

Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation Annual report – 31 December 2014

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Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation

Directors' report

Your directors present their report on Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation (the Foundation) for the year ended 31 December 2014.

Directors

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

Jane S Allen
Melinda B Conrad
Geoffery J Dixon
Gabriel G Farago
John S Mattick
Loftus W Harris
John Landerer
Bradley W Rees
Simon D Mordant
Bruce G Baird
Jeanne-Claude Strong
Philip W Knox
John Schubert

Lynette T Gearing, Wallace M King and Veronica C Nolan were resigned on 19 November 2014.

Directors' Meetings

The table below sets out the number of Board meetings held and the number of meetings attended by each director.

Number of meetings held	4	
Directors	Eligible	Attended
Jane S Allen	4	3
Melinda B Conrad	4	3
Geoff Dixon	4	3
Gabriel G Farago	4	4
John Schubert	4	4
Philip Knox	4	4
Lynette T Gearing	4	4
Loftus W Harris	4	3
John Landerer	4	4
Bradley W Rees	4	4
Simon D Mordant	4	2
Wallace M King	4	2
Veronica C Nolan	4	4
John S Mattick	4	3
Jeanne-Claude Strong	4	3
Bruce G Baird	4	3

Principal activities

The Foundation was established with the purpose of obtaining bequests and donations from the private sector to support Garvan Institute of Medical Research.

**Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Directors' report**

The Foundation as described in its Constitution, assists the funding of the Garvan Institute of Medical Research. The Foundation uses its best endeavours to provide grants both for current research activities and the long-term endowment fund of the Institute.

All donations received in the name of the Garvan are administered by the Foundation.

The Foundation's principal activities during the year consisted of fundraising, marketing and public education.

Review of operations

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

Likely developments and expected results of operations

There are no likely developments and expected results of operations of the Foundation, in addition to those disclosed under the review of operations and principal activities above.

Financial

In 2014, the Foundation's revenue was \$14,377,253 (2013: \$21,759,529) with a profit of \$637,488 (2013: net loss \$60,954).

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

- (a) the Foundation's operations in future years,
- (b) the results of those operations in future years, or
- (c) the Foundation's state of affairs in future years.

Environmental regulation

No significant environmental regulations apply.

Insurance of officers

During the financial year, the directors and officers liability insurance was covered under Garvan Institute of Medical Research's insurance policy.

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 the Foundation, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of 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 Foundation.

Non-audit services

The Foundation may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Foundation are important.

The Foundation did not engage the auditor for non-audit service during the financial year.

Auditor's independence declaration

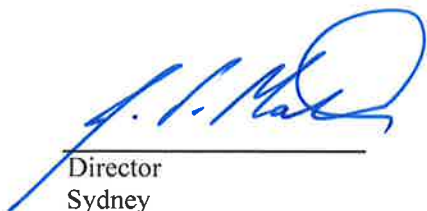
A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 is set out on page 4 and forms part of the Directors' Report.

**Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Directors' report**

Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to be 'P. I. Mackay', is written over a horizontal line.

Director
Sydney

6 May 2015



Auditor's Independence Declaration

As lead auditor for the audit of Garvan Research Foundation Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Manoj Santiago', written over a light blue horizontal line.

Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
6 May 2015

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**Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Financial report – 31 December 2014**

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This financial report covers Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation as an individual entity. The financial report is presented in the Australian currency.

Garvan Research Foundation Limited (ACN: 107 850 751) is a company limited by guarantee, incorporated and domiciled in Australia. Its sole and dominant purpose is to act as Trustee for the Garvan Research Foundation in accordance with the trust deed dated 21 November 2003. Its registered office and principal place of business is:

Garvan Research Foundation
384 Victoria Street
Darlinghurst NSW 2010

The financial report was authorised for issue by the directors on 6 May 2015. The directors have the power to amend and reissue the financial report.

Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Statements of Comprehensive Income
For the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Revenue			
Fund Raising	4	14,372,493	21,749,620
Other Revenue	4	4,760	9,909
		<u>14,377,253</u>	<u>21,759,529</u>
Expenses			
Amortisation and depreciation	5	(12,194)	(15,161)
Employment costs		(1,753,804)	(1,388,607)
Event costs		(555,278)	(593,508)
Fund raising costs		(1,949,980)	(1,652,797)
Endowment fund grants		(188,167)	(8,265,283)
General research and operating grants		(1,400,000)	(1,400,000)
Specific grants	5	(7,880,342)	(8,505,127)
		<u>637,488</u>	<u>(60,954)</u>
Net surplus/(deficit) for the year			
Other comprehensive income for the year		-	-
		<u>637,488</u>	<u>(60,954)</u>
Total comprehensive profit/loss for the year			

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

Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Balance Sheet
As at 31 December 2014

	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	6	1,115,899	388,538
Trade and other receivables	7	<u>77,947</u>	<u>76,662</u>
Total current assets		<u>1,193,846</u>	<u>465,200</u>
Non-current assets			
Property, plant and equipment	8	<u>34,571</u>	<u>22,459</u>
Total non-current assets		<u>34,571</u>	<u>22,459</u>
Total assets		<u>1,228,417</u>	<u>487,659</u>
Current liabilities			
Trade and other payables	9	<u>550,522</u>	<u>447,252</u>
Total current liabilities		<u>550,522</u>	<u>447,252</u>
Total liabilities		<u>550,522</u>	<u>447,252</u>
Net assets		<u>677,895</u>	<u>40,407</u>
Accumulated funds			
Accumulated surplus	11	<u>677,895</u>	<u>40,407</u>
Total Accumulated funds		<u>677,895</u>	<u>40,407</u>

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

Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Statement of Changes in Equity
For the year ended 31 December 2014

	Notes	Accumulated surplus \$	Total Accumulated Funds \$
Balance at 1 January 2013		101,361	101,361
Net surplus for the year		(60,954)	(60,954)
Balance at 31 December 2013	11	<u><u>40,407</u></u>	<u><u>40,407</u></u>
Balance at 1 January 2014		40,407	40,407
Net surplus for the year		637,488	637,488
Balance at 31 December 2014	11	<u><u>677,895</u></u>	<u><u>677,895</u></u>

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

Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation

Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		14,576,411	21,886,024
Payments to suppliers (inclusive of goods and services tax)		(13,829,504)	(21,783,003)
Interest received		4,760	9,909
Net cash inflow from operating activities	15	<u>751,667</u>	<u>112,930</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(24,306)</u>	<u>(6,503)</u>
Net cash outflow from investing activities		<u>(24,306)</u>	<u>(6,503)</u>
Net increase in cash held		727,361	106,426
Cash at the beginning of the financial year		388,538	282,112
Cash at the end of the financial year	6	<u>1,115,899</u>	<u>388,538</u>

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

Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Notes to the financial statements
31 December 2014

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Note 1 Summary of significant accounting policies

This financial report is that of the Garvan Research Foundation Limited (ACN: 107 850 751) as trustee for the Garvan Research Foundation pursuant to the trust deed dated 21 November 2003.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

Revenue is recognised for the major activities as follows:

- (i) Donations, bequests and event income
Donations, bequests and event income are recognised when they are received by the Foundation.
- (ii) Sale of merchandise
It is recognised when received and/or associated risk is passed to external parties.

(c) Income tax

The Foundation is exempt from income tax.

(d) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given.

(e) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Note 1 Summary of significant accounting policies (continued)

(g) Receivables

All debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition.

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

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:

- Property, plant & equipment 2.5 - 4 years
- Leased plant & equipment 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Interest bearing liabilities

Lease liabilities are recognised at amounts equal to the fair value of the leased property. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability during the lease term.

(k) Provisions

Provisions for audit fee and fringe benefits tax are recognised when: (1) the Foundation has a present legal or constructive obligation as a result of past events; (2) it is more likely than not that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated.

(l) Segment reporting

The Foundation operates in a single segment, ie. Fund raising activities.

Note 2 Financial risk management

The Foundation's activities expose it to cash flow and interest rate risk. The Foundation's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Foundation.

