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Foundation for Alcohol Research & Education

Annual Financial Report

ABN 91 096 854 385

30 June 2017

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Letter from the Chairman and the Chief Executive

This year's 2017 FARE Annual Alcohol Poll revealed that more than 81 per cent of Australians believe more needs to be done to reduce the harm caused by alcohol. This is the eighth consecutive year that the poll has registered community concern of this magnitude.

Doing something about this has become FARE's vision - to stop harm cause by alcohol. This vision is manifest in the 2014-2017 Strategic Plan, which the Board unhesitatingly reaffirmed in thoroughly reviewing FARE's strategic direction earlier this year. It is the clearest possible representation of FARE's purpose.

More than 15 years since its establishment, FARE has become a resilient health promotion charity. We have sustained the funds bestowed to us by the Parliament on behalf of all Australians, and through sound stewardship built a world-class organisation. This year's financial statements show a strong financial position with the corpus value preserved and revenues from other sources increased.

Our duty is to steward these resources responsibly and to employ them strategically in pursuit of our vision and the realisation of our strategic goals.

This year has been intense. FARE has actively engaged in elections conducted nationally and in the Northern Territory, the Australian Capital Territory and Western Australia, and successfully campaigned for the strengthening of alcohol policy.

Significant effort has also been invested in protecting the 'last drinks' policies in Sydney and Queensland. The New South Wales Government commissioned former High Court Justice Ian Callinan to review the lockout laws, which resulted in only minor relaxations of the 2014 availability restrictions imposed by the O'Farrell Government.

The frightening availability of alcohol (trading hours and outlets numbers) continues to be a concern for public health. While the last drinks policies in Sydney and Queensland have been protected for now, it has become clear that supply-side policy interventions remain the hardest to implement and even harder to protect. This is despite the growing recognition that packaged liquor outlets are a vector for rising rates of family violence and the increasing burden of disease.

Reviews of Liquor Acts were instigated in a number of jurisdictions including Victoria, South Australia and the Northern Territory. FARE developed its own submissions and encouraged like-minded organisation to make their own. Responding to these reviews as well as to the frequent Parliamentary inquiries is demanding, but mostly results in small public health wins and in some instances larger ones.

Community sentiment for change is clearest in the area of alcohol marketing. The Annual Alcohol Poll shows this.

The Booze Free Sport campaign is tapping into and mobilising this community concern. The campaign is an initiative to phase out the commercial sponsorship of professional sport by alcohol brands and bring to an end the exemption that allows alcohol advertisements to be broadcast during children's viewing times. Booze Free Sport has expanded over the year and become the focus of our public campaign efforts. FARE and its coalition of supporters will steadily ramp up efforts in 2018.

Governments have done some good things during the year. Notably, the Commonwealth has taken important steps towards addressing the tragedy of Fetal Alcohol Spectrum Disorder, funding new diagnostic, clinical and preventive programs and services. FARE was the beneficiary of a modest amount of this funding, which has allowed us to widen the scope of our innovative public awareness campaigns, Pregnant Pause and Women Want to Know.

We have also stretched our wings in a collaboration with the United Kingdom-based Institute of Alcohol Studies to produce *Anytime Anyplace, Anywhere?,* a comparative analysis of interventions to control alcohol's availability. This project successfully tested the value of international collaborations by demonstrating the common interest and shared experience in alcohol control.

In February, Professor Emmanuel Kuntsche was announced as the new director of the Centre for Alcohol Policy Research (CAPR) to replace Professor Robin Room. CAPR is FARE's partnership with La Trobe University, and recruiting the Swiss-based Professor Kuntsche will strengthen this partnership and ensure the Centre's future. Emmanuel took up his position in August 2017.

The impending expiry of the 2014-2017 Strategic Plan meant a thorough strategic review and resulted in the adoption of a new strategic plan with effect from 1 July 2017. We have refined our strategic goals and given new emphasis to FARE's leadership role in the public health sector. Leading change becomes our first strategic priority. This will place greater weight on making a difference and is our response to the high level of community discontent about the magnitude of alcohol harm in Australia.

