

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The Board of Directors present their report on The Asthma Foundation of SA Inc ("the Foundation") for the financial year ended 30 June 2017.

DIRECTORS

The names of the Board Directors throughout the year and at the date of this report are:

Mr Robert Stobbe	Dr Kerry Hancock
Ms Michele Herriot (to November 2016)	Mr Rick Persse
Dr Andrew Tai	Mr Mark Stewart
Mr Brendon Green (to January 2017)	Mr Chris Stathy
Ms Julianne Parkinson	Mr Josh Simons
Mr Tim Burfield	

OPERATING SURPLUS (DEFICIT)

The net surplus for the year ended 30 June 2017 amounted to \$95,807 (2016: loss of \$36,602).

PRINCIPAL ACTIVITIES

The principal activities of the Foundation during the financial period were to improve the quality of life for people with asthma by providing accessible, affordable, evidence based services and to promote research.

SUSTAINABILITY STRATEGY

The Foundation has highlighted "sustainability" as a priority goal within its strategic plan. To ensure this goal is achieved, the Foundation places high importance on having in place strong governance structures and practices, clear strategic communication plans, strong corporate and community partnerships and carefully monitored income generation strategies. In building a healthy financial investment portfolio, principally through using bequest income, the Foundation is ensuring a sustainable income stream for future health services and research programs.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs for the Foundation during the financial year.

SUBSEQUENT EVENTS

The Association has merged with state foundations from ACT, NSW, Queensland, South Australia and Victoria to form Asthma Australia Ltd effective 1 October 2017. All assets and liabilities were transferred to Asthma Australia Ltd at the carrying values in these financial statements with the exception of long term investments which are to be transferred to Asthma Foundation SA Trust. This Trust has been established to preserve the legacy built up over 50 years to be used for the benefit of South Australians with asthma. Asthma Australia Ltd will be able to apply to the Trust for funding, and the application will be granted at the discretion of the directors of the Trust. The process of deregistering and dissolving the Association is expected to be finalised within the 2018 financial year.

Signed in accordance with a resolution of the Board of Directors:



Director

Dated this 24th day of October 2017

The Asthma Foundation of SA Inc
ABN 29 187 159 478

**DECLARATION OF INDEPENDENCE UNDER SECTION 60-40 OF THE ACNC ACT 2012
BY PAUL GOSNOLD TO THE BOARD MEMBERS OF
THE ASTHMA FOUNDATION OF SA INC
FOR THE YEAR ENDED 30 JUNE 2017**

As lead auditor of The Asthma Foundation of SA Inc for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the ACNC Act 2012 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Asthma Foundation of SA Inc.

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide
Dated this day of October 2017.

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

STATEMENT OF SURPLUS OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
REVENUE		\$	\$
Fundraising	2B-1	623,225	1,205,877
Trading Activities	2B-2	240,309	277,771
Grants Income	2B-3	256,635	266,705
Investment Income	2B-4	775,095	378,001
Bequests Received	2B-1	102,213	167,176
TOTAL REVENUE		1,997,477	2,295,530
EXPENSES			
Administration		243,528	272,965
Health Services		210,983	340,274
Promotion & Advertising		34,007	27,086
Fundraising		289,524	232,478
Occupancy		41,199	46,773
Personnel		1,082,429	1,105,845
Sundry		-	2,327
Impairment of Investments		-	304,384
TOTAL EXPENSES	2C	1,901,670	2,332,132
SURPLUS/(LOSS)		95,807	(36,602)
OTHER COMPREHENSIVE INCOME			
Items that may be re-classified to surplus or loss:			
Revaluation of financial assets		(278,777)	76,601
Items that will not be re-classified to surplus or loss:			
Revaluation of land and buildings		-	370,598
TOTAL COMPREHENSIVE INCOME		(182,970)	410,597

