



NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION

ABN 57 008 429 961

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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This annual report is for Neuroscience Research Australia Foundation ("the Trust"), its registered office and principal place of business is:

Neuroscience Research Australia
Margarete Ainsworth Building
139 Barker Street
Randwick, NSW 2031

NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
REVENUE			
Donations and fundraising	4	6,695,008	6,738,961
TOTAL REVENUE		6,695,008	6,738,961
EXPENSES			
Personnel expenses	6	(1,207,340)	(941,231)
Donations Transfer		(4,001,486)	(3,791,130)
Other expenses	5	(1,099,659)	(854,859)
TOTAL EXPENSES		(6,308,485)	(5,587,220)
SURPLUS FROM OPERATING ACTIVITIES		386,523	1,151,741
Finance income		476,060	274,055
Finance expenses		(74,612)	(10,806)
NET FINANCE INCOME	7	401,448	263,249
SURPLUS FOR THE YEAR		787,971	1,414,990
Net change in fair value of available-for-sale financial		240,876	34,714
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,028,847	1,449,704

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 7 to 18.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Retained Surplus	Reserves	Trust Capital	Total Trust Funds
	\$	\$	\$	\$
OPENING BALANCE AT 1 JANUARY 2016	9,387,062	-	10	9,387,072
Surplus for the Period	1,414,990	-	-	1,414,990
Net change in fair value of available-for-sale assets	-	34,714	-	34,714
TOTAL COMPREHENSIVE INCOME FOR YEAR	1,414,990	34,714	-	1,449,704
CLOSING BALANCE AT 31 DECEMBER 2016	10,802,052	34,714	10	10,836,776
OPENING BALANCE AT 1 JANUARY 2017	10,802,052	34,714	10	10,836,776
Surplus for the year	787,971	-	-	787,971
Net change in fair value of available-for-sale assets	-	240,876	-	240,876
TOTAL COMPREHENSIVE INCOME FOR YEAR	787,971	240,876	-	1,028,847
CLOSING BALANCE AT 31 DECEMBER 2017	11,590,023	275,590	10	11,865,623

The statement of changes in trust funds is to be read in conjunction with the notes to the financial statements set out on pages 7 to 18.

NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	1,834,904	3,046,835
Trade and Other Receivables	9	2,555,584	3,528,918
Other Financial Assets	10	7,485,685	4,282,879
TOTAL CURRENT ASSETS		<u>11,876,173</u>	<u>10,858,632</u>
TOTAL ASSETS		<u>11,876,173</u>	<u>10,858,632</u>
CURRENT LIABILITIES			
Trade and Other payables	11	10,550	21,856
TOTAL CURRENT LIABILITIES		<u>10,550</u>	<u>21,856</u>
TOTAL LIABILITIES		<u>10,550</u>	<u>21,856</u>
NET ASSETS		<u>11,865,623</u>	<u>10,836,776</u>
MEMBERS' FUNDS			
Trust Capital		10	10
Retained Surplus		11,590,023	10,802,052
Reserves		275,590	34,714
TOTAL MEMBERS' FUNDS		<u>11,865,623</u>	<u>10,836,776</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 7 to 18.

NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		684,720	600,478
Receipts from donations and fundraising		6,072,535	6,193,072
Interest received		122,106	100,175
Donations paid		(2,856,043)	(3,617,250)
Payments to suppliers and employees		(2,374,337)	(1,872,139)
NET CASH FROM OPERATING ACTIVITIES	12	<u>1,648,981</u>	<u>1,404,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Available-for-sale asset		(2,993,543)	(4,248,165)
Investments to term deposits		-	592,695
Dividends received		132,631	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,860,912)</u>	<u>(3,655,470)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,211,931)	(2,251,134)
Cash and cash equivalents at the beginning of year		<u>3,046,835</u>	<u>5,297,969</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	8	<u>1,834,904</u>	<u>3,046,835</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 7 to 18.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 1. REPORTING ENTITY

Neuroscience Research Australia Foundation (the "Trust") is a trust domiciled in Australia. The principal activities of the Trust during the course of the financial year were the conduct of fundraising appeals to raise money for medical research and the development of medical research facilities at Neuroscience Research Australia. The Trust, commenced trading as the Neuroscience Research Australia Foundation on 1 January 2011. The financial statements of the Trust are as at and for the year ended 31 December 2017.

