



NATIONAL  
BREAST CANCER  
FOUNDATION

# FULL FINANCIAL REPORT

FOR THE YEAR ENDED  
30 JUNE 2016



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National Breast Cancer Foundation  
ABN 37 144 841 707

# DIRECTORS' REPORT

The directors present their report, together with the financial statements of the National Breast Cancer Foundation (NBCF) for the year ended 30 June 2016.

## Directors

The following persons were directors of NBCF during the whole of the financial year and up to the date of this report, unless otherwise shown:

Elaine Henry OAM (Chair)  
Deeta Colvin (McGeogh)  
Lady (Jane) Edwards AM  
Peta Jurd  
Professor Richard Kefford  
David Krasnostein  
Bob Prosser  
Jenny Rogers  
Professor Sally Redman (resigned 19 January 2016)  
Maria Wilton (resigned 16 June 2016)

Non-executive Directors receive no fees and provide their services to the Board of NBCF on a pro bono basis.

## Principal Activities

During the year the principal continuing activities of NBCF consisted of:

- (a) Raising monies to fund research
- (b) Granting funds for a wide spectrum of research in relation to breast cancer
- (c) Engaging with the community

There were no significant changes in the nature of NBCF's activities during the year.

## Long Term Objectives

The long term objective of NBCF is the prevention and cure of breast cancer towards zero deaths from breast cancer by 2030.

## Short to Medium Term Objectives

- (a) Continue to drive the best research towards prevention & cure
- (b) Increase our advocacy profile and capabilities
- (c) Enhance our science communications to supporters
- (d) Significantly increase fundraising

## Key strategies for achieving objectives

- (a) **Drive research towards prevention and cure**
- Evaluate outcomes of NBCF funded research to date
  - Review and refine research strategy and decision making processes
  - Continue to fund research across the spectrum of research types (e.g. basic, applied, clinical etc.)
  - Continue to fund the best research across Australia
  - Monitor advances in research internationally
- (b) **Increase our advocacy profile and capabilities:**
- Publish on key issues annually
  - Give input/offer commentary on national and international policy issues
  - Work closely with the International Union for Cancer Control, International Cancer Research Partnership and NBCF counterpart organisations in other countries
- (c) **Enhance our science communications to supporters:**
- Drive internal integration between those responsible for marketing, fundraising and research investment
  - Work closely with NBCF funded researchers to offer lay friendly updates, events and tours
- (d) **To increase fundraising:**
- Review all fundraising activities using ROI analysis against fully costed models
  - Focus resources on the more profitable activities
  - Explore new areas of fundraising

## Explanation of how business activities helped meet key objectives

NBCF is a two part business, on one hand raising funds for research and on the other, establishing and reviewing the research strategy and awarding grants to help meet the strategic research goals. Fundraising activity provides the income required to fund research to meet our initial goal of “towards zero deaths from breast cancer by 2030”, and our ultimate goal of the prevention and cure of the disease. NBCF-funded research is helping to better understand how breast cancer originates, grows and spreads, in order to develop tests, treatments and interventions to improve outcomes for people with the disease. Research grants cover a broad spectrum of breast cancer research, as well as supporting psychosocial research aimed at improving the quality of life for people after breast cancer treatment, their family and friends. While some research will produce immediate results that can be applied to prevention, treatment and care, most research results will come to fruition in years to come. Grant applications are awarded based on excellence, researcher track record and priority areas such as prevention and risk, early detection,

personalising treatment, advanced (metastatic) disease and translational research. The fundraising and grant-making businesses are supported and enabled by Marketing and Corporate Services (IT, HR, Finance).

## Measurement of performance

### Research

For each project funded, an agreement is drawn up (typically over 2-5 years). The agreement contains milestones and a reporting schedule and researcher progress is tracked against these milestones through reports tabled, which are monitored by the NBCF Research staff. Grant instalment payments only occur on the basis of reports tabled and milestones achieved. Other measures of research performance are also used, e.g. scientific publications and citations, as well as whether the researcher has been able to leverage other funding in addition to NBCF's.

An independent evaluation of outcomes from NBCF funded research was undertaken by the Health Economics Research Group (HERG). The findings were that research funded by NBCF has had significant impact in such critical areas as knowledge production; leveraging further funding and research; health gains; development of new therapies and diagnostics; and informing health policy. The NBCF Research team is currently looking at tools for prospectively monitoring outcomes and tracking research impact to ensure that the research funded by NBCF continues to be of world class quality.

### Fundraising

At the start of each financial year fundraising business units are set income targets (as well as expenditure constraints within the budget) and other key performance indicators (e.g. % of repeat business or number of new donors acquired). Business units report on progress against these targets on a monthly basis.

