	419	384	803
45 and Up Study	400	600	1,000
Total research grant commitments	7,626	9,277	16,903
Rental lease commitments	1,605	3,737	5,342
Total commitments	9,231	13,014	22,245

The total commitments above include input tax credits of \$2,022,293 that are expected to be recoverable from the Australian Taxation Office.

Notes to the financial statements

For the year ended 30 June 2017

	2017	2016
	\$'000	\$'000
15. Contingent liabilities		
Bank guarantees in respect of operating leases	118	129
	118	129

16. Reconciliation of surplus after income tax to net cash inflow from operating activities

Surplus for the year	4,743	8,951
Depreciation	1,810	1,787
Amortisation	158	169
Non-cash managed fund distributions	(3,764)	(3,792)
Non-cash financial assets received	(80)	(2,659)
Net (gain) on sale of property, plant and equipment	(79)	(79)
(Increase) in trade and other receivables	1,026	(4,484)
Decrease/(increase) in inventories	19	(228)
Increase in provisions	396	66
Increase in trade and other payables	692	2,212
Total cash inflows from operating activities	4,921	1,943

17. Key management personnel

(a) Directors

The following persons were Directors of CCNSW during the year:

Mark Phillips (Chair)
Nick Adams
James Butler
Toby Heap
Lisa Horvath
John Laker
Joe McGirr
Melanie Trethowan
Jane Young

Remuneration of Directors

Board Directors received no remuneration from CCNSW during the year.

Notes to the financial statements

For the year ended 30 June 2017

(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
Jeff Mitchell	Chief Executive Officer (appointed 24 October 2016)
Jim L'Estrange	Chief Executive Officer (retired 21 October 2016)
Peter Taylor	Divisional Director, Corporate Services and Chief Financial Officer (resigned 3 August 2017)
Merewyn Partland	Divisional Director, Community Engagement and Program Delivery (resigned 31 August 2017)
Lyndsey Rice	Divisional Director, Fundraising
Karen Canfell	Divisional Director, Cancer Research
Kathy Chapman	Divisional Director, Cancer Programs (resigned 13 July 2017)
Fiona Fahey	Divisional Director, Human Resources
Branko Ceran	Chief Information Officer

Other key management personnel compensation

	2017	2016
	\$'000	\$'000
Annual remuneration and benefits	1,920	2,159
	1,920	2,159

(c) Transactions with Directors and key management personnel

Mark Phillips, who chairs the Board of CCNSW is also a Director of Cancer Council Australia (CCA). CCNSW paid CCA \$4,812,075 during the year ended 30 June 2017 for membership fees and national merchandise purchases. CCNSW also received distributions of \$3,536,884 from CCA for the NSW share of national fundraising campaigns.

18. Events after reporting period

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

Notes to the financial statements

For the year ended 30 June 2017

19. Interests in joint ventures

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

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

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

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

	2017 \$'000	2016 \$'000
Current assets		
Cash and cash equivalents	1,238	1,235
Trade and other receivables	30	57
Total current assets	1,268	1,292
Non-current assets		
Property, plant and equipment	1,398	1,464
Total non-current assets	1,398	1,464
Total assets	2,666	2,756
Current liabilities		
Trade and other payables	15	142
Total current liabilities	15	142
Total liabilities	15	142
Share of net assets employed in joint venture	2,651	2,614
Revenue		
Accommodation fees	387	422
Interest	26	28
Total revenue	413	450
Expenditure		
Staff	168	202
Operational	209	270
Total expenses	377	472
Surplus/(deficit) before income tax	36	(22)

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.

Notes to the financial statements

For the year ended 30 June 2017

20. 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 Risk Committee, and the Investment committees 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:

	2017	2016
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	11,156	10,318
Trade and other receivables	4,366	5,446
Available-for-sale financial assets	93,083	85,289
Total financial assets	108,606	101,053
Financial liabilities		
Trade and other payables	7,650	6,958
Total financial liabilities	7,650	6,958

(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. Below is a description of each fund type with the percentage held in each fund at June 30 2017.