Necessarily, the strategic policy and research goals remain at the heart of what we do. Research underpins policy development and feeds FARE's advocacy for policy change.

The 'merchandising of doubt', or the denying of science, has become the 'go-to tactic' for the world's addictive industries – alcohol, tobacco and gambling. These tactics are hard to combat without sustained and diligent work by defenders of the public interest. Thus, in the age of fake news and alternative facts, FARE must redouble its efforts to combat the perpetuation of mistruths.

Consequently, defending the public interest takes on even greater importance in our challenge to bring about change.

We commend our 2017-2022 Strategic Plan.

This year the Board has welcomed two new directors – Associate Professor Nadine Ezard and Teresa Dyson – and seen the retirement of Justice Trevor Riley QC and Professor Kate Conigrave. We thank Kate and Trevor for their contributions to FARE's work. Kate spent nearly seven years as a director providing input from her work as a frontline medical practitioner.

Our small but extremely dedicated team of directors and staff is responsible for delivering these outcomes and meeting the challenges to come. On behalf of all Australians, we pledge to strive to stop alcohol harm in Australia.

Andrew Fairley AM
Chairman

Michael Thorn
Chief Executive

Directors' report

The Directors of the Foundation for Alcohol Research and Education Limited (FARE) submit here with the annual report of the company for the financial year ended 30 June 2017 and the auditor's report thereon.

DIRECTORS

The names of each person who has been a director during the year to the date of this report are:

Andrew Fairley AM	Jono Nicholas	Tony Walker	Steve Ella
Mark Addy		Kirstie Clements	
Teresa Dyson (appointed 22 February 2017)		Nadine Ezard (appointed 22 February 2017)	
Kate Conigrave (retired 22 February 2017)		Trevor Riley QC (retired 22 April 2017)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities outlined in FARE's constitution are:

- promoting health by stopping harm caused by alcohol in Australia, including alcohol-caused disease and injury, and alcohol's harm to others
- supporting evidence-based alcohol-related public health policy, including prevention, treatment and rehabilitation
- promoting the prevention of alcohol harms, particularly among vulnerable population groups such as children, young people, women and Aboriginal and Torres Strait Islander peoples
- promoting community awareness and providing education about the harmful effects of alcohol consumption including its impact on chronic disease, and
- identifying, commissioning, conducting and disseminating research that will lead to a better understanding of what works to stop harm caused by alcohol.

No significant change in the nature of these activities occurred during the financial year.

FARE will pursue the following five strategic goals over the course of our *Strategic plan 2017-2022*:

- **Leading change:** Activate individuals, communities, and organisations to bring about change.
- **Strategic policy and advocacy:** Develop and advocate for policies and programs that work.
- **Defending the public interest:** Ensure the public's interest is paramount in alcohol control.
- **World-leading research:** Undertake and communicate strategic research.
- **Invest in the future:** Sustain an innovative world-class organisation bringing about social change.

Management and the Board monitor FARE's overall performance, from the implementation of its vision statement and strategic plan through to the performance of FARE against operating plans and financial budgets.

Directors' report (continued)

FARE has committed to providing a further $1,152,666 in project funding. These payments are subject to the terms and conditions of their respective contract and details.

FARE maintains a capital fund to support its future activities. The balance of the Capital Fund at 30 June 2017 was $32,270,479 ($31,898,210 in 2016).

