

# **NATIONAL STEM CELL FOUNDATION OF AUSTRALIA**

ABN 84 152 713 098

## **FINANCIAL REPORT**

for the year ended 30 June 2019

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This Financial Report covers National Stem Cell Foundation of Australia ('the Company') as an individual entity. National Stem Cell Foundation of Australia is a Company limited by guarantee, incorporated and domiciled in Australia.

The Company's registered office and principal place of business is:

Suite 5  
242 Hawthorn Road  
Caulfield Victoria 3162

A description of the nature of the Company's operations and its principal activities is included in the Directors' Report on pages 3 to 8 which is not part of this Financial Report.

The Financial Report was authorised for issue by the directors on 12 August 2019. The directors have the power to amend and reissue the Financial Report.

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The directors present their report together with the Financial Report of National Stem Cell Foundation of Australia for the year ended 30 June 2019 and the Auditor's Report thereon.

# Directors

The directors of the Company at any time during or since the end of the year are:

<i>Name</i>	<i>Age</i>	<i>Period of directorship, special responsibilities, experience, other current directorships and former directorships in the last three years. Note: FARM is Finance, Audit and Risk Management Committee and SE is Science and Ethics Committee</i>
<b>Dr Graeme Blackman</b> <b>AO, PhD, BSc (Hons),</b> <b>BD, MTheol, FTSE,</b> <b>FRACI, FAICD, FloD</b> <b>(Non-Executive Director,</b> <b>Chairman, Member of</b> <b>FARM Committee)</b>	73	Independent non-executive director and Chairman of the Company, appointed 17 August 2011. Dr Blackman is a former Professor of Pharmaceutical Chemistry at the Victorian College of Pharmacy and a former director of IDT Australia Ltd, an Australian Securities Exchange (ASX) listed public company operating in the pharmaceutical industry. He was a director of the Australian Stem Cell Centre. He has been a member of various Commonwealth and State advisory committees and working groups in pharmaceuticals and biotechnology, including the Australian Biotechnology Advisory Council, the Pharmaceutical Industry Working Group and the Pharmaceutical Industry Strategy Group. He chaired the Australian Government's Pharmaceuticals Industry Action Agenda, which developed a policy framework for the industry over a ten year period.
<b>Emeritus Professor</b> <b>Richard Smallwood AO,</b> <b>MB, BS, MD, FRACP,</b> <b>FRCP, FACP (Hon),</b> <b>DMedSci (Hon),</b> <b>FAHMS (Hon)</b>  <b>(Non-Executive Director,</b> <b>Member of SE</b> <b>Committee)</b>	82	Independent non-executive director appointed 17 August 2011. Professor Smallwood is Emeritus Professor of Medicine, University of Melbourne. As Professor of Medicine within the University of Melbourne, he was Head of the Department of Medicine, Chairman of the Division of Medicine and Director of Gastroenterology at the Austin and Repatriation Medical Centres. Professor Smallwood was President of the Royal Australasian College of Physicians from 1996 to 1998 and was Chief Medical Officer of Australia from 1999 to 2003. Professor Smallwood has served as a chair of a large number of organisations including the National Health and Medical Research Council (NHMRC), the National Influenza Pandemic Advisory Council, the National Health Information Management Advisory Council, the National Health Priority Action Council, the National Blood Authority and the Ministerial Taskforce for Cancer in Victoria. Professor Smallwood was President of the Australian Medical Council from 2008 to 2013. He was until 2010 a member of the Board of Governance of the Victorian Health Promotion Foundation and, until 2009, a director of the Murdoch Children's Research Institute. From 2013 to 2017 he was Chair of the Campus Council of Melbourne Children's. He was a director of the Australian Stem Cell Centre.
<b>Mr Stuart Gooley</b> <b>BComm (Melb), FCA,</b> <b>FCPA</b> <b>(Non-Executive Director,</b> <b>Chairman of FARM</b> <b>Committee)</b>	74	Independent non-executive director and Chairman of the Finance, Audit and Risk Management Sub-committees appointed 17 August 2011. Mr Gooley had a 42 year period in the accounting profession with Arthur Andersen and Ernst &Young, and retired from public practice in 2008. During his career he was the Australian head of Andersen's Accounting and Audit practice and the Asia Pacific Risk Management Practice Director. Mr Gooley was the Victorian State President of CPA Australia in 1994, and served on the Australian Auditing and Assurance Standards Board and the International Auditing Practices Committee. Outside of the accounting profession he has served on the board of two educational institutions, and is currently a director of Lahaina Holdings Pty Ltd, Tai Tam Investments Pty Ltd and Wilson Transformer Company. He was a director of the Australian Stem Cell Centre.
<b>Mr David Collins MEng,</b> <b>MBA, CA, GAICD</b> <b>(Non-Executive Director,</b> <b>Member of FARM</b> <b>Committee)</b>	54	Independent non-executive director and member of the Finance, Audit and Risk Management Sub-committee appointed 16 December 2011. Mr Collins is a partner in an accountancy and consultancy firm and has previously held senior executive positions in companies in Europe and the UK within the media industry. Mr Collins was Chief Executive Officer of the Australian Stem Cell Centre from September 2009 until November 2011.