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

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	2D	948,057	632,076
Receivables & Prepayments	2E	81,198	98,379
Inventory on Hand	2F	41,239	35,602
Non-current assets held for distribution - Financial assets	3A	3,911,932	-
Non-current assets held for distribution - Property, plant and equipment	3B	1,349,173	-
TOTAL CURRENT ASSETS		6,331,599	766,057
NON-CURRENT ASSETS			
Long Term Investments	3A	-	4,390,446
Property, plant and equipment	3B	-	1,410,144
TOTAL NON-CURRENT ASSETS		-	5,800,590
TOTAL ASSETS		6,331,599	6,566,647
CURRENT LIABILITIES			
Trade Creditors & Other Payables	2G	98,273	137,347
Income Received in Advance	2B-3	-	12,092
Employee Benefits Provision	2H	156,287	141,586
TOTAL CURRENT LIABILITIES		254,560	291,025
NON-CURRENT LIABILITIES			
Employee Benefits Provision	2H	-	15,613
TOTAL NON-CURRENT LIABILITIES		-	15,613
TOTAL LIABILITIES		254,560	306,638
NET ASSETS		6,077,039	6,260,009
MEMBERS' FUNDS			
Accumulated Surpluses	4A	4,711,207	4,615,400
Reserves	4B	1,365,832	1,644,609
TOTAL MEMBERS' FUNDS		6,077,039	6,260,009

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

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Note	Accumulated Surpluses \$	Asset Revaluation Reserve \$	Financial Assets Reserve \$	Total Equity \$
Balance at 1 July 2015	4,652,002	371,171	826,239	5,849,412
Surplus/(loss)	(36,602)	-	-	(36,602)
Other comprehensive income:				
Revaluation of financial assets	-	370,598	76,601	447,199
Revaluation of land and buildings	-	-	-	-
Total comprehensive income	(36,602)	370,598	76,601	410,597
Balance at 30 June 2016	4,615,400	741,769	902,840	6,260,009
Surplus/(loss)	95,807	-	-	95,807
Other comprehensive income:				
Revaluation of financial assets	-	-	(278,777)	(278,777)
Revaluation of land and buildings	-	-	-	-
Total comprehensive income	95,807	-	(278,777)	(182,970)
Balance at 30 June 2017	4,711,207	741,769	624,063	6,077,039

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

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from fundraising	621,287	956,854
Receipts from customers	276,643	379,503
Receipts from grants	246,480	267,890
Receipts from bequests	102,213	167,176
Payments to suppliers, employees and others	(1,903,946)	(1,910,330)
Interest received	8,915	12,876
Dividends received	274,867	281,957
Net cash provided by (used in) operating activities	2D-2 (373,541)	185,926
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for investments	(1,394,657)	(426,158)
Proceeds from investments	2,086,655	373,481
Payments for property, plant & equipment	(2,476)	(42,623)
Proceeds from property, plant & equipment	-	-
Net cash provided by (used in) investing activities	689,522	(95,300)
Net increase (decrease) in cash held	315,981	60,626
Cash at the beginning of the year	632,076	571,450
Cash at the end of the year	2D-1 <u>948,057</u>	<u>632,076</u>

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

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policy notes have been presented where appropriate alongside the relevant quantitative disclosures.

1 A Basis of Preparation

The financial report covers The Asthma Foundation of SA Inc ("the Foundation") as an individual not-for-profit entity. The Foundation is an association incorporated in South Australia under the Association Incorporation Act (SA) 1985. It is also a registered charity under the Australian Charities and Not-for-profits Commission Act (Cwth) 2012.

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Associations Incorporation Act 1985 and the Australian Charities and Not-for-profits Commission Act 2012. The board members have determined that the Foundation is not a reporting entity.

The report has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, and disclosure requirements of the following Australian Accounting Standards:

AASB 101 Presentation of Financial Statements;
AASB 107 Statement of Cash Flows;
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors;
AASB 110 Events after the Reporting Period;
AASB 1048 Interpretation of Standards; and
AASB 1054 Australian Additional Disclosures.

No other specific Accounting Standard or other authoritative pronouncements of the Australian Accounting Standards Board have been applied. The Asthma Foundation of SA Inc is a not-for-profit entity for the purpose of preparing these financial statements.

The financial statements have been prepared using the accruals concept of accounting. All amounts are measured at historical cost, except for land and buildings and financial assets that are measured at fair value. No amounts are rounded. The presentation currency is Australian dollars. All accounting policies have been consistently applied unless otherwise stated.

The Association has merged with state foundations from ACT, NSW, Queensland, South Australia and Victoria to form Asthma Australia Ltd effective 1 October 2017. All assets and liabilities were transferred to Asthma Australia Ltd at the carrying values in these financial statements with the exception of long term investments which are to be transferred to Asthma Foundation SA Trust. The process of deregistering and dissolving the Association is expected to be finalised within the 2018 financial year. As a result, the Association is not considered a going concern and the financial statements have been prepared on a break-up basis.