### Marketing and Corporate Services

Marketing is charged with raising awareness of, and managing, the NBCF brand. Performance measures for Marketing are brand awareness and advocacy; supporter understanding of the research NBCF funds; and promoting fundraising initiatives. Corporate Services (IT, HR, Finance) provide business units with appropriate, timely, effective and efficient services to support their activities, so performance measurement hinges principally on internal client satisfaction and achievements.

## Review of operations

NBCF operations for the year resulted in a surplus before grant expense and income tax of \$11.1m (2015: \$10.5m). After the provision of research grants, of \$12.2m (2015:\$10.4m) the net deficit for the year was \$1.1m (2015: surplus of \$0.2m). No income tax is payable.

## Significant changes in the state of affairs

There has been no significant change in the state of affairs of NBCF during the year.

## Matters subsequent to the end of the financial year

No matter or circumstances has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) NBCF's operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) NBCF's state of affairs in future financial years

## Likely developments and expected results of operations

NBCF expects to maintain the present status and level of operations, including continuation of investment in the Regular Giving program to generate additional funds for research in future years. In the opinion of the Directors, there are no likely changes in the operations of NBCF that will adversely or significantly affect the results of NBCF in subsequent financial years.

## Environmental Regulation

NBCF is not subject to any mandatory environmental obligations or reporting requirements, but has in place company policies that promote environmental awareness and sustainability.

## Information on Directors

**ELAINE HENRY OAM** BSc (Hons 1) DLitt (h.c.) MAICD  
Board member/Trustee for 21 years

### Experience and Expertise

At the end of 2010 Elaine stepped down after almost 13 years as Chief Executive Officer of The Smith Family. In the previous 13 years, Elaine was the Executive Director of the Cancer Council (NSW). She has held multiple non-executive roles over the last three decades, mainly in the government and not-for-profit sectors as well as being a director of AXA (National Mutual) Trustees from 1998-2001. She was awarded the Medal of the Order of Australia in 1994 and a Doctorate of Letters (h.c.) from the University of NSW in 2006 for her service to the community, particularly her contribution to the control of breast cancer. She played a major role in developing the model for Australia's breast screening program, oversaw the establishment of the National Breast Cancer Centre and Breastscreen NSW and convened the National Steering Committee for Australia's inaugural Breast Cancer Day. Elaine is currently the Chair of the Australian Research Alliance for Children and Youth (ARACY); a Member of the Vice Chancellor's Industry Advisory Board at the University of Technology Sydney (UTS); a Member of the Advisory Council at the Centre for Social Impact at the University of NSW (UNSW); a Member of the Australian Government's Financial Literacy Board and a Director of Financial Literacy Australia; and a Member of the Early Start Advisory Committee at the University of Wollongong, among other appointments.

**Special responsibilities:** Chair, Board; Chair, Nominations Committee; Member, People and Culture Committee.

**DEETA COLVIN (McGEOGH)** BA

Board member for 3 years

### Experience and Expertise

Deeta currently consults to a few selected clients Consolidated Press Holdings (CPH), The Michael Cassel Group and Dom Perignon. She previously worked full time in a Marketing and Special Events role for CPH. Immediately prior to this, Deeta was Director of Corporate Relations and Events for PBL Media from 2002 to 2007. Prior to this role, Deeta owned her own marketing and communications agency, Colvin Communications International.

Deeta is a non-executive director of the Australian Committee for UNICEF Limited and has been involved with a number of not-for-profit organisations such as Breast Cancer Council, Chris O'Brien Cancer centre, Art Gallery of NSW, Opera Australia, Sydney Symphony and Brandenburg Orchestra. She is also on the Advisory Committee for

the Centre of Fashion at MAAS. She was awarded an "Ordre du Merite" by the French Government in 2001 for her contribution to fostering business between France and Australia.

**LADY JANE EDWARDS AM**, ONM(Fr), BA, FAICD, FAIM  
Board member/Trustee for 11 years

#### Experience and expertise

Jane (Brumfield) Edwards is a businesswoman and communications strategist, with a distinguished career spanning more than 35 years. A former Canberra journalist, Jane is a specialist in issues and reputation management. She advises senior executives and community leaders around Australia on personal profiling and business-critical issues in the public arena. Jane founded and owns the national BBS Communications Group and is an Adjunct Professor at the University of Queensland's school of Journalism and Communications. Jane is appointed to numerous government and business boards and committees including, The Lord Mayors Business Advisory Board, the City of Brisbane Investment Corporation, the Property Industry Foundation Governance Board and the French-Australian Chamber of Commerce and Industry Executive Board. Since 2001, she has been the Honorary French Consul for Queensland. She is a member of the Order of Australia, and holds the Chevalier de L'Ordre National du Merite (Knight of the French National Order of Merit).