INFORMATION ON DIRECTORS

Andrew Fairley AM	Chair of the Board
Qualifications	LL.B; FAICD, FAIST
Experience	Andrew was appointed as the Chair of FARE on 1 July 2013. He practices as an equity lawyer with Hall & Wilcox Solicitors in Melbourne and is recognised as one of Australia's leading superannuation lawyers. Andrew is Chair of EquipSuper, an industry superannuation fund with assets of $14.5 billion. Andrew is also a Director on the Board of Qualitas Securities. Andrew has had considerable experience with the sustainable tourism industry, and has recently retired as Deputy Chair of Tourism Australia. He has a long association with the philanthropic sector through multiple board roles and is Chair of the Sir Andrew Fairley Foundation and the Luke Batty Foundation. He also sits on a number of family boards as an independent director and is the Consul General for Finland in Victoria. Andrew was made a Member of the Order of Australia (AM) in 2015 for significant service to the community through contributions to, and support for, a range of organisations, to the law, and to philanthropy.
Special responsibilities	Andrew is Chair of the Investment Committee. He serves on the Finance, Audit and Risk Management and the Governance and Remuneration Committees.
Jono Nicholas	Deputy Chair
Qualifications	BA (Hons) MPH
Experience	Jono was appointed as a Director of FARE on 19 October 2011. Jono is the CEO of ReachOut Australia, the nation's leading online mental health organisation for young people, and was the Founding CEO of ReachOut Ireland. He also serves on the Board of Mental Health Australia. Jono holds an Honours Degree in Psychology and a Master of Public Health, and has a background in child psychology and human rights. During his time at ReachOut, he has provided training to Indonesia on the Convention on the Rights of the Child, and co-authored a report for UNICEF on the situation of children and women living in Cambodia.
Special responsibilities	Jono is the Chair of the Governance & Remuneration Committee. He also serves on the Funding Committee.

Directors' report (continued)

Kate Conigrave	Director (retired 22 February 2017)
Qualifications	FAChAM, FAFPHM, PhD
Experience	Professor Kate Conigrave was appointed as a Director of FARE on 19 October 2011. She is an Addiction Medicine Specialist and Public Health Physician based at the Royal Prince Alfred Hospital in Sydney. As well as caring for patients with alcohol or other drug problems, Professor Conigrave provides education and training for health professionals, including at the University of Sydney. Professor Conigrave has co-edited clinical textbooks on addiction medicine and her research has been recognised by the Senior Scientist award from the Australasian Professional Society on Alcohol and other Drugs. Her research includes a focus on early detection and treatment for alcohol problems. Professor Conigrave has also had the opportunity to work in partnership with Aboriginal communities and agencies in urban and remote Australia on research and health promotion initiatives.
Special responsibilities	Kate served on the Governance and Remuneration Committee.
Tony Walker	Director
Qualifications	BA (Politics/International Relations)
Experience	Tony was appointed as a Director of FARE on 25 October 2013. He is the Global Perspective columnist for The Conversation, a Fairfax columnist, and a Vice Chancellor's Fellow at La Trobe University. Tony is a former International Editor for the *Australian Financial Review* (AFR), Political Editor for the AFR and the Washington Correspondent. He has worked variously for the *ABC*, *The Age* and the *Financial Times of London*. His work as a correspondent covered postings in Beijing, the Middle East and North America. He is a dual Walkley Award winner for commentary. Tony co-wrote *Behind the myth: Yasser Arafat and the Palestinian revolution* (W.H. Allen, 1990) with Andrew Gowers. Tony has recently published *The Peter Thomson Five (*Melbourne University Press). Tony is also a board member and convener of the C.E.W. Bean Foundation. A graduate of The Australian National University, he now resides in Melbourne.
Special responsibilities	Tony serves on the Finance, Audit and Risk Management Committee and the Investment Committee.

Directors' report (continued)