NOTE 2 OPERATING ACTIVITIES AND WORKING CAPITAL

2 A Sustainability

The Foundation relies on public donations, bequests, grants and the support of corporate partners to fund core community services and programs.

2 B Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

2 B-1 Fundraising and Bequests

Donations, corporate sponsorships, bequests, and other fundraising income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

2 B-2 Trading Income

Trading income is recognised when the related goods or services are provided to the customer.

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2 OPERATING ACTIVITIES AND WORKING CAPITAL (CONTINUED)

2 B- 3	Grants Income	2017	2016
		\$	\$
	Commonwealth Grants:		
	Asthma Child & Adolescent Program	149,441	145,151
	Asthma Community Support Program	79,664	82,852
	Other Grants	27,530	38,702
		256,635	266,705

When there are conditions that must be met before the Foundation has control over grant funding received, such as a requirement to pay back unspent funds, the grant funds received are recorded in the Income Received in Advance Liability account. When the conditions have been met, e.g. when the relevant expenditure has been incurred and funds are no longer refundable, the funds are recognised as revenue.

2 B- 4	Investment Income	2017	2016
		\$	\$
	Investment income is made up of the following:		
	Interest Earned	8,916	12,876
	Dividends and Franking Credits	273,918	281,987
	Gain on sale of Shares	492,261	83,138
		775,095	378,001

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Gain on sale of investments is the difference between cost and proceeds realised on disposal of the investment.

2 C	Specific Expenses	2017	2016
		\$	\$
	Surplus/(loss) for the year includes the following specific expenses:		
	Auditor's Remuneration - Audit Fee	11,688	11,400
	Auditor's Remuneration - Compilation of Financial Report	1,500	1,500
	Depreciation	63,447	54,853
	<i>Employee benefits expense</i>		
	Wages and salaries	980,324	984,966
	Superannuation contribution	86,327	89,623

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2 OPERATING ACTIVITIES AND WORKING CAPITAL (CONTINUED)

2 D Cash and Cash Equivalents

Cash and cash equivalents - unrestricted, includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Cash and Cash Equivalents - restricted, includes cash held for lotteries and grants.

Statement of Cash Flows

2017	2016
\$	\$

2 D- 1 Reconciliation of cash and cash equivalents

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Positions as follows.

Cash and Cash Equivalents - Unrestricted	864,354	472,252
Cash and Cash Equivalents - Restricted	83,703	159,824
	<u>948,057</u>	<u>632,076</u>

2 D- 2 Reconciliation of cash flows from operations with surplus/(loss) for the year

Surplus/(Loss) for the year	95,807	(36,602)
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Non-cash flows in surplus/ (loss)

Depreciation	63,447	54,853
(Gain)/Loss on sale of Shares	(492,261)	(83,138)
(Gain)/Loss on sale of property, plant and equipment	-	330
Impairment of Investments	-	304,384

Changes in assets and liabilities

(Increase)/Decrease in trade and other receivables	17,181	77,832
(Increase)/Decrease in Inventories	(5,637)	14,693
Increase/(Decrease) in trade and other payables	(39,074)	62,459
Increase/(Decrease) in deferred income	(12,092)	(247,839)
Increase/(Decrease) in employee entitlements	(912)	8,954
Net cash provided by operating activities	<u>(373,541)</u>	<u>155,926</u>

2 E Receivables

Receivables include amounts receivable from trade debtors less, where applicable, an allowance for doubtful debts.

2 F Inventories

Inventories comprise asthma management products.

Inventories are valued on the lower of cost or net realisable value.

2 G Trade and Other Payables

Payables include trade creditors and accruals, including goods and services received prior to the end of the reporting period that are unpaid at the end of the period.

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2 OPERATING ACTIVITIES AND WORKING CAPITAL (CONTINUED)

2 H Employee Benefits

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to reporting date.

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in provisions in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Long-term employee benefit obligations

Liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Classification between current and non current liabilities

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

2 I Income Taxes

No income tax is payable by the Foundation, as Section 50-5 of the Income Tax Assessment Act 1997 exempts Charitable Institutions from Income Tax.

2 J Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 3 LONG TERM ASSETS

3 A Financial Instruments

All financial assets within this portfolio are classified as "available for sale".

What are available-for-sale financial assets?

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They usually comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Recognition and Initial Measurement

Financial instruments are initially measured at cost (including transaction costs) on trade date, when the related contractual rights or obligations exist.

Subsequent Measurement

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in reserves. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in reserves is reclassified into surplus or loss.