**Special responsibilities:** Member, People and Culture Committee

**PETA JURD** B.Com Dip.Law CPA GAICD  
Board member for 5 years

#### Experience and expertise

Peta has extensive experience in health and technology companies and is currently the Chief Commercial Officer and Company Secretary of Simavita Limited, a digital health technology company that has a first to market digital solution for the management of incontinence. Prior to that Peta was the Head of Hills Health Solutions at Hills Limited where she was responsible for providing health technology to hospitals and aged care facilities in Australia and New Zealand. She has also held senior management positions at Telstra, Veolia Environmental Services and Mayne Nickless Health Care. Peta has a strong commercial background and extensive experience running commercial and operational business units and governance areas such as compliance, risk management, human resources, safety and legal services. She has previous Board experience with a not-for-profit organisation and an industry superannuation fund.

**Special responsibilities:** Member, Audit & Risk Committee; Chair, People and Culture Committee.

**PROFESSOR RICHARD KEFFORD AM** MB BS PhD FRACP  
Board member for 2 years

#### Experience and Expertise

Rick is Professor of Cancer Medicine, Head of the Department of Clinical Medicine and Head of the Cancer Clinical Program at Macquarie University, Honorary Professor in Medicine at the University of Sydney, and Consultant Medical Oncologist in breast cancer and melanoma at Westmead and Macquarie University Hospitals. He is Co-Director of Research at Melanoma Institute Australia (MIA). He is Chief Investigator on NHMRC and CINSW Program Grants researching the molecular biology of cancer, with particular focus on immune-oncology. He has been an investigator on over 50 Phase I, II, III and adjuvant Clinical Trials in melanoma and breast cancer, including the recent development of targeted therapies and immunotherapy.

He is a member of the Australian NHMRC Research Translation Faculty Cancer Steering Group and has served as a member of its Academy, Research Committee, and Project and Program Research Committees. He is a Member of the Ethics Committee of the Medical Oncology Group of Australia (MOGA). He serves as a consultant to multiple biotechnology and pharmaceutical companies on cancer drug development and clinical trials. He was awarded as Member of the Order of Australia (AM) in 2009 for "services to medicine in the area of oncology research, to professional organisations, and as an educator".

**Special responsibilities:** Member, Nominations Committee

**DAVID KRASNOSTEIN** B.Juris (Honors) LL.B LL.M  
Board member/Trustee for 7 years

#### Experience and expertise

David Krasnostein was former CEO of MLC Private Equity, Australia's oldest and largest private equity investor with over \$4b of assets globally. He was former Chief General Counsel of National Australia Bank, Telstra's first General Counsel and Head of Strategic and Corporate Planning, and a Partner of Sidley Austin in Washington DC. David is a Director of the Qualitas Advisory Board and a Director of the Melbourne Symphony Orchestra. He was previously Chairman of WorkSafe Victoria and Director of the Traffic Accident Commission of Victoria (TAC) and Chairman of its Audit and Risk Committee. David has law degrees from the Universities of WA and Virginia, and attended the International Executive Program at INSEAD.

**Special responsibilities:** Chair, Investment Committee; Member, Nominations Committee; Member, Audit & Risk Committee; Member, People and Culture Committee



**BOB PROSSER** MA Oxf FCA MAICD SA Fin  
Board member for 5 years

#### Experience and Expertise

Bob is a Chartered Accountant and an experienced Company Director. He is an independent non-executive Director of the Frasers Australia Property Group (formerly the Australand Property Group), and of the Song Company, including being chair of their Audit and Risk Committees. He was a Partner of PricewaterhouseCoopers from 1987 to 2008.

**Special responsibilities:** Chair, Audit & Risk Committee; Chair, Register4 Committee

#### JENNY ROGERS

Board member for 2 years

#### Experience and expertise

Jenny is Director and shareholder of R M Black Morgan Management Pty Ltd, the company that trades under the licence of Patersons Wealth Management. She is a Director and shareholder of 197 Adelaide Terrace Unit Trust. Jenny is also a Director and shareholder of a family Company for the past 47 years. Jenny manages the finances of many private and corporate clients. She has chaired the NBCF Global Illumination Committee in Perth for 10 years. For the past 9 years she has held the position of Vice Chair Alzheimers Australia WA and recently chaired the Alzheimers Disease International conference in Perth. Jenny was a Director of Lotterywest for 8 years and was Chair of their Medical Research programme with yearly discretionary funding. She has previously held the position of President of Women Chiefs of Enterprise WA.