Registered Office

Neuroscience Research Australia
Margarete Ainsworth Building
139 Barker St
Randwick NSW 2031

Principal Place of Business

Neuroscience Research Australia
Margarete Ainsworth Building
139 Barker St
Randwick NSW 2031

NOTE 2. BASIS OF PREPARATION

Statement of Compliance

In the opinion of the directors, the Group is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Trust's functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below, have been applied consistently to all periods presented in these financial statements. To conform with current year presentation certain comparative figures have been reclassified. In the opinion of the Directors, these changes in presentation are not material to the overall financial statements.

Financial Instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Trust becomes a party to the contractual provisions of the instrument.

The Trust ceases to recognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Trust has the following non-derivative financial assets: loans and receivables, cash and cash equivalents and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through the income statement. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is de-recognised, at which time, the cumulative gain or loss is recognised in investment income in the income statement, or the investment is determined to be impaired when the cumulative loss is reclassified from the available-for-sale reserve to the income statement as impairment of assets. Interest earned and dividends received whilst holding available-for-sale financial assets are reported as investment income.

The Trust evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Trust becomes a party to the contractual provisions of the instrument. The Trust ceases to recognise a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Trust considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Trust uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

(ii) Non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Employee Benefits

(i) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Trust's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the consolidated entity's obligations.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

(i) Donations

Revenue from donations and fundraising is recognised in profit or loss when the Trust gains control of the contribution or the right to receive the contribution. Where such amounts are conditional upon expenditure for a specified purpose and/or during a specified time period they are classified as deferred revenue. Amounts are released to revenue as the expenditure for the specified purpose is made during any such specified time period.

(ii) Government and other grants

Government and other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Trust will comply with the conditions associated with the grant. Grants that compensate the Trust for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Finance income & costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss using the effective interest method.

Income Tax

The company is a registered charity and is exempt from income tax under s50-5 of the Income Tax Assessment Act 1997.

Goods & Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Trust, except for AASB 9 Financial Instruments, which becomes mandatory for the Trust's 2018 financial statements.

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities.

AASB 15 Revenue from contracts with customers, becomes mandatory for the 2018 financial statements and could change the classification and recognition method of revenue. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

AASB 16 Leases requires companies to bring most operating leases on-balance sheet from 2019. Companies with operating leases will appear to be more asset-rich, but also more heavily indebted. AASB 16 is effective for the Trust's 2019 financial statements.

AASB 1058 Income for Not-for-profit Entities is a standard addressing the recognition and measurement of income for not-for-profit entities. The concept of reciprocal and non-reciprocal transactions has been removed, and instead an assessment of enforceability and performance obligations is required. Application is effective for the Trust's 2019 financial statements.

The company does not plan to adopt these standards early and the extent of the impact has not been determined.

NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 4: DONATIONS AND FUNDRAISING

	2017	2016
	\$	\$
Direct Marketing	853,463	670,646
Events	460,797	375,467
Bequests	1,960,472	420,462
Major Gifts	1,166,920	1,209,418
Grants & Foundations	622,473	449,774
General	430,883	343,194
Capital Campaign	1,200,000	2,270,000
Donation transfers - related party	-	1,000,000
TOTAL REVENUE	<u>6,695,008</u>	<u>6,738,961</u>

NOTE 5: OTHER EXPENSES

	2017	2016
	\$	\$
Direct Mail	503,810	447,727
Events	113,919	98,098
Consultants	42,899	22,138
Corporate Partnerships	5,379	4,339
New Database	1,529	4,302
Other	432,123	278,243
TOTAL OTHER EXPENSES	<u>1,099,659</u>	<u>854,859</u>

NOTE 6: PERSONNEL EXPENSES

	2017	2016
	\$	\$
Wages, Salaries, and Other Personnel Expenses	1,106,650	893,746
Contributions to superannuation funds	100,690	47,485
TOTAL PERSONNEL EXPENSES	<u>1,207,340</u>	<u>941,231</u>

NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 7: NET FINANCIAL INCOME

	2017	2016
	\$	\$
Interest Income	122,106	100,175
Interest Income - related party	179,030	173,880
Bank Charges	(42,989)	(10,806)
Realised gain from available-for-sale financial	42,294	-
Dividend income	132,631	-
Foreign exchange losses	(31,624)	-
TOTAL NET FINANCIAL INCOME	<u>401,448</u>	<u>263,249</u>

