



Our focus is your vision

Macular Disease Foundation Australia

ABN 52 096 255 177

General Purpose (RDR) Financial Report - 30 June 2018

Macular Disease Foundation Australia
Report from the Chairman and Chief Executive Officer
30 June 2018

We are delighted to present the 2017–18 Annual Report which speaks to our position as Australia's representative body for the macular disease community.

This year we farewelled former CEO, Julie Heraghty and thank her for her terrific contribution and tireless work for more than a decade.

In February, we conducted a large survey of our community to better understand needs. The new CEO, together with the Board and staff, have developed a new Strategic Plan, which will work towards more engagement with our community and, over time, introduce better supports and new initiatives with backing from our partners.

A highlight this year was the announcement by Minister for Health, Hon Greg Hunt, to fund MDFA to develop a National Action Plan for Macular Disease. This plan will be delivered to the Minister in December 2018. We thank the members of the community, our partners and industry leaders who contributed to the development of this important work that sets some ambitious goals for the next five years for better data and research, preventative and early detection, treatment and support.

This year we extended our national awareness program Macula Month including the launch of *Journey to See* – a report showcasing Australia's world leading outcomes for the treatment of age-related macular degeneration over the past decade. We look forward to progressing our new vision and goals through the next decade side by side with our community, donors, partners and government and thank them for their ongoing investment in our important work.



Robert Kaye SC
Chairman
LLM, LLB, AICD

23 October 2018



Dee Hopkins
Chief Executive Officer
MBA, AICD

23 October 2018

Macular Disease Foundation Australia
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

Directors

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

Mr Robert Kaye SC – LLM, LLB, AICD
Brigadier John Fenwick – BA, MBA, GAICD, AFAIM
Mr Richard Grills
Ms Lisa Lusthaus – BSc App. Psych (Hons)
Ms Imelda Lynch – RN, BN, MHSN, GAICD
Associate Professor Nitin Verma AM – FRANZCO, MD.MMed, Dip NBE
Mr Neil Wykes OAM – BCom, FCA, AGIA, ACIS
Mr Paul Rogan – BBus, CPA, AICD (retired 25 August 2017)
Mr Ashley Chapman - CPA, MACS (retired 6 June 2016)
Mrs Suellen Tapsall – BA, MA, FAIM (retired 4 September 2017)

Mr Robert Kaye SC, Chairman – LLM, LLB, and AICD

Robert Kaye is a practising barrister and mediator and is also on the board of a number of ASX listed companies. He is a chairman of Collins Foods Limited and Spicers Limited, a non-executive director of Magontec Limited, a former non-executive director of UGL Limited and a former non-executive director of HT&E Limited. In 1978, Robert was admitted to legal practice and prior to this, was employed as a solicitor at Allen Allen & Hemsley. Thereafter, he pursued his legal career at the NSW Bar and was appointed Senior Counsel in 2003, practising in commercial law. He has been extensively involved in an array of commercial matters both advisory and litigious in nature and served on a number of NSW Bar Association committees including the Professional Conduct Committee.

Robert Kaye is the Chairman and is a member of the Audit and Risk Committee.

Brigadier John Fenwick – BA, MBA, GAICD, AFAIM

John is a brigadier and Defence professional with over 28 years' experience in the Army. His career spans being a helicopter pilot to leading and managing at numerous levels in the Defence Force in a variety of command and staff positions.

John is a graduate of the Australian Defence Force Academy and the Royal Military College at Duntroon. He holds an MBA specialising in Accounting and Finance from Deakin University and a BA in Economics and Information Systems from UNSW. John is a graduate of the Australian Institute of Company Directors and an Associate Fellow with the Australian Institute of Management.

Brigadier John Fenwick is a member of the Audit and Risk Committee.

Mr Richard Grills

Richard Grills is the previous Managing Director of Designs For Vision, a company which supplies ophthalmic and optometric products throughout Australasia. Prior to founding Designs For Vision in 1978, Richard was a clinical & dispensing optician specialising in visual handicap. He conducted low vision clinics throughout NSW at hospitals and ophthalmic practices. Since 1974 he has been a lecturer in ophthalmic optics at Sydney University and also teaches at UTS (orthoptics) and Notre Dame University (ophthalmic nurses). Richard is a director of the Optical Distributors & Manufacturers Association (ODMA) and the Genetic Eye Foundation, and is the Chair of the Essilor Vision Foundation. He is a member of the visiting advisory board at both UNSW Optometry School and UTS Orthoptic School.

Richard Grills is a member of the Client Services Committee.

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30 June 2018

Ms Lisa Lusthaus – BSc App. Psych (Hons)

Lisa Lusthaus is Council Secretariat at the Centre for Social Impact, University of New South Wales, Sydney. She has worked there for 11 years since its inception.

Early in her career, Lisa was a clinical researcher at the Prince Henry Hospital, Little Bay. She co-authored several articles in the field of neurosurgery. Subsequently, Lisa was employed as Research Psychologist at the Child Safety Centre, Royal Alexandra Hospital for Children, Camperdown. In addition to publishing numerous articles on childhood accidents, she worked with the David and the Helping Hand child safety program and served on the board of the Child Accident Prevention Foundation. For more than a decade Lisa was the publisher of MicroPress, Australia's Newspaper for Children, a unique national news bulletin for primary school children to encourage them to read about current affairs.