**PROFESSOR SALLY REDMAN AO** PhD  
(resigned 19 January 2016)

#### Experience and Expertise

Professor Redman is CEO of the Sax Institute. The Sax Institute is funded by NSW Health to increase the impact of public health and health services research on policy and practice. It is responsible for the 45 and Up Study, Australia's largest study on health and ageing, and has developed innovative approaches to increasing the use of research by policy agencies. Professor Redman is a public health researcher with an interest in evaluating programs designed to improve health and health care. She has over 180 publications in peer reviewed journals and currently leads an NHMRC Centre for Research Excellence in increasing the use of research evidence in policy. Professor Redman was previously the inaugural Director of the National Breast

Cancer Centre, funded by Australia's federal government to improve evidence-based care & outcomes for women with breast cancer.

**Special responsibilities:** Chair, Research Advisory Committee

**MARIA WILTON** CFA BEc FAICD FAIST  
(resigned 16 June 2016)  
Board member/Trustee for 6 years

#### Experience and expertise

Maria Wilton is Managing Director of Franklin Templeton Investments Australia, Chair of the Franklin Templeton Investments Australia Board and member of the Balanced Equity Management Board. She has responsibility for leading the strategic direction of Franklin Templeton \$20.4b business in Australia and New Zealand. Maria was formerly with BT Financial Group, County Investment Management and J.P. Morgan Investment Management in investment and business roles. Before joining the investment management industry, she worked for the Commonwealth Treasury in an economic research capacity. Maria is the Chair of the Industry Advisory Board of the Australian Centre for Financial Studies and a former director of the Financial Services Council and co-chairs the Investment Board Committee. She was a Board member of Melbourne Water, the Transport Accident Commission and Victoria Legal Aid (including Chair of the Audit Committee). Maria was a Trustee Director of the Australian Government Employees Superannuation Trust and Emergency Services and State Super and a member of both Investment Committees. Maria is a Chartered Financial Analyst (CFA) Charterholder, a Member of the CFA Society Advocacy Council, a Fellow of the Australian Institute of Superannuation Trustees and a Fellow of the Australian Institute of Company Directors.

**Special responsibilities:** Member, People and Culture Committee; Member, Investment Committee

## Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of Investment, People and Culture and Nomination committees		Meetings of Audit & Risk Committee	
	A	B	A	B	A	B
Elaine Henry OAM	7	7	1	1	n/a	n/a
Deeta Colvin	5	7	n/a	n/a	n/a	n/a
Jane Edwards AM	5	7	1	1	n/a	n/a
Peta Jurd	6	7	1	1	5	5
Rick Kefford	6	7	n/a	n/a	n/a	n/a
David Krasnostein	7	7	3	3	5	5
Bob Prosser	7	7	n/a	n/a	5	5
Jenny Rogers	6	7	n/a	n/a	n/a	n/a
Sally Redman (resigned 19 January 2016)	1	3	n/a	n/a	n/a	n/a
Maria Wilton (resigned 16 June 2016)	4	6	2	2	n/a	n/a

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

## Indemnification of officers

During the financial year, NBCF paid a premium of \$3.0k (2015: \$2.9k) for insurance to indemnify directors and NBCF against any matter arising from or by reason any wrongful act committed by them in their capacity as directors.

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 NBCF, and any other payments arising from Liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of the position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## Proceedings on behalf of the company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court.

## Member's Guarantee

NBCF is a company limited by guarantee. If NBCF is wound up, its constitution states that each member is required to contribute a maximum of \$100 towards meeting outstanding obligations of NBCF. At the date of this report, there were 8 members of the entity.

### **Indemnification of Auditors**

To the extent permitted by law, NBCF has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). However, the indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

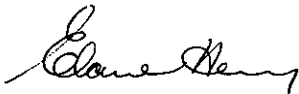
### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 9.

### **Auditor**

EY continues in office.

This report is made in accordance with a resolution of directors



Elaine Henry OAM  
Director



Sarah Hosking  
CEO

Sydney  
5 October 2016





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### **Auditor's Independence Declaration to the Directors of National Breast Cancer Foundation**

In relation to our audit of the financial report of National Breast Cancer Foundation for the financial year ended 30 June 2016, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rob Lewis'.