Steve Ella	Director
Qualifications	MPhil, GradDip IndigHP
Experience	Steve is an Aboriginal man originating from the Yuin Nation on the South Coast of NSW. Steve was appointed as a Director of FARE on 25 October 2013. Steve is the Manager of Nunyara Aboriginal Health Unit for the Central Coast Local Health District. Steve has a 20 year background in Aboriginal Drug and Alcohol work and was inducted into the National Indigenous Drug and Alcohol Honour Roll in 2012 at the National Indigenous Drug Alcohol conference in Fremantle. Steve was awarded the First Peoples award at the Australasian Professional Society on Alcohol and other Drugs (APSAD) conference in Brisbane in 2013. Steve is a member of the NSW Aboriginal Directors and Managers Strategic Leadership Group and previously lectured at Sydney University as an Adjunct lecturer. Steve also has co-authored a handbook for *Aboriginal Alcohol and Drug Work.* Steve is an Associate Investigator with the Centre of Research Excellence: Indigenous Health and Alcohol Research.
Special responsibilities	Steve serves on the Governance and Remuneration Committee.
Mark Addy	Director
Qualifications	BA (Graphic Design)
Experience	Mark was appointed as a Director FARE on 6 March 2014. He is the Head of Design and User Experience at Outware Mobile Sydney. Mark is an advertising creative director for multiple platforms including screen, web, tablet, mobile and branded entertainment. Mark's experience in advertising has included creating campaigns for Australian Defence Recruiting, Schweppes, Heinz, Air New Zealand, Vodafone, Nestle and Mars. Mark is one of Australia's most awarded digital creatives, winning over 40 creative awards in 2012, including 4 Cannes Gold Lions for work on Defence Australia. Born in South Africa, Mark is now a New Zealand citizen, and resides in Sydney.
Special responsibilities	Mark serves on the Funding Committee.

Directors' report (continued)

Kirstie Clements	Director
Experience	Kirstie was appointed as a Director of FARE on 6 June 2015. She is an author, journalist, speaker, and former editor in chief (1999-2012) of *Vogue Australia*. Her memoir of three decades in fashion publishing, *The Vogue factor* (MUP) was released in 2013 and has since become an international bestseller. Kirstie has co-authored two illustrated books on fashion, *In Vogue Australia: 50 years of Australian style* (Harper Collins 2009) and *The Australian Women's Weekly fashion: The first 50 years* (2015) for the National Library of Australia. In 2016, she released her fifth book on style and business etiquette aimed at young people, titled *Impressive: How to have a stylish career*. Kirstie is currently employed as an editorial consultant to Bauer Media, predominately working on top line marketing, print and online concepts for Myer. She is also the publisher of lifestyle magazine *Inprint* and co-director of *Inprint* content agency.
Special responsibilities	Kirstie serves on the Finance, Audit and Risk Management Committee and the Funding Committee.
Trevor Riley QC	Director (retired 22 April 2017)
Qualifications	LL.B
Experience	Trevor was appointed as a Director of FARE on 5 July 2016. Trevor studied a Bachelor of Laws at the University of Western Australia. He is an experienced solicitor who commenced practice in the Northern Territory in 1974. He was a partner of the Darwin-based firm Ward Keller (1975-1985). In 1985 he went to the independent Bar and was appointed as Queen's Counsel in 1989. He was appointed as a Justice of the Supreme Court in 1999, and as Chief Justice from 2010. He has previously served as Chair on the Northern Territory Parole Board (2005-2010), as President and Vice President of the Northern Territory Bar Association, and is a former councillor and Vice President of the Law Society of the Northern Territory. Trevor's community service includes being a board member of St John Ambulance, serving as Commissioner and Deputy Commissioner of the Northern Territory Football League Disciplinary Tribunal. He is a former Vice President of the Marriage Guidance Council (NT). He is a Professorial Fellow at Charles Darwin University, where he has been a lecturer and mentor of law students for many years. He authored the book titled *The little red book of advocacy*.
Special responsibilities	Trevor served on the Finance Audit and Risk Management Committee and the Governance and Remuneration Committee.