Ms Imelda Lynch – RN, BN, MHSN, GAICD

Imelda Lynch is Interim CEO of the Heart Foundation South Australia. She has a nursing background with extensive executive and health administration experience having spent 25 years in leadership positions in both the public and private health sectors. She was founding CEO of Bellberry Limited, the first provider of independent human research ethics committees in Australia, and now holds a non-executive director role.

Imelda Lynch is a member of the Client Services Committee and the Research Committee.

Associate Professor Nitin Verma AM – FRANZCO, MD.MMed, Dip NBE

Associate Professor Nitin Verma is a leading ophthalmologist with a special interest in retinal diseases and has published and presented more than 100 papers. He is Head of the Department of Ophthalmology at the Royal Hobart Hospital, Clinical Associate Professor at the School of Medicine, University of Tasmania and Sydney, and is in private practice at Hobart Eye Surgeons. He is a Board Member and Fellow of the Royal Australian and New Zealand College of Ophthalmologists (RANZCO), and Board Member of RANZCO Eye Foundation and the national Hospitalier for St John Ambulance Australia. Assoc. Professor Verma is also the Honorary Consul in Tasmania for Timor Leste. He was awarded the Order of Australia in 2010 for his service to ophthalmology.

Assoc. Professor Verma is the Chair of the Research Committee and a member of the Medical Committee.

Mr Neil Wykes OAM – BCom, FCA, AGIA, ACIS

Neil Wykes is a senior executive with more than fifty years' experience in the finance and accounting services sector and he recently retired from the position of General Manager, Audit & Risk for Ramsay Health Care (part time). He retired as a partner from Ernst & Young in 2010 after 43 years, 28 as a partner, having been responsible for the audit of major companies globally and also many not-for-profit organisations. Neil has been involved with the support of the Foundation via his role at Ernst & Young since its beginnings in 2001.

Neil makes significant contributions to the support of the not-for-profit sector including roles with National Trust of Australia (NSW) and Variety - the Children's Charity. Neil received an OAM in 2007 for service to the community.

Neil Wykes became Chair of the Audit & Risk Committee following Paul Rogan's retirement from the Board.

Mr Paul Rogan – BBus, CPA, AICD (retired 25 August 2017)

Paul Rogan is a seasoned executive with more than thirty years' experience in the financial services sector both in Australia and the United Kingdom. He is the founder of a fintech start up, Retirement Essentials. Prior to that he held a number of senior executive roles at Challenger Limited including six years as Chief Executive, Distribution, Marketing and Research. Paul was a director of various Challenger subsidiaries. He has also served as an Executive Director on subsidiary boards of the National Australia Bank and MLC group, including as CEO of the Wealth Management operations in the UK and MLC Building Society.

Paul Rogan was the Chair of the Audit and Risk Committee and, post his retirement from the Board, remains a member of the Committee.

**Macular Disease Foundation Australia
Directors' report
30 June 2018**

Mr Ashley Chapman – CPA, MACS (retired 6 December 2016)

Ashley Chapman retired in 2004 after a career in information technology spanning over forty years. His experience includes fifteen years with IBM in a variety of roles covering systems engineering, programming and education. Industry experience included banking and finance, airline, distribution and government utilities. After leaving IBM he became a partner in a CPA firm and then in 1978 he founded Management Control Systems, a company specialising in the development and marketing of financial systems for the distribution and manufacturing industries both in Australia and overseas.

Ashley Chapman was the Deputy Chairman of the Board and a member of the Audit and Risk Committee, the Client Services Committee and the Board Nomination and Evaluation Committee. Post his retirement from the board, he continues as a member of the Client Services Committee and Audit and Risk Committee.

Mrs Suellen Tapsall – BA, MA, FAIM (retired 4 September 2017)

Suellen Tapsall is Director Custom Education at University of Melbourne. In this role she leads a team who work with the University's academics to develop and deliver open-enrolment and tailored programs in Australia and overseas. Suellen previously led a joint venture in Executive Education on behalf of the University of Western Australia and the Australian Institute of Management WA.

Suellen has extensive experience managing complex multi-stakeholder projects. Her career has been built around communications and stakeholder engagement, working as an academic leader and formerly in journalism and corporate communications. She is a past national president of the Journalism Education Association and has co-authored several books and major reports. Her current research is in consumer perceptions of value, with particular relevance to the cruise ship travel sector.

Suellen Tapsall was the Chair of the Client Services Committee and a member of the Research Committee.

Principal activities

The mission of Macular Disease Foundation Australia is to reduce the incidence and impact of macular disease in Australia. This is achieved through education, awareness, research, support and representation. Further details of operations during the year are included in the Chairman and CEO report.

Short and long term objectives

The short term objectives are to improve the awareness and understanding of macular disease, particularly macular degeneration, amongst patients, the general public, health care professionals and government; to support the macular disease community via the provision of support services and by advocating on their behalf to help improve quality of life; and by conducting research to help better understand the macular disease experience.