Rob Lewis  
Partner  
5 October 2016

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# FINANCIAL STATEMENTS

This is a financial report of the National Breast Cancer Foundation as an individual entity. The financial report is presented in the Australian Currency and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

National Breast Cancer Foundation is a "not-for-profit" company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

National Breast Cancer Foundation  
Level 9, 10 Barrack Street  
SYDNEY  
NSW 2000

A description of the nature of NBCF operations and its principal activities is included in the directors' report on pages 2 to 8, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 5 October 2016. The directors have the power to amend and reissue the financial statements

**Statement of comprehensive income**  
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Revenue from fundraising activities	3	25,592	24,068
Donations in kind		669	843
Interest income		1,270	1,633
<b>Revenue from continuing operations</b>		<b>27,531</b>	26,544
Cost of goods sold		(219)	(381)
Donations in kind		(669)	(843)
Advertising and events expenses		(1,427)	(932)
Regular Giving Investment direct expenses		(5,858)	(6,183)
Salaries and allowances		(4,210)	(3,790)
Administrative expenses		(1,012)	(883)
Contractor and consultant fees		(464)	(730)
Rent	4	(429)	(427)
Printing, stationery and postage		(1,552)	(1,253)
Computer and website expenses		(242)	(274)
Travel		(204)	(196)
Depreciation and amortisation	4	(133)	(83)
Other expenses		(22)	(20)
<b>Surplus before grant expense and income tax</b>		<b>11,090</b>	10,549
Grant expenses	13b	(12,155)	(10,361)
<b>Surplus/(Deficit) before income tax</b>		<b>(1,065)</b>	188
Income tax expense	5	–	–
<b>Surplus/(Deficit) for the year</b>		<b>(1,065)</b>	188
<b>Other comprehensive income for the year, net of tax</b>		–	–
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>(1,065)</b>	188

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

**Statement of financial position**  
 As at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	3,012	1,468
Trade and other receivables	7	5,283	5,923
Financial assets – short term deposits	8	39,000	41,000
<b>Total current assets</b>		<b>47,295</b>	48,391
<b>Non-current assets</b>			
Property, plant and equipment	9	464	173
Financial assets – term deposits		305	-
<b>Total non-current assets</b>		<b>769</b>	173
<b>Total assets</b>		<b>48,064</b>	48,564
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	1,502	1,572
Lease liabilities	11	-	28
Provisions	12	15,714	13,772
<b>Total current liabilities</b>		<b>17,216</b>	15,372
<b>Non-current liabilities</b>			
Provisions	13	9,626	10,905
<b>Total non-current liabilities</b>		<b>9,626</b>	10,905
<b>Total liabilities</b>		<b>26,842</b>	26,277
<b>Net assets</b>		<b>21,222</b>	22,287
<b>EQUITY</b>			
Accumulated funds	14	21,222	22,287
<b>Total equity</b>		<b>21,222</b>	22,287

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

### Statement of changes in equity For the year ended 30 June 2016

	Accumulated funds \$'000	Total equity \$'000
<b>Balance at 1 July 2014</b>	<b>22,099</b>	22,099
Surplus/ (Deficit) for the year	<b>188</b>	188
Other comprehensive income	–	–
<b>Total comprehensive surplus for the year</b>	<b>188</b>	188
<b>Balance at 30 June 2015</b>	<b>22,287</b>	22,287
<b>Balance at 1 July 2015</b>	<b>22,287</b>	22,287
Surplus/ (Deficit) for the year	<b>(1,065)</b>	(1,065)
Other comprehensive income	–	–
<b>Total comprehensive deficit for the year</b>	<b>(1,065)</b>	(1,065)
<b>Balance at 30 June 2016</b>	<b>21,222</b>	21,222

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

### Statement of cash flows For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from grants, donations and fundraising activities		<b>25,764</b>	24,848
Payments for research grants, suppliers and employees		<b>(27,038)</b>	(28,585)
		<b>(1,274)</b>	(3,737)
Interest income received		<b>1,547</b>	1,645
<b>Net cash (outflow)/inflow from operating activities</b>		<b>273</b>	(2,092)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	<b>(424)</b>	(133)
Proceeds/(payments) from short-term deposits (net)		<b>1,695</b>	(4,000)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>1,271</b>	(4,133)
Net increase/(decrease) in cash and cash equivalents		<b>1,544</b>	(6,225)
Cash and cash equivalents at the beginning of the financial year		<b>1,468</b>	7,693
<b>Cash and cash equivalents at end of year</b>	6	<b>3,012</b>	1,468

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

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### 1 Summary of significant accounting policies

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

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*. National Breast Cancer Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the National Breast Cancer Foundation (NBCF) also comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Early adoption of standards

NBCF has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iv) Critical accounting estimates

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 NBCF's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### (b) Revenue recognition

Revenue is recognised at the fair value of consideration received, or receivable, when NBCF is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office. Revenue not received at the balance sheet date is reflected in the statement of financial position as a receivable. Revenue received in respect of future periods is reflected in the statement of financial position as a liability.

Revenue is recognised for the major business activities as follows:

(i) Revenue from fundraising

Generally community fundraising and donations are recognised when received. NBCF, in common with most organisations dependent on contributions, is unable to establish control



## Notes to the financial statements 30 June 2016 (continued)

over voluntary donations prior to their initial entry into NBCF's accounting records. Corporate Partner and Women in Super Mother's Day Classic donations are recognised when received or receivable.