Australian Shares Fund (27%) - 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 (5%) - invests in the shares of Australian small companies using a multi-manager approach*.

Australian Sovereign Bonds Fund (5%) - invests primarily in Australian sovereign bonds using a multi-manager approach*.

Cash Fund (12%) - invests in cash and short-term interest-bearing investments.

Direct Property Fund (12%) - invests primarily in direct property, with a focus on unlisted properties, using a multi-manager approach*.

Global Credit Fund (Hedged) Fund (10%) - invests in fixed interest securities issued by Australian and overseas companies, using a multi-manager approach*.

Overseas Shares (Unhedged) Fund (21%) - invests in overseas shares using a multi-manager approach*.

Overseas Sovereign Bonds Fund (3%) - invests primarily in overseas sovereign bonds using a multi-manager approach*.

Unlisted Infrastructure Fund (5%) - 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.

Notes to the financial statements

For the year ended 30 June 2017

(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 banks with a minimum credit rating of A (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 A 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 2017.

(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	Level 3
At 30 June 2017	Note	\$'000	\$'000
Investment financial assets	10	93,083	
Land and buildings	12	20,707	
Investment properties	9		600

Notes to the financial statements

For the year ended 30 June 2017

21. 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.

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

Notes to the financial statements

For the year ended 30 June 2017

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.

(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
- 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 2017

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(m).

Details of financial assets are set out in note 10.

(g) 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.

(h) 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.

(i) 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.

Notes to the financial statements

For the year ended 30 June 2017

(j) 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.

(k) 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.

(l) 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.

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the group
AASB 15	Revenue from contracts with customers	This standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of goods or services is transferred rather than on transfer of risks and rewards as is currently the case under AASB118: Revenue.	For financial years commencing after 1 January 2019 (Not-for-profits)	Management has commenced assessing the impact of AASB 15 on its financial statements and has identified some potential areas that will require further assessment to determine the impact of the new standard. Management will continue to evaluate the overall impact of AASB 15 on the financial statements in the forthcoming period.	1 July 2019
AASB1058	Income of Not-for-Profit Entities	The obligations of the new standards for not-for-profits has a lot in common with the requirements set out in the new revenue standards <i>AASB15 Revenue from Customer Contracts</i> . However, this standard also provides specific guidance with respect to the revenue recognition treatment of donations, government grants and volunteer services.	For financial years commencing after 1 January 2019	Management has commenced assessing the impact of AASB 1058 on its financial statements and has identified some potential areas that will require further assessment to determine the impact of implementing the new standard. Management will continue to evaluate the overall impact of AASB 1058 on the financial statements in the forthcoming period.	1 July 2019

Notes to the financial statements

For the year ended 30 June 2017

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the group
AASB 16	Leases	All leases will be included in the balance sheet of lessees as right-of-use assets (non-current asset) and lease liabilities (split between current and non-current). In addition, rent expense will no longer be treated as an operating expense but will be classified as a financing activity.	For financial years commencing after 1 January 2019	Management anticipates the company's operating lease contracts currently in effect will be impacted by the introduction of AASB 16, and is currently in the process of determining the potential effects of AASB 16 on the financial statements.	1 July 2019

(m) 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 13, 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.

(n) 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; measurement also 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.

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 2017 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.

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 Mark Phillips
Director

Sydney
24 October 2017



Dr John Laker
Director

Sydney
24 October 2017

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Jeff Mitchell, 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
- b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals
- 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
- 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.



Jeff Mitchell
Chief Executive Officer

Sydney
24 October 2017

INDEPENDENT AUDITOR'S REPORT

To the members of The Cancer Council NSW

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Cancer Council NSW (the company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying 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:

- (i) Giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for qualified opinion

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

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the company's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

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

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

We also report that:

- (a) the accompanying financial report shows a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2017, 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 associated Regulations for the year ended 30 June 2017;
- (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 associated 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, 24 October 2017

Notes



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