The long term objectives are to continue to expand the service provision to support the major macular diseases as well as to continue to fund research to find reasons and answers for macular degeneration, and potentially other macular diseases. In addition, strengthening the position of the Company in the health, ageing and disabilities sectors to ensure the needs of the macular disease community are fully met is another key long term objective.

Strategy for achieving the objectives

The strategy to achieve the Company's objectives includes materially increasing the number of people that are helped by building a strong and engaged brand; ensuring sustainable quality service delivery in meeting the needs of the macular disease community; and being recognised by our stakeholders as the authoritative voice of the macular disease community.

Performance measurement

The Company will continue to evaluate its programs in order to assess its effectiveness and to guide future initiatives. This is done in a number of ways including: evaluating financial performance; engaging external agencies to measure awareness levels; providing evaluation forms to users of its services and analysing and reporting on those results; capturing and analysing information recorded on the database.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Macular Disease Foundation Australia
Directors' report
30 June 2018

Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Company's constitution states that if upon winding-up or dissolution of the Company:

a) there remains, after satisfaction of all its debts and liabilities, any property whatsoever, that property will not be paid to or distributed among the members but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Company, whose memorandum of association or constitution prohibits the distribution of its income and property among its or their members to an extent at least as great as imposed on the Company under its constitution, and being an institution or institutions accepted as a deductible gift recipient under sub-division 30-B, section 30-100 of the Income Tax Assessment Act 1997 by the Commissioner of Taxation or otherwise approved for these purposes by the Commissioner of Taxation or institutions by the Members at or before the time of dissolution.

b) there is a deficit, each member and any members who ceased to be a member within 12 months of the winding up will contribute a maximum of \$1.

At 30 June 2018 the Company had 15 members (2017: 17 members). The total liability of members would be \$15 (2017: \$17).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

| | Full Board | | Client Services Committee | | Audit and Risk Committee | |
|---------------------------------|------------|----------|---------------------------|----------|--------------------------|----------|
| | Attended | Eligible | Attended | Eligible | Attended | Eligible |
| Mr Robert Kaye SC | 6 | 6 | - | - | 6 | 6 |
| Brigadier John Fenwick | 3 | 3 | - | - | 3 | 3 |
| Mr Richard Grills | 6 | 6 | 2 | 2 | - | - |
| Ms Lisa Lusthaus | 6 | 6 | - | - | - | - |
| Ms Imelda Lynch | 6 | 6 | 2 | 2 | - | - |
| Associate Professor Nitin Verma | 4 | 6 | - | - | - | - |
| Mr Neil Wykes | 6 | 6 | - | - | 6 | 6 |
| Mr Paul Rogan | 1 | 1 | - | - | 6 | 6 |
| Mr Ashley Chapman | - | - | 2 | 2 | 5 | 6 |
| Mrs Suellen Tapsall | 1 | 1 | 1 | 1 | - | - |
| | | | Medical Committee | | Research Committee | |
| | | | Attended | Eligible | Attended | Eligible |
| Ms Imelda Lynch | | | - | - | 2 | 2 |
| Associate Professor Nitin Verma | | | 3 | 4 | 2 | 2 |
| Mrs Suellen Tapsall | | | - | - | 1 | 2 |

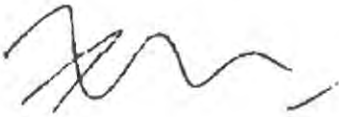
Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee but excludes meetings where a member was granted leave of absence.

Macular Disease Foundation Australia
Directors' report
30 June 2018

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

Signed in accordance with a resolution of directors.



Robert Kaye SC
Chairman
LLM, LLB, AICD

23 October 2018



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF MACULAR DISEASE FOUNDATION AUSTRALIA**

In relation to our audit of the financial report of Macular Disease Foundation Australia for the financial year ended 30 June 2018 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 any applicable code of professional conduct.

Name of Firm: Allworths Assurance & Advisory Pty Ltd

Name of Director: 
Colleen Hosking, FCA

Address: Level 18, 31 Market Street, Sydney

Dated this day of 23rd day of October 2018

Macular Disease Foundation Australia

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30 June 2018

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General information

The financial statements cover Macular Disease Foundation Australia as an individual entity. The financial statements are presented in Australian dollars, which is Macular Disease Foundation Australia's functional and presentation currency.

Macular Disease Foundation Australia is a company limited by guarantee that is incorporated and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 October 2018. The directors have the power to amend and reissue the financial statements.