Bequests are recognised when NBCF is notified of an impending finalised distribution or the bequest is received, whichever occurs earlier. Bequests comprising shares or other property are recognised at fair value, being the market value of the shares or property at the date NBCF becomes legally entitled to the shares or property.

Revenue from the sale of goods is comprised of revenue earned (net of returns and discounts) from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

### (ii) Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

### (iii) Donations in kind

Donations in kind of goods or services are included at the fair value to NBCF when received, where this can be quantified and where a third party is bearing the cost.

No amounts are included in the financial statements for services donated by volunteers or directors.

### (iv) Other income sources

Revenue from other sources is brought to account on an accrual basis.

## (c) Expenditures

All expenditures are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the categories. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

## (d) Income tax

NBCF is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*. This exemption has been confirmed by the Australian Taxation Office. NBCF holds deductible gift recipient status and has been endorsed as a health promotion charity.

## (e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to NBCF as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

## (f) Impairment of assets

Assets are tested 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

## (g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash includes cash on hand and in banks in the name of NBCF. It does not include managed investments.

## (h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that NBCF will not be able to collect all amounts due according to the original terms of the receivables.

## (i) Property, plant and equipment

Plant and equipment acquired are measured on the cost basis less, where applicable, depreciation and impairment losses.

Depreciation on 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 or, in the case of leasehold improvements, the shorter lease term as follows:

- Office equipment, fixtures and fittings	10% – 40%
- Leasehold improvements	16% – 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is NBCF's policy to transfer any amounts included in other reserves in respect of those assets to accumulated funds.

A leasehold improvement's carrying amount is written down immediately when the item is no longer used in the operations of NBCF or when it has no sale value. Any gain or loss arising on derecognition of the leasehold improvement is calculated as the difference between the net disposal proceeds and the carrying amount of the leasehold improvement. These gains or losses are included in the statement of comprehensive income.

## Notes to the financial statements 30 June 2016 (continued)

### (j) Intangible assets

#### (i) Trademarks

Trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

#### (ii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to NBCF prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (l) Provisions

Provisions are measured at the present value of Directors' best estimate of the expenditure required to settle the present obligation at the end of each reporting period. Liabilities expected to be settled within 12 months after the end of each reporting period are classified as current liabilities. The liabilities not expected to be settled within 12 months after the end of the reporting period are measured as the present value of expected future payments to be made in respect of research grants and are classified as non-current liabilities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. The movement in the provisions due to the passage of time and the impact of changes in discount rates each reporting period are included in grant expenses in the statement of comprehensive income. The impact of discounting is disclosed separately in note 13.

### (m) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in 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 up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### (iii) Retirement benefit obligations

NBCF has no legal obligation to cover any shortfall in any fund's obligation to provide benefits to employees on retirement.

### (n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

NBCF makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Net present value of future research grants payable

NBCF has adopted AASB 137.45 *Provisions Contingent Liabilities and Assets*, whereby the future grants provisions are discounted to appropriately reflect the time value of money. These grants are discounted based on government bond rates for 2-5 year bonds, which is assessed at the end of each year. The key assumptions used by the directors in determining fair value are as follows:

Discount rate 1.55%-1.65% (2015:2.0%-2.3%).

**Notes to the financial statements**  
30 June 2016 (continued)

**3 Revenue**

	2016	2015
	\$'000	\$'000
<b>(a) Revenue from fundraising activities</b>		
Corporate partners	3,681	5,041
Income from campaigns	1,908	1,827
Community Fundraising Events	3,372	4,037
Women in Super Mother's Day Classic	3,000	3,100
Donations - Regular Giving	9,181	5,595
Donations - Other	3,996	3,852
Bequest income	454	616
	<b>25,592</b>	<b>24,068</b>

**4 Expenses**

	2016	2015
	\$'000	\$'000
<b>Profit before income tax includes the following specific expenses:</b>		
Depreciation		
Office Equipment, fixtures & fittings	99	65
Leasehold improvements	34	18
<b>Total depreciation</b>	<b>133</b>	<b>83</b>
<b>Total depreciation and amortisation</b>	<b>133</b>	<b>83</b>
Rental expense relating to operating leases		
Minimum lease payments	429	427
Defined contribution superannuation expense	349	316
Non-executive Directors fees	-	-

**5 Income Tax expense**

NBCF is exempt from income tax in accordance with section 50-100 of the *Income Tax Assessment Act (1997)*.