NOTE 8: CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Bank balances	621,221	351,811
Term Deposits	1,213,683	2,695,024
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	<u>1,834,904</u>	<u>3,046,835</u>

Term deposits with maturity dates less than 3 months are classified as cash and cash equivalents. Term deposits with maturity dates greater than 3 months are classified as

NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	2017	2016
		\$	\$
Current			
Sundry Receivables		925	-
Prepayments		-	7,847
Related party receivable - Neuroscience Research Australia	14	2,525,741	3,490,153
Related party receivable - Schizophrenia Research Institute	14	28,918	30,918
TOTAL TRADE AND OTHER RECEIVABLES		<u>2,555,584</u>	<u>3,528,918</u>

NOTE 10: OTHER FINANCIAL ASSETS

	2017	2016
	\$	\$
Current		
Available-for-sale assets	7,485,685	4,282,879
TOTAL OTHER FINANCIAL ASSETS	<u>7,485,685</u>	<u>4,282,879</u>

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 11: TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Trade creditors	-	-
Other payables and accrued expenses	10,550	21,856
TOTAL TRADE AND OTHER PAYABLES	<u>10,550</u>	<u>21,856</u>

NOTE 12: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Cash flows from operating activities		
Operating surplus	787,971	1,414,990
Dividend income	(132,361)	-
Foreign exchange losses	31,623	-
Net cash provided by operating activities before changes in assets and liabilities	<u>687,233</u>	<u>1,414,990</u>
Changes in assets and liabilities		
Increase/(Decrease) in payables	(10,822)	13,960
Decrease/(Increase) in receivables	972,570	(24,614)
Net cash flow from operating activities	<u>1,648,981</u>	<u>1,404,336</u>

NOTE 13: TRUST CAPITAL

Settled Sum	<u>10</u>	<u>10</u>
There were no movements in trust capital during the year		

NOTE 14: RELATED PARTIES

The following were key management personnel of the Trust at any time during the reporting period, unless otherwise indicated were key management personnel for the entire period: Peter Schofield (Chief Executive Officer), Andrew Dermott (Finance Director and Company Secretary) and Grant Simpson (Foundation Director).

Key management services

All key management personnel are compensated by Neuroscience Research Australia, and services performed in relation to the Trust are re-charged by Neuroscience Research Australia to the Trust. Please see Note 6 Personnel Expenses.

Identity of related parties

The Trust has a related party relationship with its trustee (Neuroscience Research Australia Foundation), its ultimate parent entity (Neuroscience Research Australia), and with its key management personnel.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 14: RELATED PARTIES (CONTINUED)

Other related party transactions

	2017	2016
	\$	\$
Related party receivable – Neuroscience Research Australia (see Note	2,525,741	3,490,153
Related party receivable – Schizophrenia Research Australai (see	28,918	30,918
Donations receipt (see Note 4)	-	1,000,000
Donations transfer	4,001,486	3,791,130

On 12 December 2013, Neuroscience Research Australia entered into a loan facility as borrower with Neuroscience Research Australia Foundation. The facility was utilised in prior year, with a loan of \$4,343,000 made on 11 March 2016. The purpose of this loan was to complete the fit-out of Level 6 of the Margarette Ainsworth Building. In August 2017 Neuroscience Research Australia made a loan repayment of \$1,250,000 and in December 2017 the year's interest expense of \$179,031 was paid. The loan facility balance at the end of the year is \$3,402,748

NOTE 15: TRUSTEE DETAILS

The Trustee is Neuroscience Research Australia Foundation, a public company limited by guarantee. The registered office of the Trustee is 139 Barker Street, Randwick NSW 2031.

Directors:

The names and details of directors of the Trustee in office at any time during or since the end of the financial period are:

Peter Schofield

Peter Schofield was appointed Director in August 2007. He is Chief Executive Officer of Neuroscience Research Australia.

Graeme Bradshaw

Graeme Bradshaw was appointed Director in August 2007. He founded the Sydney office of fundraising consultancy DVA Navion in 1984. Graeme is now retired and works as a consultant.

Ian Kennedy

Ian Kennedy was appointed Director in May 2009. Ian is the Marketing Director and part owner of Australian Natural Care Products and Subscribe-HR. He is the National President of The Starlight Children's Foundation and was the Chairman for seven years.

Ian Harris

Ian Harris was appointed Director in June 2011. He is Business Unit Manager at AbbVie, a biopharmaceutical company.