Macular Disease Foundation Australia's registered office and principal place of business is:

Level 9, 447 Kent Street, Sydney NSW 2000

The number of employees as at 30 June 2018 was 15

The number of regular volunteers as at 30 June 2018 was 30

Macular Disease Foundation Australia
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|--------------------|-----------------------|
| Revenue | 2 | 2,482,994 | 3,215,827 |
| Other income | 3 | 348,859 | 575,080 |
| Total revenue | | <u>2,831,853</u> | <u>3,790,907</u> |
| Expenses | | | |
| Employee Benefits Expense | 4 | (1,558,497) | (1,384,489) |
| Other Expenses | 5 | (1,230,808) | (1,420,400) |
| Depreciation expense | | (5,948) | (9,970) |
| Amortisation expense | | (11,088) | - |
| Total expenses | | <u>(2,806,341)</u> | <u>(2,814,859)</u> |
| Operating surplus | | 25,512 | 976,048 |
| Research grants program donations | | 284,808 | 407,085 |
| Research grants program expenditure | | <u>(483,000)</u> | <u>(684,216)</u> |
| Surplus/(deficit) before income tax expense | | (172,680) | 698,917 |
| Income tax expense | | <u>-</u> | <u>-</u> |
| Surplus/(deficit) after income tax expense for the year attributable to the members of Macular Disease Foundation Australia | 17 | (172,680) | 698,917 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Net unrealised gain/(loss) on available for sale assets | | <u>173,016</u> | <u>241,079</u> |
| Other comprehensive income for the year, net of tax | | <u>173,016</u> | <u>241,079</u> |
| Total comprehensive income for the year attributable to the members of Macular Disease Foundation Australia | | <u><u>336</u></u> | <u><u>939,996</u></u> |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Macular Disease Foundation Australia
Statement of financial position
As at 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 988,422 | 1,262,389 |
| Grants, sponsorships, donations & other receivables | 7 | 367,184 | 1,124,211 |
| Prepayments | | 19,938 | 12,539 |
| Total current assets | | <u>1,375,544</u> | <u>2,399,139</u> |
| Non-current assets | | | |
| Available-for-sale investments | 8 | 7,209,272 | 6,351,550 |
| Property, plant and equipment | 9 | 26,808 | 6,765 |
| Intangible assets | 10 | 87,966 | - |
| Other assets | 11 | 51,000 | 51,000 |
| Total non-current assets | | <u>7,375,046</u> | <u>6,409,315</u> |
| Total assets | | <u>8,750,590</u> | <u>8,808,454</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 136,545 | 197,274 |
| Provisions | 13 | 56,111 | 117,286 |
| Grant in advance | 14 | 333,130 | 218,133 |
| Total current liabilities | | <u>525,786</u> | <u>532,693</u> |
| Non-current liabilities | | | |
| Provisions | 15 | - | 51,293 |
| Total non-current liabilities | | <u>-</u> | <u>51,293</u> |
| Total liabilities | | <u>525,786</u> | <u>583,986</u> |
| Net assets | | <u>8,224,804</u> | <u>8,224,468</u> |
| Equity | | | |
| Net unrealised gains/(losses) reserve | 16 | 325,845 | 152,829 |
| Retained funds | 17 | 7,898,959 | 8,071,639 |
| Total equity | | <u>8,224,804</u> | <u>8,224,468</u> |

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

Macular Disease Foundation Australia
Statement of changes in equity
For the year ended 30 June 2018

| | Surplus funds \$ | Restricted cash funds \$ | Research reserve \$ | Net realised gain/loss reserve \$ | Total equity \$ |
|---|---------------------|-----------------------------|------------------------|--------------------------------------|--------------------|
| Balance at 1 July 2016 | 6,092,541 | 115,181 | 1,165,000 | (88,250) | 7,284,472 |
| Surplus after income tax expense for the year | 698,917 | - | - | - | 698,917 |
| Other comprehensive income for the year | - | - | - | 241,079 | 241,079 |
| Income received/(transferred) in the year | (1,542,196) | 1,135,111 | 407,085 | - | - |
| Funds (spent)/transferred during the year | 1,783,916 | (1,099,700) | (684,216) | - | - |
| Research reserve funds allocated to surplus funds | (193,131) | - | 193,131 | - | - |
| Balance at 30 June 2017 | 6,840,047 | 150,592 | 1,081,000 | 152,829 | 8,224,468 |
| | Surplus funds \$ | Restricted cash funds \$ | Research reserve \$ | Net realised gain/loss reserve \$ | Total equity \$ |
| Balance at 1 July 2017 | 6,840,047 | 150,592 | 1,081,000 | 152,829 | 8,224,468 |
| Deficit after income tax expense for the year | (172,680) | - | - | - | (172,680) |
| Other comprehensive income for the year | - | - | - | 173,016 | 173,016 |
| Income received/(transferred) in the year | (1,397,499) | 1,112,691 | 284,808 | - | - |
| Funds (spent)/transferred during the year | 1,693,906 | (1,210,906) | (483,000) | - | - |
| Balance at 30 June 2018 | 6,963,774 | 52,377 | 882,808 | 325,845 | 8,224,804 |

(a) Restricted cash funds

Generally where sponsorship contracts specify that funds must be used for a specific project or activity, cash received for this purpose but not yet spent by the Company is classified as restricted cash in the Statement of Changes in Equity.

(b) Research reserve

As at 30 June 2018, the Company has adjusted the Research Reserve to reflect its maximum future Research Grant funding commitments of \$882,808 (2017: \$1,081,000). This is a maximum future commitment as the research grant agreements are contingent on the research institutions complying with certain milestones set out in the agreements and does not reflect expected future fundraising for research via donations, bequests or similar.

Nature and purpose of reserve

Net unrealised gains/(losses) reserve

This reserve records gains or losses from movements in the fair value of available-for-sale financial assets.