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<b>Professor Caroline Gargett</b> <b>B Appl Sci, M Appl Sci, PhD</b> <b>(Non-Executive Director, Chairman of SE Committee)</b>	67	<p>Independent non-executive director appointed 15 December 2014 and Chair of the Science and Ethics Committee since August 14, 2018. Professor Gargett is currently Deputy Director (Women's Health) at the Ritchie Centre, Hudson Institute of Medical Research where she heads the Endometrial Stem Cell Biology Group. She has been a National Health &amp; Medical Research Council (NHMRC) Senior Research Fellow (2013-2018). She leads collaborative research with CSIRO Manufacturing, Flinders and Warwick Universities investigating the use of endometrial mesenchymal stem cells for regenerative medicine application in urogynaecology and with University of Queensland on genomics of endometrial stem/progenitor cells in endometriosis. Professor Gargett has served as President of the Australasian Society for Stem Cell Research (2013-2014) and co-led the successful bid that brought the International Society for Stem Cell Research conference to Melbourne in 2018. She is currently a Board Member of Stem Cells Incorporated and Scientific Advisory Board member of the Centre for Commercialisation in Regenerative Medicine Australia.</p>
<b>Associate Professor Ngaire Elwood PhD, BSc(Hons), MAICD</b> <b>(Non-Executive Director, Member of SE Committee)</b>	54	<p>Independent non-executive director appointed 30 April 2018. Assoc Professor Ngaire Elwood is the Director of the BMDI Cord Blood Bank and Head of the Cord Blood Stem Cell Research Laboratory at the Murdoch Childrens Research Institute in Melbourne. Assoc Professor Elwood has extensive experience in the field of stem cells, cellular therapy, cancer and cord blood. Her current research is aimed at understanding cord blood stem cell biology, improving cord blood transplant outcome and exploring the use of cord blood for regenerative therapies. Assoc Professor Elwood serves as Vice President of the international Board of Directors for the Foundation for the Accreditation of Cellular Therapy (FACT) and sits on various executive committees within FACT. She is the Regional Vice President (2018–2020) for the Australia New Zealand Region of the International Society for Cellular Therapy (ISCT). Previous roles include the Chair of the AusCord network of public cord blood banks and as member on the Australian Bone Marrow Donor Registry National Ethics Committee.</p>
<b>Emeritus Professor Graham Macdonald AM, MD, BS, BSc (Med), FRACP, FRCP, FANZCC</b> <b>(Non-Executive Director, Deputy Chairman, Chairman of SE Committee)</b> <b>Resigned 13 August 2018</b>	82	<p>Independent non-executive director and Deputy Chairman of the Company appointed 29 September 2011 and resigned from all positions within the Company 13 August 2018. Professor Macdonald brought a wealth of experience in clinical medicine, basic biomedical science and in the field of licensing and commercialisation to the Company. He has had an outstanding career first as an academic nephrologist, and then moving into the pharmaceutical industry with Merck Sharp and Dohme (Australia). Graham was a director and Chairman of Vectus Biosciences Limited, resigning in August 2018 and remains a director and the chairman of Stem Cells Limited. In June 2012 Professor Macdonald received an Australian Queen's Birthday Honour in the General Division of the Order of Australia for "service to biomedical research in the areas of hypertension and renal disease, to medical education, to the promotion and awareness raising of organ donation, and as a mentor".</p>