Classification

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3 LONG TERM ASSETS (CONTINUED)

3 B Property, Plant and Equipment

	Land & Buildings at fair value	Plant, Equipment & Vehicles at cost	Total
Gross Carrying Amount			
Balance at 30 June 2016	1,300,000	259,341	1,559,341
Additions	-	2,476	2,476
Disposals	-	-	-
Balance at 30 June 2017	1,300,000	261,817	1,561,817
Accumulated Depreciation			
Balance at 30 June 2016	-	149,197	149,197
Depreciation Expense	26,523	36,924	63,447
Disposals	-	-	-
Balance at 30 June 2017	26,523	186,121	212,644
Net Book Value			
As at 30 June 2016	1,300,000	110,144	1,410,144
As at 30 June 2017	1,273,477	75,696	1,349,173

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Land and Buildings

Land and buildings are carried at their fair value, based on periodic valuations by an external independent valuer, less accumulated depreciation for buildings.

The latest valuation was completed by Certified Practising Valuer, Alex Smithson FAPI of Knight Frank. The valuation report shows the fair value of the land and buildings as \$1,300,000 at 30 June 2016.

Plant and Equipment

Plant and equipment is carried at cost, less accumulated depreciation.

Depreciation

The depreciable amount of all buildings and improvements, plant, equipment and motor vehicles are depreciated over the useful life of the assets of the Foundation, commencing from the time the asset is held ready for use.

NOTE 4 LONG TERM FINANCING

The foundation does not have any debt financing, but rather relies on accumulated surpluses and increases in value of long term assets for its long term financing.

EQUITY FINANCING

Amounts pertaining to key equity categories are shown in the Statement of Changes in Equity.

4 A Accumulated Surpluses

This balance represents the surpluses or losses accumulated from year to year, and does not include the impact of unrealised gains presented directly in reserves.

4 B Reserves

The Financial Assets Reserve records revaluations of financial assets, gain (loss) on revaluation of financial assets to market value.

The reduction in the balance of the Financial Asset Reserve of \$278,777 reflects the decline in market value of share investments held by the foundation for the entire year and profit realised on any shares sold during the year.

The Asset Revaluation Reserve records revaluations of land and buildings.

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5 EVENTS AFTER THE REPORTING DATE

The Association has merged with state foundations from ACT, NSW, Queensland, South Australia and Victoria to form Asthma Australia Ltd effective 1 October 2017. All assets and liabilities were transferred to Asthma Australia Ltd at the carrying values in these financial statements with the exception of long term investments which are to be transferred to Asthma Foundation SA Trust. The process of deregistering and dissolving the Association is expected to be finalised within the 2018 financial year.

NOTE 6 RELATED PARTY TRANSACTIONS

No transactions occurred between the Board of Directors and the Foundation during the period ended 30 June 2017.

The Foundation engages the services of a wide range of supplier and professional organisations. During the period, no Board Director received a benefit by reason of contract made by the Foundation with any entity in respect of which he/she has a financial interest.

The Foundation is a Member Foundation of Asthma Australia Incorporated, the national body overseeing Asthma support in Australia. As part of this relationship the Foundation is paid to provide services to or on behalf of Asthma Australia Incorporated, and also pays Asthma Australia Incorporated for various administrative services performed on their behalf.

NOTE 7 REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the Foundation are located at:

300 South Road
HILTON SA 5033

THE ASTHMA FOUNDATION OF SA INC
ABN 29 187 159 478


STATEMENT BY THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2017

The Board of Directors have determined that the Foundation is not a reporting entity and that this special purpose financial report should be prepared in accordance with the Australian Accounting Standards and accounting policies to the extent described in Note 1 to the financial statements.

The Board of Directors of the Foundation declare that:

- a. The financial report comprising the Statement of Surplus or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to and forming part of the accounts present fairly the results of the operations of the Foundation for the period ended 30 June 2017 and the state of the affairs of the Foundation as at that date;
- b. The Board has reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due;
- c. The Foundation does not have any subsidiaries, nor is the Foundation a Trustee of any trust;
- d. During the year ended 30 June 2017,
 - No officer of the Foundation,
 - No firm of which a Director is a member,
 - No body corporate in which any Director has a financial interest,has received or become entitled to receive a benefit, other than under ordinary commercial terms as a result of a contract between the officer, firm or body corporate and the Foundation, or has received directly or indirectly from the Foundation any payment or other benefit of a pecuniary value.

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



Director

Dated this 24th day of October 2017