Risk management is carried out by an investment committee under policies approved by the Board of the Institute.

Note 2 Financial risk management (continued)

The Foundation holds the following financial instruments at reporting date:

	2014	2013
	\$	\$
Financial assets		
Cash	1,115,899	388,538
Trade and other receivables	77,947	76,662
	<u>1,193,846</u>	<u>465,200</u>
Financial liabilities		
Trade and other payables	550,522	447,252
	<u>550,522</u>	<u>447,252</u>

Sensitivity

The Foundation's income and operating cash flows are substantially independent of changes in market interest rates.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Foundation's contractual financial liabilities are less than six months and total contractual cash flows carrying amount is \$550,522.

Note 3 Critical accounting estimates and judgments

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 the Foundation's accounting policies. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements of the Foundation.

Note 4 Revenue

	2014	2013
	\$	\$
Revenue		
<i>Fund raising</i>		
Donations and Pledges	9,585,775	11,780,552
Events	1,232,143	2,345,681
Bequests	3,554,575	7,623,387
	<u>14,372,493</u>	<u>21,749,620</u>
<i>Other revenue</i>		
Interest from financial assets not at fair value through profit or loss	4,760	9,909
	<u>4,760</u>	<u>9,909</u>
Total revenue from continuing operation	<u>14,377,253</u>	<u>21,759,529</u>

Note 5 Expenses**Net surplus includes the following specific expenses:**

<i>Depreciation</i>		
Property, plant and equipment	12,194	15,161
Total depreciation	<u>12,194</u>	<u>15,161</u>
<i>Specific grants</i>		
Specific grants	7,880,342	7,875,027
Specific grants - The Kinghorn Cancer Centre (GIMR)	-	315,050
Specific grants - The Kinghorn Cancer Centre (SVH)	-	315,050
	<u>7,880,342</u>	<u>8,505,127</u>

Note 6 Current assets - Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank and in hand	1,115,899	388,538
Balances per statement of cash flows	<u>1,115,899</u>	<u>388,538</u>

The cash at bank earns floating interest rates between 1% and 2%.

Note 7 Current assets - Trade and other receivables

	2014	2013
	\$	\$
Other receivables *	77,947	76,662
	<u>77,947</u>	<u>76,662</u>

*These amounts represent GST receivable and prepaid balances.

Note 8 Non-current assets – Property, plant and equipment

	Plant and equipment \$	Total \$
At 1 January 2013		
Cost	152,328	152,328
Accumulated depreciation	(121,212)	(121,212)
Net book amount	<u>31,116</u>	<u>31,116</u>
Year ended 31 December 2013		
Opening net book amount	31,116	31,116
Additions	6,503	6,503
Depreciation charge	(15,160)	(15,160)
Closing net book amount	<u>22,459</u>	<u>22,459</u>
At 31 December 2013		
Cost	158,831	158,831
Accumulated depreciation	(136,372)	(136,372)
Net book amount	<u>22,459</u>	<u>22,459</u>
Year ended 31 December 2014		
Opening net book amount	22,459	22,459
Additions	24,306	24,306
Depreciation charge	(12,194)	(12,194)
Closing net book amount	<u>34,571</u>	<u>34,571</u>

Note 8 Non-current assets – Property, plant and equipment (continued)

	Plant and equipment	Total
	\$	\$
At 31 December 2014		
Cost	183,137	183,137
Accumulated depreciation	(148,566)	(148,566)
Net book amount	<u>34,571</u>	<u>34,571</u>

Note 9 Current liabilities - Trade and other payables

	2014	2013
	\$	\$
Trade payables	47,084	240,681
Other payables	503,438	206,571
	<u>550,522</u>	<u>447,252</u>

Note 10 Contributed equity

Garvan Research Foundation is a company limited by guarantee of its members to contribute, in the event of dissolution, a maximum of \$10 each towards meeting any outstanding obligations of the Foundation. At 31 December 2014, the number of members was 1.