**Notes to the financial statements**  
 30 June 2016 (continued)

**6 Current assets – Cash and cash equivalents**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Cash at bank and in hand	<b>3,012</b>	1,468
	<b>3,012</b>	1,468

**(a) Reconciliation to cash at the end of the year**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Balances as above	<b>3,012</b>	1,468
Balances per statement of cash flows	<b>3,012</b>	1,468

**7 Current assets - Trade and other receivables**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Trade receivables	<b>871</b>	1,183
Provision for impairment of trade receivables	<b>(119)</b>	(125)
Accrued income	<b>3,747</b>	4,021
GST receivables	<b>282</b>	387
Prepayments	<b>502</b>	457
	<b>5,283</b>	5,923

**8 Financial assets**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Current</b>		
Short-term deposits	<b>39,000</b>	41,000
<b>Non-Current</b>		
Term deposits	<b>305</b>	–

Changes in fair values of financial assets at fair value through the statement of comprehensive income are recorded in other income or expenses.

**Notes to the financial statements**  
30 June 2016 (continued)

**9 Non-current assets – Property, plant and equipment**

	Office equipment, fixtures and fittings \$'000	Leasehold improvements \$'000	Total \$'000
<b>At 30 June 2015</b>			
Cost	670	132	802
Accumulated depreciation	(517)	(112)	(629)
<b>Net book amount</b>	<b>153</b>	<b>20</b>	<b>173</b>

**Year ended 30 June 2016**

Opening net book amount	153	20	173
Additions	198	226	424
Disposals	(2)	(132)	(134)
Disposals – depreciation write back	2	132	134
Depreciation charge	(99)	(34)	(133)
<b>Closing net book amount</b>	<b>252</b>	<b>212</b>	<b>464</b>

**At 30 June 2016**

Cost	866	226	1,092
Accumulated depreciation	(614)	(14)	(628)
<b>Net book amount</b>	<b>252</b>	<b>212</b>	<b>464</b>

**10 Current liabilities – Trade and other payables**

	2016 \$'000	2015 \$'000
Trade payables	624	367
Accrued expenses	134	250
Other payables	50	150
Collaborative grant received in advance	–	500
Deferred revenue	694	305
	<b>1,502</b>	1,572

**11 Current liabilities - Lease liabilities**

	2016 \$'000	2015 \$'000
Lease incentive (note17)	–	28

**Notes to the financial statements**  
30 June 2016 (continued)

**12 Current Liabilities – Provisions**

	2016	2015
	\$'000	\$'000
Employee benefits	153	152
NBCF breastscreen Cohort provision	500	500
Future Research Grants provision	14,774	12,769
Register4 Provision	287	351
	<b>15,714</b>	<b>13,772</b>

**13 Non-Current Liabilities – Provisions**

	2016	2015
	\$'000	\$'000
Employee benefits - long service leave	22	46
Future Research Grants provision	9,362	10,383
Register4 Provision	242	476
	<b>9,626</b>	<b>10,905</b>

**(a) Movements in provisions (current and non-current)**

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	NBCF breastscreen cohort provision	Future research grants provision	Register4 provision	Total
	\$'000	\$'000	\$'000	\$'000
<b>2016</b>				
<b>Current and Non-Current</b>				
<b>Carrying amount at start of year</b>	<b>500</b>	<b>23,152</b>	<b>827</b>	<b>24,479</b>
Charged/(credited) to profit or loss				
– additional provisions recognised	–	13,059	–	13,059
– unused amounts reversed	–	(1,111)	–	(1,111)
– discount of additional provision	–	(190)	–	(190)
– finance expense incurred as a result of change in discount rate and unwinding of provision	–	380	17	397
Amounts used during the year	–	(11,154)	(315)	(11,469)
<b>Carrying amount at end of year</b>	<b>500</b>	<b>24,136</b>	<b>529</b>	<b>25,165</b>
Of which:				
Short term	500	14,774	287	15,561
Long term	–	9,362	242	9,604
	<b>500</b>	<b>24,136</b>	<b>529</b>	<b>25,165</b>



**Notes to the financial statements**  
30 June 2016 (continued)

**(b) Reconciliation of movement in provisions to statement of comprehensive income**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Additional provision recognised	<b>13,059</b>	10,490
Unused amounts reversed	<b>(1,111)</b>	(592)
Discount of additional provisions recognised	<b>(190)</b>	(221)
Finance expense incurred as a result of change in discount rate and unwinding of provision	<b>397</b>	684
<b>Total grant expenses per statement of comprehensive income</b>	<b>12,155</b>	10,361

**14 Accumulated funds**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Movements in accumulated funds were as follows:		
Opening balance 1 July	<b>22,287</b>	22,099
Net surplus/(deficit) for the year	<b>(1,065)</b>	188
Closing balance 30 June	<b>21,222</b>	22,287

**15 Key management personnel disclosures**

NBCF has determined that 10 (6.2 Full Time Equivalents (FTEs)) management personnel had authority and responsibility for planning, directing and controlling the activities of NBCF, directly or indirectly, during the financial year (2015: 10(6.4 FTEs)).