Macular Disease Foundation Australia
Statement of cash flows
For the year ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|----------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from donations | | 2,136,360 | 2,522,299 |
| Receipts from sale of products | | 3,452 | 4,826 |
| Receipts from other income | | - | 6,340 |
| Receipts for government grants | | 996,768 | 761,635 |
| Payments to suppliers, employees and others | | (2,966,657) | (2,816,226) |
| Payments to research grants | | (483,000) | (684,216) |
| | | (313,077) | (205,342) |
| Interest received | | 22,648 | 39,260 |
| Net cash used in operating activities | 18 | (290,429) | (166,082) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 9 | (25,991) | (1,000) |
| Payments for intangibles | 10 | (99,054) | - |
| Proceeds from investments | | 141,507 | 61,041 |
| Net cash from investing activities | | 16,462 | 60,041 |
| Cash flows from financing activities | | | |
| Transfer to term deposit with greater than 3 months maturity | | - | 250,000 |
| Net cash from financing activities | | - | 250,000 |
| Net increase/(decrease) in cash and cash equivalents | | (273,967) | 143,959 |
| Cash and cash equivalents at the beginning of the financial year | | 1,262,389 | 1,118,430 |
| Cash and cash equivalents at the end of the financial year | 6 | <u>988,422</u> | <u>1,262,389</u> |

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

Note 1. 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.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended applicable Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Company will adopt this standard from 1 July 2018. The directors do not expect the adopting of the standard to be material to the Company.

AASB 1058 Income of Not-for-Profit Entities & AASB 2016-8 Amendments to Australian Accounting Standards –Australian Implementation Guidance for Not-For-Profit Entities

These standards are applicable to annual reporting periods beginning on or after 1 January 2019. The standards AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.

Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.

The Company will adopt this standard from 1 July 2019. The directors do not expect the adopting of the standard to be material to the Company.

Note 1. Significant accounting policies (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019. The directors do not expect the adopting of the standard to be material to the Company.

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except available-for-sale investments, which have been measured at fair value.

Statement of compliance

The Company is a not-for-profit entity. Therefore the financial statements of the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Charities and Not-for-Profits Commission Act 2012 and Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets.

Significant accounting judgements, estimates and assumptions

In applying the Company's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation and amortisation charges are included in the Statement of profit or loss and other comprehensive income.

Note 1. Significant accounting policies (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Donations and fundraising

Revenue from donations is not brought to account until monies are actually received. Donations in kind are recorded at fair value.

Revenue from fundraising or corporate sponsorship is recognised at fair value when the Company obtains control of the contribution or the right to receive the contribution or when the related expenses are incurred.

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

Sale of products

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

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Investment income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Dividends from listed entities are recognised when the right to receive a dividend has been established.

Bequests

Bequests are recognised when the Company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Government grants

The Company's activities are supported by grants received from federal and state governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Revenue from government grants is recognised when the Company obtains control of the contribution or the right to receive the contribution or when the related expenses are incurred.

Research grants program donations

When donations are received specifically for the Research Grants Program, funds are recognised as income when monies are actually received and the Company obtains control over the donations. Donations received for research are restricted for use to the Research Grants Program.

Restricted cash

Where corporate donations and government grants are received for specific projects the funds are included within restricted cash. Funds spent in respect of these projects are adjusted against restricted cash.

Income tax

No income tax is payable by the Company as such income is exempt from income tax under the provisions of subdivision 50 of the Income Tax Assessment Act (1997). The Company has Deductible Gift Recipient (DGR) status.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are non-interest bearing and are generally due for settlement within 30 to 90 day terms.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Inventories

Inventories comprise goods for resale and goods for distribution at no or nominal consideration as part of the Company's charitable activities.

Inventories of goods purchased for resale are valued at the lower of cost and net realisable value. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follow:

Plant and equipment - between 20% to 35% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

CRM Database

Significant costs associated with the development of a new Client Relationship Management database, will contain revenue generating aspects, including the capacity of placing orders, which will be deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years. Amortisation has been included within depreciation and amortisation expense. Subsequent expenditures on the maintenance of the CRM database are expensed as incurred.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

Grant in advance

Grant in advance relates to sponsor funding. The funding agreements states that the Company becomes entitled to the funds when the costs are incurred. These costs were not incurred before year end and the grant income has been deferred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Revenue

| | 2018 \$ | 2017 \$ |
|------------------------------|-------------------------|-------------------------|
| <i>Donations/Fundraising</i> | | |
| Donations | 566,892 | 601,675 |
| Corporate Sponsorship | 693,208 | 1,117,812 |
| Bequests | 337,671 | 327,499 |
| Corporate Donations | - | 400,000 |
| | <u>1,597,771</u> | <u>2,446,986</u> |
| Government grants | 881,771 | 761,635 |
| Sale of products | 3,452 | 7,206 |
| | <u>885,223</u> | <u>768,841</u> |
| Revenue | <u><u>2,482,994</u></u> | <u><u>3,215,827</u></u> |

Note 3. Other income

| | 2018 \$ | 2017 \$ |
|--|-----------------------|-----------------------|
| Income on investments | 388,699 | 362,821 |
| Interest income | 22,648 | 38,603 |
| Other income | 581 | 217 |
| (Loss)/Gain on disposal of investments | <u>(63,069)</u> | <u>173,439</u> |
| Other income | <u><u>348,859</u></u> | <u><u>575,080</u></u> |