Stephen Blackman

Stephen Blackman was appointed Director in April 2014. He is the Principal, Resource Capital Advisory Services and director of several private companies.

Paul Nicolarakis

Paul Nicolarakis was appointed Director in March 2014. He is Chief Executive Officer of Lorica Health Pty Limited and Principal Advisor to Capital Cooperative Research Centre.

Nikki Williams

Nikki Williams was appointed Director in May 2014 and is Chairperson of the Board. She is a consultant and company director. She was the former Chief Executive of the Australian Coal Association. She resigned as a Director in February 2018.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 15: TRUSTEE DETAILS (CONTINUED)

Directors (continued)

Christine Cameron

Christine Cameron was appointed Director in August 2014. She is the Head of Institutional and Strategic Relationships at Maple-Brown Abbott Investment Managers.

Chad Barton

Chad Barton was appointed Director in May 2016. He is a Chartered Accountant and is Group Chief Financial Officer at The Star Entertainment Group Limited.

Sophie Wong

Sophie Wong was appointed Director in May 2017. She has a Masters Degree in Brain and Mind Sciences from the University of Sydney and is currently undertaking a professional doctorate in management at the University of Hertfordshire, UK.

DIRECTORS' MEETINGS

The number of Trustee Directors' Meetings (including meetings of committees of directors) and number of meetings attended by each of the directors during the financial period are:

DIRECTOR	BOARD MEETINGS		FINANCE, RISK, AUDIT & COMPLIANCE COMMITTEE MEETINGS		INVESTMENT COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
P Schofield	6	6	7	6	6	6	3	3
G Bradshaw	6	5	-	-	-	-	-	-
I Kennedy	6	3	-	-	-	-	-	-
I Harris	6	4	-	-	-	-	-	-
S Blackman	6	4	7	5	-	-	-	-
P Nicolarakis	6	5	-	-	-	-	-	-
N Williams	6	5	-	-	-	-	3	2
C Cameron	6	6	-	-	6	6	-	-
C Barton	6	5	2	2	-	-	-	-
S Wong	4	4	-	-	-	-	-	-

A - Number of meetings held during the time the director held office during the period

B - Number of meetings attended

COMPANY SECRETARY

Andrew Dermott was appointed Company Secretary in October 2000. He previously held the role of Chief Accountant with a wool trading company for nine years.

FINANCE, RISK, AUDIT AND COMPLIANCE (FRAC) COMMITTEE

The FRAC Committee will oversee all financial, risk and compliance aspects of NeuRA. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, and its subsidiaries, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the FRAC committee during the period were: J Alexander (Chairman), B Shepherd, S Blackman, C Barton (invited voting member), P Schofield (ex officio voting member), A Dermott (ex officio non-voting member), N Ware (ex officio non voting member, to February 2017) and K Johnston (ex officio non-voting member, from March 2017).

The committee met seven times during the twelve months and committee members' attendance records are disclosed in the table of directors' meetings above.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 15: TRUSTEE DETAILS (CONTINUED)

INVESTMENT COMMITTEE

The Investment Committee will oversee and make investment recommendations to the Boards of Directors to support NeuRAs research and associated infrastructure. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the Investment Committee during the period were: C McConaghy (Chairman), C Cameron, P Schofield (ex officio voting member) and A Dermott (ex officio non-voting member).

The committee met six times during the twelve months and committee members' attendance records are disclosed in the table of directors' meetings.

NOMINATION COMMITTEE

The nomination committee will review the balance of skills, experience and diversity of the Boards and Committees to ensure the Directors and members are of the highest value to the company. It is also responsible for the Chief Executive Officer's and Deputy Director's remuneration. Each year the Chief Executive Officer presents a report to the Chairman outlining a statement of objectives for the next 12 months and achievements for the previous 12 months. After considering this report the committee (excluding the Chief Executive Officer) reviews the Chief Executive Officer's remuneration and decides if it is appropriate to award part or all of the short term bonus component. This committee is a joint committee, providing oversight of the activities of Neuroscience Research Australia, Neuroscience Research Australia Foundation and the Schizophrenia Research Institute. The members of the Nomination Committee during the period The Committee met three times during the year and committee members' attendance records are disclosed in the table of directors' meetings.