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**Company Secretary and Executive Officers**

<i>Name</i>	<i>Age</i>	<i>Period of office, special responsibilities and experience</i>
<b>Mr Graeme Mehegan</b> <b>BBus(Acc), FCPA, FCIS</b> <b>(Company Secretary,</b> <b>Member of FARM and</b> <b>SE Committee)</b>	64	Mr Mehegan was appointed Company Secretary 8 November 2011 and appointed General Manager on 1 March 2019. Mr Mehegan was Chief Financial Officer for the Australian Stem Cell Centre from August 2009 until November 2011. He was Chief Financial and Operations Officer and Company Secretary for Pioneer Electronics Australia from January 2001 until March 2008 and prior to that held senior roles including the positions of Director, Company Secretary and Financial Controller with Random House Australia and Pitman Publishing, both in the book publishing industry.
<b>Ms Julia Mason</b> <b>MBA (Chicago), FFin,</b> <b>GAICD</b> <b>(Executive Officer,</b> <b>Member of FARM and</b> <b>SE Committees)</b> <b>Resigned 7 March 2019</b>	50	Executive Officer appointed on 19 February 2015 and resigned 7 March 2019. Ms Mason has a 20 year plus career focused on creating growth and value, in the private and not for profit sectors in both Australia and Asia, across the advertising, finance and oil industries. She has held senior commerce and finance positions at Sensis and BP. Ms Mason is a director of the Transport Accident Commission (TAC) Board of Victoria and was previously Chairman of the Victorian State Emergency Services (VICSES), One in Five, and a director with VicUrban. Ms Mason has also lectured in corporate finance in the masters program with FinSia, the former Securities Institute of Australia. Ms Mason was previously a director with Same Business Different Outcome (SBDO), a Melbourne-based private equity business sourcing operational expertise and capital to back growth businesses.

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### Principal activities

The National Stem Cell Foundation of Australia is an Australian Tax Office (ATO) registered Health Promotion Charity dedicated to promoting the study and responsible use of stem cells to reduce the burden of disease.

The Foundation's priorities are:

- Supporting research that pursues cures for not yet treatable diseases
- Building a community of people with a shared interest in stem cell science
- Providing the Australian public with objective, reliable information on both the potential and risks of stem cell medicine.

### Short-term objectives

The Company funds a broad program of activities that supports Stem Cell Science in Australia. During the year ended 30 June 2019 \$252,090 (2018 \$166,323) was contributed towards health promotion activities and since the formation of the Foundation contributions now total \$1,265,230.

The Company is currently taking steps to significantly increase both its fundraising income and expenditure on activities to promote stem cell science in years to come.

### Long-term Objectives

The Company's long-term objectives are to:

- Pursue the cures for not yet treatable diseases and illnesses using stem cell technology and regenerative medicine techniques by supporting research activities in these areas.
- Provide resources to develop objective information and to educate and inform the Australian public on stem cell technology and regenerative medicine including its risks, achievements, benefits and overall technical progress.

### Strategy for achieving short and long-term objectives

To achieve these objectives, the Company will draw heavily on the experience of its Board of Directors and Management who (as a group) have considerable and varied experience in medical research, business management and finance.

The Board will seek to appoint experts in various fields where specialised expertise and scientific advice is required including:

- Investment strategy
- Website development and marketing
- Promotion and public relations

Given the nature of its activities and the Health Promotion Charity status of the Company, the Board has successfully obtained some services on a pro-bono basis but in other cases has found it necessary to enlist external paid consultants.