Macular Disease Foundation Australia
Notes to the financial statements
30 June 2018

Note 4. Employee Benefits Expense

| | 2018 | 2017 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Wages and salaries | 1,476,298 | 1,186,952 |
| Workers' compensation costs | 8,523 | 8,000 |
| Defined contribution plan expense | 117,279 | 109,748 |
| Annual leave | (26,104) | 12,069 |
| Long service leave | (86,364) | 17,525 |
| Other staff costs | 68,865 | 50,195 |
| | <u>1,558,497</u> | <u>1,384,489</u> |

Note 5. Other Expenses

| | 2018 | 2017 |
|---------------------------------------|------------------|------------------|
| | \$ | \$ |
| Education and prevention programs | 771,448 | 813,028 |
| Research (non grants program) expense | 16,425 | 9,480 |
| Repairs and maintenance | 60,842 | 43,197 |
| Rental expense | 154,552 | 146,751 |
| Insurance | 17,472 | 19,028 |
| Administration expense | 110,054 | 82,373 |
| Property and equipment cost | 51,989 | 64,962 |
| Consultancy fees | 46,588 | 240,902 |
| Sundry expenses | 1,438 | 679 |
| | <u>1,230,808</u> | <u>1,420,400</u> |

Note 6. Current assets - cash and cash equivalents

| | 2018 | 2017 |
|--------------------------|----------------|------------------|
| | \$ | \$ |
| Cash at bank and in hand | 238,422 | 512,389 |
| Short term deposits | 750,000 | 750,000 |
| | <u>988,422</u> | <u>1,262,389</u> |

Macular Disease Foundation Australia
Notes to the financial statements
30 June 2018

Note 7. Current assets - Grants, sponsorships, donations & other receivables

| | 2018 | 2017 |
|---|----------------|------------------|
| | \$ | \$ |
| Grants/Corporate sponsorship receivable | 122,650 | 396,000 |
| Long term deposits | - | 500,000 |
| Other receivables | 231,288 | 210,530 |
| GST Receivable | 13,246 | 17,681 |
| | <u>244,534</u> | <u>228,211</u> |
| | <u>367,184</u> | <u>1,124,211</u> |

Allowance for Impairment loss

No allowance for impairment loss has been recognised by the Company (2017: Nil).

Note 8. Non-current assets - Available-for-sale investments

Presented at fair value:

| | 2018 | 2017 |
|----------------------|------------------|------------------|
| | \$ | \$ |
| Investment Portfolio | <u>7,209,272</u> | <u>6,351,550</u> |

The Company has an investment portfolio comprising of securities listed on the Australian Stock Exchange, managed funds, fixed income securities and bank bills, diversified across a number of asset classes. The fair value of the investment portfolio has been independently determined by reference to published price quotations in active markets. The investment portfolio is managed by an independent investment management firm.

Note 9. Non-current assets - property, plant and equipment

| | 2018 | 2017 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| Plant and equipment - at cost | 205,541 | 179,551 |
| Less: Accumulated depreciation | <u>(178,733)</u> | <u>(172,786)</u> |
| | <u>26,808</u> | <u>6,765</u> |

Movement in property, plant and equipment

| | | |
|--|----------------|----------------|
| Plant and equipment | | |
| Balance at the beginning of the year at cost | 179,551 | 178,551 |
| Accumulated depreciation | (172,786) | (162,816) |
| Additions | 25,991 | 1,000 |
| Depreciation charge for the year | <u>(5,948)</u> | <u>(9,970)</u> |
| Balance at the end of the year - net carrying amount | <u>26,808</u> | <u>6,765</u> |

No property, plant or equipment is pledged as security for liabilities at the reporting period date (2017: none).

Macular Disease Foundation Australia
Notes to the financial statements
30 June 2018

Note 10. Non-current assets - intangible assets

| | 2018 | 2017 |
|--------------------------------|---------------|-------------|
| | \$ | \$ |
| CRM Database - at cost | 99,054 | - |
| Less: Accumulated amortisation | (11,088) | - |
| | <u>87,966</u> | <u>-</u> |

Movements in intangible assets

| | | |
|--|---------------|----------|
| Intangible assets | | |
| Balance at the beginning of the year at cost | - | - |
| Accumulated amortisation | - | - |
| Additions | 99,054 | - |
| Amortisation charge for the year | (11,088) | - |
| Balance at the end of the year - net carrying amount | <u>87,966</u> | <u>-</u> |

Note 11. Non-current assets - Other assets

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | \$ | \$ |
| Term deposit on Bank Guarantee | <u>51,000</u> | <u>51,000</u> |

The Company has arranged a rental guarantee facility of \$51,000 (2017: \$51,000) with National Australia Bank Limited to guarantee rental payments in the eventuality that the Company cannot meet its rental obligations.