The following amounts were paid to them in respect of such duties:

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Employee benefits	<b>1,212</b>	1,099

There were no transactions between key management personnel and the NBCF during the year other than on an employee-employer basis.

Non-executive Directors receive no fees and provide their services to the Board of NBCF on a pro-bono basis.

**16 Contingencies**

NBCF had no contingent liabilities or contingent assets at 30 June 2016 (2015: Contingent liabilities of \$Nil and contingent assets of \$Nil)

## Notes to the financial statements

### 30 June 2016 (continued)

#### 17 Commitments

##### (a) Lease Commitments

Future non-cancellable operating lease rentals not provided for in the financial statements and payable:

	2016	2015
	\$'000	\$'000
Within one year	407	265
Later than one year but not later than five years	1,675	–
	<b>2,082</b>	265

#### 18 Related party transactions

##### (a) Transactions with related parties

No transactions occurred with related parties during 2016 financial year (2015: nil).

#### 19 Members' Guarantee

NBCF is an entity limited by guarantee. If the entity is wound up, the entity's constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the entity. At reporting date, there were 8 (2015: 9) members of the entity.

#### 20 Charitable fundraising comparisons information – Financial Highlights 2016

NBCF has four categories of fundraising income:

- Corporate partners
- Pink ribbon campaigns
- Community fundraising (includes Women in Super Mother's Day Classic (MDC))
- Donations and bequests

	Income	Fundraising	Fundraising	Expense%
	\$'000	Income	Expense	of Income
		%	\$'000	%
Corporate partners	3,681	15%	641	17%
Pink Ribbon Campaigns	1,908	7%	728	38%
Community Fundraising (incl MDC)	6,372	25%	383	6%
Donations - regular giving	9,181	36%	6,228	68%
Donations - other & Bequest	4,450	17%	1,804	41%
<b>Total Fundraising</b>	<b>25,592</b>	<b>100%</b>	<b>9,784</b>	<b>39%</b>

Fundraising expenses include specific direct costs other than salaries & allowances, and other expenses not directly related to fundraising. NBCF has continued to invest in Regular Giving (commitments from supporters to make monthly donations). The cost of acquiring new supporters is expensed in the year they become a supporter, resulting in a high ratio of expense to income, whereas income from these new supporters is received over a number of years with relatively little additional costs.

**Notes to the financial statements**  
30 June 2016 (continued)

**21 Charitable fundraising comparisons information**

	2016	2015
	\$'000	\$'000
<b>Summary of operating expenses:</b>		
Direct costs of fundraising (note 20)	<b>9,784</b>	9,208
Costs of fundraising staff	<b>1,955</b>	1,913
Research Administration costs	<b>469</b>	266
Marketing/Speakers/Volunteers	<b>1,334</b>	1,227
Administration including Finance/IT/HR/All office costs	<b>2,228</b>	2,643
<b>Operating expenses</b>	<b>15,770</b>	15,257
Donations in kind	<b>669</b>	843
<b>Operating expenses (including Donation in kind)</b>	<b>16,439</b>	16,100
Research grant funding	<b>12,155</b>	10,361
<b>Total expenses</b>	<b>28,594</b>	26,461

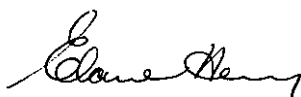
**22 Events occurring after the reporting period**

There were no significant events occurring after 30 June 2016 that require disclosure in this financial report.

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 14 – 23 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
- (i) complying with Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-Profits Commission Regulation 2013* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date, 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.

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



Elaine Henry OAM  
Director



Sarah Hosking  
CEO

Sydney  
5 October 2016



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## **Independent auditor's report to the members of National Breast Cancer Foundation**

### **Report on the financial report**

We have audited the accompanying financial report of National Breast Cancer Foundation, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' responsibility for the financial report**

The 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 – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the directors determine are 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 controls relevant to the preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. 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.

### **Independence**

In conducting our audit we have complied with the independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



### **Basis for Qualified Opinion**

Cash from donations, other cash fundraising activities and in-kind donations are a significant source of revenue for National Breast Cancer Foundation. The company has determined that it is impracticable to establish control over the collection of revenue from these sources prior to entry in its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion whether the revenue from cash donations, other fundraising activities and in-kind donations obtained by the company are complete.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of National Breast Cancer Foundation is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the financial position of National Breast Cancer Foundation at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

A stylized, handwritten-style signature of 'Ernst &amp; Young' in black ink.

Ernst & Young  
Sydney  
5 October 2016