This year the Foundation provided philanthropic financial support for the following health promotion activities in support of Australian stem cell science:-

- **Implemented a new Research Funding Campaign** aimed at providing \$4 million in direct funding for stem cell based research projects over the next 5 years
- **The first of these projects is now in place** with the Company providing \$110,000 this financial year as part of a \$1 million total funding package to Professor Bernie Tuch who is investigating the use of stem cells to provide new possibilities for people suffering from Type 1 Diabetes
- **Continued with its Awarding** of the annual NSCFA Metcalf Prizes for mid-career researchers working in stem cell research in Australia with the successful applicants being Dr Heather Lee and Associate Professor Enzo Porrello. These two researchers join the impressive list of Metcalf winners, the details of which are covered on the next page.
- **Provided Gold Sponsorship** for the ASDR-AWTRS-MEPSA Meeting in Moreton Bay which was a four-day event presenting the latest data and updates on the progress and application of cutting edge materials and technologies for all major aspects of cutaneous biology, including keratinocyte stem cells

Additionally during the year the Foundation published 5 newsletters.

The Company remains committed to providing funding for travel grants for students and Early Career Researchers to attend and present at various conferences, particularly those organised by the Australasian Society of Stem Cell Research. Due to timing issues, as these conferences are organised on a calendar year basis, no conferences were convened in this financial year.

During the prior year the Company employed consultants to assist with the development of the new Research Funding Campaign. These non-recurring consulting fees totalled \$56,714 which was 28% of total administrative costs. Consulting fees returned to normal levels in the current year.

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### The Metcalf Prize

The Metcalf Prizes for Stem Cell Research recognise and honour the exceptional contribution made to stem cell research by the late Professor Donald Metcalf. Over his 50-year career, Don helped transform cancer treatment and transplantation medicine, and paved the way for potential stem cell therapy in the treatment of many other conditions.

The Metcalf Prizes for Stem Cell Research are open to mid-career researchers who are five to 10 years past their PhD or MD (research-based) and working in stem cell research in Australia. They could be working in medicine or agriculture, government or academia, and have a primary focus on stem cells.

The winners are chosen for their scientific excellence, proven leadership ability and the potential to have a continuing influence on stem cell research in Australia.

Past Metcalf Prize winners include:

- Newcastle leukaemia researcher Heather Lee,
- Melbourne heart development researcher Enzo Porrello,
- Melbourne haematologist Mark Dawson,
- Brisbane computational biologist Jessica Mar,
- Sydney heart clinician and researcher James Chong,
- Melbourne immunologist Tracy Heng,
- Bioinformatician Christine Wells, who is now Deputy Program Leader of Stem Cells Australia,
- Perth geneticist Ryan Lister,
- Tasmanian neural stem cell researcher Kaylene Young and
- Monash University reprogramming legend Jose Polo.

### **Directors' meetings**

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the year were:

	<b>Directors' Meetings</b>		<b>Finance, Audit and Risk Management Sub-Committee Meetings</b>		<b>Science and Ethics Sub-Committee Meetings</b>	
	Attended (ii)	Held (i)	Attended (ii)	Held (i)	Attended (ii)	Held (i)
Dr G Blackman	4	4	5	6	-	-
Emeritus Prof G Macdonald	1	1	-	-	2	2
Emeritus Prof R Smallwood	4	4	-	-	6	6
Mr S Gooley	4	4	6	6	-	-
Mr D Collins	4	4	6	6	-	-
Prof C Gargett	4	4	-	-	6	6
Associate Professor N Elwood	3	4	-	-	5	6

- (i) Represents the number of meetings held during the time that the director held office or was a member of the committee during the year.
- (ii) Director either attended or their duly appointed alternate director attended on their behalf.

The Finance, Audit and Risk Management Sub-committee is chaired by Mr S Gooley and its role is to review the implementation of the risk management processes, financial reporting, internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations. The sub-committee is also responsible for monitoring and utilising the services of an independent consultant to provide expertise and advice on investment strategy and performance.

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The Foundation's Science and Ethics Committee was chaired by Emeritus Prof G Macdonald up until his resignation in August 2018, after which Prof C Gargett assumed the role. It is responsible for providing the Board with information and guidance on the current state of stem cell science, research activities in the area, ethical issues that arise and how they have been dealt with by regulatory bodies or governments. The Committee also oversees the Foundation's major research support activity, the selection of recipients of two Metcalf prizes annually for mid-career researchers in stem cell science and is responsible for replying to enquiries from members of the public seeking information about stem cell treatments. The Committee is responsible for managing the evaluation process of projects applying for funding under the new Research Funding Campaign including calling for applications, soliciting reviews from experts in the various fields and preparing final recommendations to the Board for consideration.