Note 12. Current liabilities - trade and other payables

| | 2018 | 2017 |
|----------------|----------------|----------------|
| | \$ | \$ |
| Trade payables | 51,343 | 68,049 |
| Other payables | 85,202 | 129,225 |
| | <u>136,545</u> | <u>197,274</u> |

Note 13. Current liabilities - provisions

| | 2018 | 2017 |
|--------------------|---------------|----------------|
| | \$ | \$ |
| Annual leave | 46,135 | 72,239 |
| Long service leave | 9,976 | 45,047 |
| | <u>56,111</u> | <u>117,286</u> |

Macular Disease Foundation Australia
Notes to the financial statements
30 June 2018

Note 14. Current liabilities - Grant in advance

| | 2018 | 2017 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Grant received in advance | <u>333,130</u> | <u>218,133</u> |
| | 2018 | 2017 |
| | \$ | \$ |
| Grants received in advance | | |
| National Strategic Action Plan | 120,000 | - |
| Digital Storytelling Initiative | 10,000 | - |
| Sponsorship Agreement | 109,000 | 61,230 |
| Journey to Save Sight | 94,130 | 145,326 |
| Other | - | 11,577 |
| | <u>333,130</u> | <u>218,133</u> |

Note 15. Non-current liabilities - provisions

| | 2018 | 2017 |
|--------------------|-------------|---------------|
| | \$ | \$ |
| Long service leave | <u>-</u> | <u>51,293</u> |

Note 16. Equity - Net unrealised gains/(losses) reserve

| | 2018 | 2017 |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Unrealised gains & losses | <u>325,845</u> | <u>152,829</u> |

Note 17. Equity - Retained funds

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Retained surpluses at the beginning of the financial year | 8,071,639 | 7,372,722 |
| Surplus/(deficit) after income tax expense for the year | <u>(172,680)</u> | <u>698,917</u> |
| Retained surpluses at the end of the financial year | <u>7,898,959</u> | <u>8,071,639</u> |

Note 18. Reconciliation of net cash flows from operating activities

| | 2018 \$ | 2017 \$ |
|---|------------------|------------------|
| Net cash flows from operating activities | | |
| Surplus/(deficit) for the year | (172,680) | 698,917 |
| - Decrease/(increase) in other receivables | 257,027 | 10,435 |
| - Decrease/(increase) in prepayments | (7,399) | 2,422 |
| - (Decrease)/increase in trade and the other payables | (60,731) | (102,369) |
| - Decrease in grant in advance | 114,997 | (309,493) |
| - Increase in provisions | (112,468) | 29,594 |
| Depreciation and amortisation | 17,036 | 9,970 |
| Investment income | (389,280) | (505,558) |
| Loss on disposal of investments | 63,069 | - |
| | <u>(290,429)</u> | <u>(166,082)</u> |

Note 19. Commitments

Operating lease commitments – Company as lessee

On 22 September 2016, the Company entered into a lease agreement with a term of 5 years and an option to renew for a further period of 3 years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

| | 2018 \$ | 2017 \$ |
|---|----------------|----------------|
| <i>Lease commitments - operating</i> | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 152,667 | 145,691 |
| One to five years | 365,981 | 518,549 |
| | <u>518,648</u> | <u>664,240</u> |

Research Grant Commitments

Since 2011 the Company has operated a Research Grants Program by entering into agreements with research institutions to provide research grants. All grant funding is conditional upon compliance with milestones as set out in the agreements. As at balance date the Company's potential future commitments to research grants were \$882,808 (FY17: \$1,081,000).

| | 2018 \$ | 2017 \$ |
|---|----------------|------------------|
| Research grant commitments | | |
| A summary of research grant commitments by year are as follows: | | |
| 2018 | - | 483,000 |
| 2019 | 448,000 | 448,000 |
| 2020 | 150,000 | 150,000 |
| New donations | 284,808 | - |
| | <u>882,808</u> | <u>1,081,000</u> |

Note 20. Auditor remuneration

| | 2018 \$ | 2017 \$ |
|---|---------------|---------------|
| Audit of financial statements | | |
| Allworths Assurance & Advisory - Audit | 13,000 | - |
| Assistance with preparation of GP(RDR) Financial Report | 3,000 | - |
| Ernst & Young | - | 30,000 |
| | <u>16,000</u> | <u>30,000</u> |

Note 21. Related party transactions

The directors of Macular Disease Foundation Australia during the financial year were:

Mr Robert Kaye SC
Brigadier John Fenwick
Mr Richard Grills
Ms Lisa Lusthaus
Ms Imelda Lynch
Associate Professor Nitin Verma
Mr Neil Wykes OAM
Mr Paul Rogan (retired 25 August 2017 from Board; Member of Audit and Risk Committee)
Mrs Suellen Tapsall (retired 4 September 2017)

Mr Paul Rogan received \$Nil for professional services for the year ended 30 June 2018 (2017: \$27,500). These services were provided on terms considerably more favourable to MDFA than Mr Rogan's commercial terms.

There have been no other transactions and balances with directors and their related parties during the financial year.