In relation to the accumulated funds shown on the balance sheet, the Foundation's constitution provides that any funds of the Foundation shall be applied in furtherance of its objects and that no portion thereof shall be distributed directly or indirectly to the members of the Foundation.

Note 11 Accumulated surplus

Movements in accumulated surpluses were as follows:

	2014	2013
	\$	\$
Accumulated surplus at the beginning of the financial year	40,407	101,361
Net (deficit)/surplus for the year	637,488	(60,954)
Accumulated surplus at the end of the financial year	<u>677,895</u>	<u>40,407</u>

Note 12 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Foundation, and its related practices:

	2014	2013
	\$	\$
Audit services		
PwC Australia		
- Audit and review of financial statements	35,000	28,200
Total remuneration for audit services	<u>35,000</u>	<u>28,200</u>

Note 13 Contingencies

There are no contingent liabilities and contingent assets raised at 31 December 2014.

Note 14 Related party transactions**(a) Directors**

The names of persons who were directors of the Foundation at any time during the financial year are as follows: Jane S Allen, Melinda B Conrad, Gabriel Farago, John S Mattick, Geoff Dixon, Loftus Harris, John Landerer, Brad Rees, Simon D Mordant, Bruce Baird, Jeanne-Claude Strong, John Schubert and Philip W Knox.

(b) Trustee

Garvan Research Foundation Limited acts as Trustee for the Garvan Research Foundation pursuant to the trust deed dated 21 November 2003.

(c) Remuneration of directors

The Directors did not receive any remuneration from the Foundation during the financial year.

(d) Transactions with other related parties

The following transactions occurred with related parties other than key management personnel:

	2014	2013
<i>Grants to associates (Garvan Institute of Medical Research)</i>	\$	\$
General research and operating grant	1,400,000	1,400,000
Specific research grants	7,880,342	7,875,027
Specific grants - The Kinghorn Cancer Centre (GIMR)	-	315,050
Specific grants - The Kinghorn Cancer Centre (SVH)	-	315,050
Endowment fund grant	188,167	8,265,283

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	2014	2013
<i>Current payables (reimbursement)</i>	\$	\$
Garvan Institute of Medical Research	209,039	156,224

Note 15 Reconciliation of profit after income tax to net cash inflow from operating activities

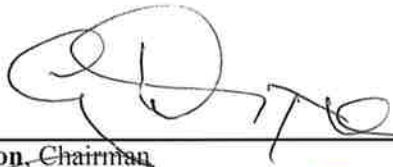
	2014	2013
	\$	\$
Surplus/(Deficit) for the year	637,488	(60,954)
Depreciation and amortisation	12,194	15,161
Change in operating assets and liabilities:		
Increase in receivables	(1,285)	(35,612)
Increase/(Decrease) in payables	103,270	194,334
Net cash inflow from operating activities	<u>751,667</u>	<u>112,929</u>

**Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation
Directors' declaration**

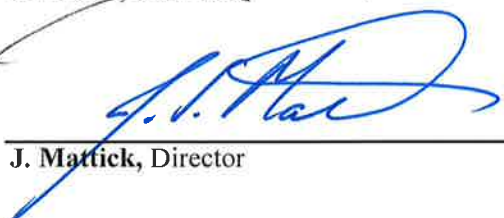
In the Directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 17 are in accordance with the *Trust Deed dated 21 November 2003*, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors, for and on behalf of the Board by:



G. Dixon, Chairman



J. Mattick, Director

Sydney
6 May 2015



Independent auditor's report to the members of Garvan Research Foundation Limited as Trustee for the Garvan Research Foundation

Report on the financial report

We have audited the accompanying financial report of Garvan Research Foundation Limited (the Company), which comprises the balance sheet as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act (ACNC) 2012* and the *Trust Deed dated 21 November 2003* 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Opinion

In our opinion, the financial report of Garvan Research Foundation Limited is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Trust Deed dated 21 November 2003* including:

- a. giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards.

PricewaterhouseCoopers
PricewaterhouseCoopers

Manoj Santiago
Partner

6 May 2015