**Contribution in Winding Up**

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2019, the total amount that members of the Company are liable to contribute if the Company is wound up is \$700.

**Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 9.

**Dated at Melbourne this 12th day of August 2019.**

**Signed in accordance with a resolution of the directors.**



**Dr Graeme Blackman AO**  
(Chairman)



## Auditor's Independence Declaration

To the Directors of National Stem Cell Foundation of Australia

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of National Stem Cell Foundation of Australia for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



E W Passaris  
Partner – Audit & Assurance

Melbourne, 12 August 2019

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# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2019

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Statement of profit or loss and other comprehensive income for the year ended 30 June 2019	Note	Year Ended 30 June 2019	Year Ended 30 June 2018
		\$	\$
<b>Revenues</b>	2	<b>409,390</b>	480,020
Administrative costs	3	(130,902)	(199,403)
Promoting stem cell science and projects	3	(252,090)	(166,323)
Gain/(Loss) on investments		(14,430)	-
Gain/(Loss) on disposal of investments		-	88,560
Profit before income tax		<b>11,968</b>	202,854
Income tax expense		-	-
<b>Profit for the year</b>		<b>11,968</b>	202,854
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available for sale financial assets		-	(71,567)
<b>Other comprehensive income for the year</b>		-	(71,567)
<b>Total comprehensive income for the year</b>		<b>11,968</b>	131,287

*This Statement of profit or loss and other comprehensive income is to be read in conjunction with the Notes to the Financial Statements set out on pages 14 to 18.*

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2019

NATIONAL STEM CELL FOUNDATION OF AUSTRALIA ABN 84 152 713 098

<b>Statement of changes in equity</b>			
<b>For the year ended 30 June 2019</b>	<b>AFS Financial Instrument Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total equity at the beginning of the financial year</b>	<b>245,556</b>	<b>4,746,605</b>	<b>4,992,161</b>
<b>Adjustment on adoption of AASB 9</b>	<b>(245,556)</b>	<b>245,556</b>	<b>-</b>
<b>Adjusted balance after adoption of AASB 9</b>	<b>-</b>	<b>4,992,161</b>	<b>4,992,161</b>
Profit for the year	-	11,968	11,968
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>11,968</b>	<b>11,968</b>
<b>Total equity at the end of the financial year</b>	<b>-</b>	<b>5,004,129</b>	<b>5,004,129</b>

  

<b>For the year ended 30 June 2018</b>	<b>AFS Financial Instrument Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total equity at the beginning of the financial year</b>	<b>317,123</b>	<b>4,543,751</b>	<b>4,860,874</b>
Profit for the year	-	202,854	202,854
Changes in fair value of available for sale financial assets	(71,567)	-	(71,567)
<b>Total comprehensive income for the year</b>	<b>(71,567)</b>	<b>202,854</b>	<b>131,287</b>
<b>Total equity at the end of the financial year</b>	<b>245,556</b>	<b>4,746,605</b>	<b>4,992,161</b>

*This Statement of changes in equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 14 to 18.*

**Statement of financial position**

as at 30 June 2019

	Note	2019	2018
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	4	469,406	601,266
Trade and other receivables	5	157,711	169,792
Other financial assets	6	4,427,626	4,280,542
Total current assets		5,054,743	5,051,600
<b>Total assets</b>		<b>5,054,743</b>	<b>5,051,600</b>
<b>Current liabilities</b>			
Trade and other payables	7	50,614	59,068
Short-term employee benefits		-	371
Total current liabilities		50,614	59,439
<b>Total liabilities</b>		<b>50,614</b>	<b>59,439</b>
<b>Net assets</b>		<b>5,004,129</b>	<b>4,992,161</b>
<b>Equity</b>			
Retained earnings	8	5,004,129	4,746,605
Other reserves	8	-	245,556
<b>Total equity</b>		<b>5,004,129</b>	<b>4,992,161</b>