Note 22. Key management personnel disclosures

The key management personnel of Macular Disease Foundation Australia during the financial year were:

Dee Hopkins (Chief Executive Officer) - Started on 29 January 2018
Julie Heraghty (Chief Executive Officer) - Resigned effective 31 December 2017
Lucy Walker (General Manager) - Resigned effective 1 June 2018
Rob Cummins (Director, Research & Policy) - Resigned on 30 March 2018
Leonie Walton (Director, Marketing & Fundraising)
Anthony Lehner (Medical Affairs Manager) - Started on 19 March 2018
Colette Kinsella (Partnership Manager) - Started on 4 September 2017

(a) Compensation of key management personnel

The directors do not receive remuneration for services performed in their role as directors of the Company, besides the contract premiums paid in relation to Directors' and Officers' Liability Insurance of \$4,950 (2017: \$4,422). Directors are reimbursed for the reasonable expenses incurred in attending meetings or carrying out activities on behalf of the Company.

Key management personnel received gross remuneration of \$944,967 which includes all remuneration including superannuation (2017: \$636,630).

(b) Loans to key management personnel

There have been no loans made to key management personnel during the financial year.

There have been no other transactions and balances with key management personnel and their related parties during the financial year.

Macular Disease Foundation Australia
Notes to the financial statements
30 June 2018

Note 23. Information and declaration to be furnished under the charitable fundraising act 1991

Macular Disease Foundation Australia

Income received and the cost of raising income for specific fundraising has been audited and all revenue and expenses have been recognised in the financial statements of Macular Disease Foundation Australia.

Income and expenses after the allocation of employment costs to each activity is set out below:

| | 2018 \$ | 2017 \$ |
|---|------------------|------------------|
| Income | | |
| Donations/fundraising | 1,538,901 | 2,500,459 |
| | <u>1,538,901</u> | <u>2,500,459</u> |
| | | |
| Expenses | | |
| Education | 102,114 | 92,171 |
| Awareness | 403,280 | 493,748 |
| Support services | 589,548 | 389,716 |
| Representation | 119,970 | 180,189 |
| Cost of providing services | 1,214,912 | 1,155,824 |
| Research | 670,875 | 930,445 |
| Cost of providing services and research | 1,885,787 | 2,086,269 |
| Management | 365,684 | 523,143 |
| Fundraising | 217,746 | 131,347 |
| | <u>2,469,217</u> | <u>2,740,759</u> |
| | | |
| (a) Proceeds from fundraising | | |
| Gross proceeds | 1,538,901 | 2,500,459 |
| Costs of fundraising | (217,746) | (131,347) |
| | <u>1,321,155</u> | <u>2,369,112</u> |
| Net surplus obtained from fundraising appeals | | |
| | | |
| (b) Application of net surplus obtained from fundraising appeals | | |
| Gross proceeds from providing services and research | 1,885,787 | 2,086,269 |
| Cost of fundraising in providing services and research | (564,632) | 282,843 |
| | <u>1,321,155</u> | <u>2,369,112</u> |

Macular Disease Foundation Australia
Notes to the financial statements
30 June 2018

Note 23. Information and declaration to be furnished under the charitable fundraising act 1991 (continued)

| | 2018 | 2018 % | 2017 | 2017 % |
|---|-------------------------------|-----------|-------------------------------|-----------|
| Comparisons of certain monetary figures and percentages | | | | |
| Total cost of fundraising / Gross income from fundraising | <u>217,746</u> 1,538,901 | 14.1% | <u>131,347</u> 2,500,459 | 5.3% |
| Net surplus from fundraising / Gross income from fundraising | <u>1,321,155</u> 1,538,901 | 85.9% | <u>2,369,112</u> 2,500,459 | 94.7% |
| Total costs of services / Total expenditure | <u>2,251,471</u> 2,469,217 | 91.2% | <u>2,609,412</u> 2,740,759 | 95.2% |

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Macular Disease Foundation Australia
Directors' declaration
30 June 2018

In accordance with a resolution of the directors of Macular Disease Foundation Australia, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Company are in accordance with the Australian Charities and Not-for Profits Commission Act 2012, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and the Australian Charities and Not-for-Profits Commission Regulation 2013.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due.

On behalf of the Board



Robert Kaye SC
Chairman
LLM, LLB, AICD

23 October 2018

Macular Disease Foundation Australia
Chairman's declaration
30 June 2018

In accordance with a resolution of the directors of Macular Disease Foundation Australia I state that in the opinion of the directors:

- (a) the Statement of Comprehensive Income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- (b) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (c) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the WA Charitable Collection Act (1946) and the conditions attached to the authority to fundraise have been complied with by the Company; and
- (d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

On behalf of the Board



Robert Kaye SC
Chairman
LLM, LLB, AICD

23 October 2018



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Independent Auditor's Report to the Members of Macular Disease Foundation Australia

Report on the Financial Report

Opinion

We have audited the financial report of Macular Disease Foundation Australia ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards- Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 company to cease to continue as a going concern.
- Evaluate 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of Macular Disease Foundation Australia has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2018, in all material respects, in accordance with:
 - i. sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - ii. sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;
 - iii. the *WA Charitable Collections Act (1946)*; and
 - iv. the *WA Charitable Collections Regulations (1947)*.
- b) the money received as a result of fundraising appeals conducted by the Company during the financial year ended 30 June 2018 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.



Colleen M Hosking
23 October 2018
SYDNEY NSW 2000