NOTE 16: FUNDRAISING APPEALS CONDUCTED DURING THE FINANCIAL PERIOD BY THE NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION

During the period, fundraising appeals conducted by the Neuroscience Research Australia Foundation for the acceptance of donations and a capital campaign for future building development.

RESULTS OF FUNDRAISING APPEALS

	2017	2016
	\$	\$
Gross proceeds from fundraising	6,695,008	6,738,961
Less: Direct cost of fundraising	(2,317,933)	(1,796,080)
Net surplus obtained from fundraising appeals	<u>4,377,075</u>	<u>4,942,881</u>
This surplus was allocated to:		
Expenditure on research	996,603	1,608,219
Transfer to accumulated funds for building development	1,020,000	2,270,000
Transfer of accumulated funds for future research	<u>2,360,472</u>	<u>1,064,662</u>
TOTAL ALLOCATION	<u>4,377,075</u>	<u>4,942,881</u>

NOTE 17: SUBSEQUENT EVENTS

There have been no events subsequent to balance date, which would have a material effect on the Trust's financial statements at 31 December 2017.

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
TRUSTEES' DECLARATION**

In the opinion of the directors of Neuroscience Research Australia Foundation ("the Trust"):

- (a) the financial statements and notes, set out on pages 3 to 18, present fairly the financial position of the Trust as at 31 December 2017 and of its performance for the financial period year on that date in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and the Trust Deed dated 14 November 2007; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with resolution of the directors of the trustees



PETER ROBERT SCHOFIELD
Chief Executive Officer



CHAD BARTON
Director

Dated at Sydney this 17th day of April 2018

**NEUROSCIENCE RESEARCH AUSTRALIA FOUNDATION
DECLARATION BY RESPONSIBLE OFFICER IN RESPECT OF FUNDRAISING APPEALS**

I, Peter Robert Schofield, Chief Executive Officer and responsible officer of Neuroscience Research Australia Foundation, declare in my opinion that:

- (a) the financial report gives a true and fair view of all income and expenditure of Neuroscience Research Australia Foundation with respect to fundraising appeal activities for the year ended 31 December 2017;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities for the year ended 31 December 2017;
- (c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the conditions attached to the authority have been complied with for the year ended 31 December 2017; and
- (d) the internal controls exercised by Neuroscience Research Australia Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



PETER ROBERT SCHOFIELD
Chief Executive Officer

Date at Sydney this 17th day of April 2018



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the trustee for Neuroscience Research Australia Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Cameron Roan

KPMG

Partner

Sydney

17 April 2018



Independent Auditor's Report

To the trustees of Neuroscience Research Australia Foundation

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of the Neuroscience Research Australia Foundation (the Trust).

In our opinion, the accompanying **Financial Report** of the Trust presents fairly, in all material respects the Trust's financial position as at 31 December 2016, and of its financial performance and its cash flows for the year ended on that date:

- (i) in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and
- (ii) in compliance with *Australian Accounting Standards – Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- (i) Statement of financial position as at 31 December 2017,
- (ii) Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- (iii) Notes including a summary of significant accounting policies.
- (iv) Trustees' declaration of the Trust.
- (v) Declaration by the Chief Executive Officer in respect of fundraising appeals of the Trust.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Trust in accordance with the auditor independence requirements of the *ACNC Act 2012* 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 fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Financial Report

The Trustee's directors are responsible for:

- (i) Preparing a fairly presented Financial Report in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Preparing the Financial Report in accordance with Australian Accounting Standards and Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations the Act and Regulations.
- (iii) Preparing the Financial Report in accordance with the Deed.
- (iv) Implementing necessary internal control to enable the preparation of a Financial Report that is presented fairly and is free from material misstatement, whether due to fraud or error.
- (v) Assessing the Trust's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- (ii) Designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- (v) Concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- (vi) Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

In addition we have:

- (i) Obtained an understanding of the internal control structure for fundraising appeal activities.
- (ii) Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

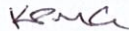
We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

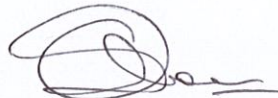
Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- (i) the Financial Report gives a true and fair view of the Trust's financial result of fundraising appeal activities for the financial year ended 31 December 2017;
- (ii) the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2017 to 31 December 2017, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (iii) money received as a result of fundraising appeal activities conducted during the period from 1 January 2017 to 31 December 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (iv) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.



KPMG



Cameron Roan

Partner

Sydney

17 April 2018