*This Statement of financial position is to be read in conjunction with the Notes to the Financial Statements set out on pages 14 to 18.*

**STATEMENT OF CASH FLOWS**

for the year ended 30 June 2019

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**Statement of cash flows**

for the year ended 30 June 2019

Note

**Year Ended  
30 June 2019****Year Ended  
30 June 2018**

		\$	\$
<b>Cash flows from operating activities</b>			
Profit after related income tax		11,968	202,854
Change in assets and liabilities:			
Trade and other receivables		12,081	(41,016)
Short term employee benefits		(371)	(688)
Trade and other payables		(8,454)	33,129
Net cash inflow from operating activities		15,224	194,279
<b>Cash flows from investing activities</b>			
Proceeds from sales of investments		1,516,600	750,000
Payments for new investments		(1,663,684)	(1,451,717)
Net cash outflow from investing activities		(147,084)	(701,717)
<b>Net decrease in cash held</b>		(131,860)	(507,438)
Cash and cash equivalents at the beginning of the year		601,266	1,108,704
Cash and cash equivalents at the end of the year	4	469,406	601,266

*This Statement of cash flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 14 to 18.*

**1 Summary of significant accounting policies**

The principal accounting policies set out below have been consistently applied, unless otherwise stated.

**a) Basis of preparation**

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

These financial statements have been prepared under the historical cost convention, modified by the revaluation of available-for-sale financial assets.

**b) Changes in accounting policies**Adoption of AASB 9

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an “expected credit loss” model for impairment of financial assets.

When adopting AASB 9 the Company has applied transitional relief and opted not to restate prior periods.

Differences arising from the adoption of AASB 9 in relation to the classification, measurement and impairment are recognised in opening retained earnings as at 1 July 2018.

The adoption of AASB 9 has impacted on the following areas:

Classification and Measurement of the Company’s financial assets

Available for sale financial assets under AASB 139 included investments held in managed funds of \$4,280,542 at 30 June 2018. These were reclassified to fair value through profit or loss (FVPL) under AASB 9. \$245,556 was transferred from the available for sale financial assets reserve to retained earnings on 1 July 2018.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequently, financial assets are categorised at fair value through profit and loss.

**c) Accounting policies for financial instruments under AASB 9**Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Subsequent measurement of financial assetsFinancial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company’s financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Company’s financial liabilities include trade payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Accounting policies applicable to comparative period (30 June 2018)

Financial Assets were categorised as available-for-sale assets. After initial recognition, available-for-sale assets were measured at fair value with gains or losses being recognised as a separate component of equity until the investment was derecognised or until the investment was determined to be impaired, at which time the cumulative gain or loss previously reported in equity was recognised in profit or loss.

**d) Foreign currency**

*Functional and presentation currency*

Items included in the financial statements of the Company are measured and presented in Australian dollars.

*Transactions and balances*

Foreign currency transactions are initially translated into Australian currency using the exchange rates prevailing at the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**e) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will follow and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (GST).

Donations revenue:

Donations are only brought to account when the funds are received into the bank account, that is, when control over the funds is established, or the right to receive the funds has been recognised.

Investment revenue:

Receipts associated with dividends are recognised as revenue when the right to receive payment has been established.

Interest revenue:

Interest revenue is recognised when the right to receive the revenue has been established.

Other revenue:

Other revenue is recognised when the right to receive the revenue has been established.

Franking credits:

Franking credits are recognised when the right to receive the revenue has been established and can be reliably measured.

**f) Income tax**

The Company has received a private ruling from the Australian Taxation Office (ATO) to receive exemption from income tax pursuant to the provisions of section 50-5 of the *Income Tax Assessment Act 1997*. The Company currently considers that it will continue to be exempt under the self assessment system applying under section 50-5 of the *Income Tax Assessment Act 1997*.

**g) Trade and other payables**

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

**h) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the amount of GST incurred is not recoverable from the ATO. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of 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 ATO is included as a current asset or liability in the balance sheet.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flow.