Directors' report (continued)

Teresa Dyson	Director (appointed 22 February 2017)
Qualifications	LLB (Hons), BA, MTax, MAppFin, GAICD
Experience	Teresa Dyson was appointed a Director of FARE on 23 February 2017. She is a lawyer with more than 20 years' experience advising governments and the private and not-for-profit sectors on complex business and governance issues, strategic decision-making, mergers and acquisitions, financing transactions, and social infrastructure. Teresa is currently a consultant at McCullough Robertson Lawyers, specialising in advising on taxation issues as well as governance and operations in the not-for-profit sector. She is formerly a partner of Ashurst Lawyers and Deloitte Australia and was named Lawyer of the Year in 2011 by the Women Lawyers Association of Queensland. Teresa is also Director of Energy Queensland, Deputy Chair of the Gold Coast Hospital & Health Services Board, and Chair of the Law Council of Australia Business Law Section. She is a member of the Boards of UN Women National Committee Australia, Energy Super and Opera Queensland Limited, and a member of the Audit and Risk Committee of Lifeline Australia.
Special responsibilities	Teresa is the Chair of the Finance, Audit and Risk Management Committee and serves on the Investment Committee.
Nadine Ezard	Director (appointed 22 February 2017)
Qualifications	FAChAM, PhD, MPH MBBS BA
Experience	Associate Professor Nadine Ezard was appointed a Director of FARE on 22 February 2017. Nadine is the Clinical Director of the Alcohol and Drug Service at St Vincent's Hospital in Sydney and Conjoint Associate Professor at the University of New South Wales Faculty of Medicine. Dr Ezard's body of peer-reviewed research focuses on building the evidence base for improved health interventions for marginalised populations. She has a particular interest in public health and clinical care linkages for reducing substance-related harm. She is a registered medical practitioner and Fellow of the Australasian Chapter of Addiction Medicine (FAChAM), Royal Australasian College of Physicians (RACP). She has previously worked for the World Health Organization and the United Nations High Commissioner for Refugees.
Special responsibilities	Nadine serves on the Governance and Remuneration Committee.

Directors' report (continued)

COMPANY SECRETARY

Sharrin Wells	Company Secretary and Chief Financial Officer
Qualifications	BBus (Acc), CPA, MBA, GIA(Cert)
Experience	Sharrin was appointed Company Secretary of FARE in July 2013. Sharrin has 27 years' experience in all key aspects of commercial business and public and private sector management. Sharrin's career is characterised by a series of demanding roles and projects, seeing her implement ground-breaking, innovative solutions. Sharrin has developed a depth of understanding of a wide range of organisations while living and working in remote Aboriginal communities for more than ten years.
Michael Thorn	Chief Executive
Qualifications	BA, GradDip (Finance)
Experience	Michael was appointed Chief Executive of FARE in January 2011. Michael previously worked for the federal government as a senior official in the Department of the Prime Minister and Cabinet. He was a project director in the department's strategy and delivery division. Michael has a strong strategic policy background, with extensive experience in strategic social policy development and implementation, most recently in Canberra and previously as a policy director of the Western Australian Department of the Premier and Cabinet from 2001 until 2008. Michael has also worked as a policy and management consultant in the fields of housing, Indigenous affairs, regional economic development and employment, and early in his career was a policy adviser and chief of staff to WA Government Ministers.

Directors' report (continued)

DIRECTORS' MEETINGS

The number of directors' meetings held and number of meetings attended by each director during the financial year are as follows:

	General	Five held	Finance Audit and Risk Management	Four held	Investment*	Four held
Director name	**Number eligible to attend**	**Attended**	**Number eligible to attend**	**Attended**	**Number eligible to attend**	**Attended**
Andrew Fairley	5	5	4	4	4	4
Jono Nicholas	5	5	2	2	-	-
Kate Conigrave	4	4	-	-	-	-
Tony Walker	5	5	4	4	4	4
Steve Ella	5	5	-	-	-	-
Mark Addy	5	4	-	-	-	-
Kirstie Clements	5	5	4	4	-	-
Trevor Riley	4	4	1	1	-	-
Teresa Dyson	2	2	1	1	1	1
Nadine Ezard	1	1	-	-	-	-

** Danielle Press (external advisor) attended all investment committee meetings*

MEMBERS' GUARANTEE

FARE is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If FARE is wound up, the constitution states that each member is required to contribute a maximum of $50 each towards meeting any outstanding obligations of FARE. At 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is $400 (2016: $400).