**i) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

**j) 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 Company and that are believed to be reasonable under the circumstances. In the preparation of the financial statements for the period ended 30 June 2019, there have been no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

	Note	Year Ended 30 June 2019	Year Ended 30 June 2018
		\$	\$
<b>2 Revenue</b>			
Donations and bequests		109,886	34,547
Income from investments		290,421	427,813
Interest income		9,083	17,660
<b>Total revenue</b>		<b>409,390</b>	<b>480,020</b>
<b>3 Expenses</b>			
<b>Expenditure classified by function</b>			
Administrative Expenses			
- Salaries and on-costs		68,297	73,788
- Directors expenses		1,662	2,584
- Professional fees		29,552	84,224
- Insurance		4,269	4,475
- Other administration expenses		27,122	34,332
Total Administrative Expenses		130,902	199,403
Expenses incurred in promoting Stem Cell Science including projects		252,090	166,323
<b>Total expenditure</b>		<b>382,992</b>	<b>365,726</b>
<b>4 Cash and cash equivalents</b>			
Cash at bank and on hand		269,406	201,241
Term Deposits		200,000	400,025
<b>Total cash and cash equivalents</b>		<b>469,406</b>	<b>601,266</b>
The above figures are reconciled to cash at the end of the financial period as shown in the Statement of Cash Flows.			
<b>5 Trade and other receivables</b>			
Other receivables		157,711	169,792
<b>Total receivables</b>		<b>157,711</b>	<b>169,792</b>



	Notes	Year Ended 2019	Year Ended 2018
		\$	\$
<b>6 Other financial assets</b>			
Financial assets measured at fair value through profit and loss			
- Investments held in managed funds		4,427,626	-
Available-for-sale financial assets		-	4,280,542
<b>Total investments</b>		<b>4,427,626</b>	<b>4,280,542</b>
<b>7 Trade and other payables</b>			
Trade payables		50,614	59,068
<b>Total trade and other payables</b>		<b>50,614</b>	<b>59,068</b>
<b>8 Equity</b>			
Available-for-Sale financial assets reserve		-	245,556
Retained profits		5,004,129	4,746,605
<b>Total equity</b>		<b>5,004,129</b>	<b>4,992,161</b>

**9 Related party disclosures**
**Directors and other key management personnel**

Apart from the amounts and issues disclosed in this note, there were no other transactions or balances with related parties during or at the end of the financial period.

**Key management personnel compensation**

Total key management personnel remuneration	68,297	73,788
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**Controlling entities**

From incorporation of the Company in August 2011 the sole members of the company are the directors of the company.

**10 Lease commitments**

The Company has no future operating lease payments.

**11 Members' guarantee**

The Company was incorporated on 17 August 2011 as a Company limited by guarantee and not having a share capital. If the Company is wound up, the Constitution states that current Members (of which there are seven), and any persons whom were Members within the last 12 months immediately prior, are required to contribute an amount determined by the Company, but not exceeding \$100, to meet the outstanding obligations of the Company, if required.

**12 Events occurring after the reporting date**

There have been no events subsequent to balance date of a material nature.

**13 Contingent liabilities**

The Company has contracted to provide funding for research projects over a five year period. If various conditions are met, the company will pay \$170,000 in the year ending 30 June 2020 and a further \$720,000 over the following three years.

**Directors' Declaration**

In the directors' opinion:

- (a) the Financial Statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity, and accompanying notes, as set out on pages 10 to 18 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and:
  - (i) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
  - (ii) give a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial period 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.



**Dr Graeme Blackman AO**  
Chairman

Melbourne  
12 August 2019

## Independent Auditor's Report

To the Directors of National Stem Cell Foundation of Australia

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of National Stem Cell Foundation of Australia (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of National Stem Cell Foundation of Australia has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- a giving a true and fair view of the Registered Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of 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 Registered Entity 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 of the Registered Entity are responsible for the other information. The other information comprises the information included in the Directors' Report of the Registered Entity Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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 of the Registered Entity for the financial report**

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity'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 Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

### **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 the 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 Registered Entity'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 Registered Entity'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 Registered Entity 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 those charged with governance 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.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



E W Passaris  
Partner – Audit & Assurance  
Melbourne, 12 August 2019