Hardwickes
more than accounting

6 Phipps Close Deakin ACT 2600
PO Box 322 Curtin ACT 2605

T 02 6282 5999
F 02 6282 5933
E info@hardwickes.com.au

www.hardwickes.com.au

Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

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Standards Legislation

Auditors Independence Declaration under s 60-40(1) of the Australian Charities and Not-for-profit Commission Act 2012 to the Directors of Foundation for Alcohol Research & Education Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *The Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

3/11/17

CANBERRA

Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue			
Revenue and other income	2	2,944,941	1,295,697
Expenditure			
Administrative expenses		(107,204)	(173,134)
Investment management fees	3(e)	(157,787)	(161,590)
Depreciation and amortisation expenses	3(a)	(15,715)	(15,760)
Directors' expenses	3(c)	(165,299)	(196,667)
Finance costs	3(d)	(15,573)	(35,197)
Occupancy expenses		(144,387)	(172,689)
Employee benefits expenses		(1,673,322)	(1,807,367)
Project payments		(915,025)	(1,122,028)
Net (deficit)/surplus for the year		**(249,371)**	**(2,388,735)**
Other comprehensive income		-	-
Total comprehensive (deficit)/surplus for the year		**(249,371)**	**(2,388,735)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	5	1,159,744	1,241,451
All other receivables	6	3,973	6,970
Accrued revenue	6	26,236	231
Other assets	6	607,335	750,489
Total current assets		**1,797,288**	**1,999,141**
Non-current assets			
Financial assets	7	32,270,479	31,898,210
Property, plant and equipment	8	38,307	26,040
Total non-current assets		**32,308,786**	**31,924,250**
TOTAL ASSETS		**34,106,074**	**33,923,391**
LIABILITIES			
Current liabilities			
Trade and other payables	9	113,854	317,023
Interest-bearing liabilities	10	5,781	3,456
Provisions	11	48,607	59,619
Other financial liabilities		752,666	130,835
Total current liabilities		**920,908**	**510,933**
Non-current liabilities			
Provisions	11	110,175	88,097
Total non-current liabilities		**110,175**	**88,097**
TOTAL LIABILITIES		**1,031,083**	**599,030**
NET ASSETS		**33,074,991**	**33,324,361**
EQUITY			
Retained earnings		33,074,991	33,324,361
TOTAL EQUITY		**33,074,991**	**33,324,361**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Retained earnings $	Total equity $
2017			
Balance at 1 July 2016		33,324,361	33,324,361
Deficit for the year		(249,370)	(249,370)
Balance at 30 June 2017		**33,074,991**	**33,074,991**
2016			
Balance at 1 July 2015		35,713,098	35,713,098
Deficit for the year		(2,388,735)	(2,388,735)
Balance at 30 June 2016		**33,324,361**	**33,324,361**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Project fund		944,738	774,252
Interest received		68,379	35,772
Funding development activities		27,165	31,407
Net GST receipts		(8,626)	(8,624)
Payments to suppliers		(545,894)	(376,811)
Directors		(165,299)	(196,667)
Employees		(1,709,010)	(1,755,040)
Project payments	16(c)	(915,025)	(1,122,028)
Net cash flows (used in) operating activities	**16(b)**	**(2,303,572)**	**(2,617,739)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment cash flows		2,371,081	1,805,974
Lease incentive		36,552	-
Payment for property, plant and equipment	8(b)	(27,981)	(18,505)
Management fees		(157,787)	(161,590)
Net cash flows provided by investing activities		**2,221,865**	**1,625,879**
Net (decrease)/increase in cash held		(81,707)	(991,860)
Cash and cash equivalents at beginning of year		1,241,451	2,233,311
Cash and cash equivalents at end of year	**16(a)**	**1,159,744**	**1,241,451**

Notes to the Financial Statements 9

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The financial statements are for the Foundation for Alcohol Research and Education Limited (FARE), a Not For Profit entity, incorporated and domiciled in Australia. FARE is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – in accordance with the Australian Accounting Standards Board and the Australian Charities and Not-for-profit Commission Act 2012.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow infromation, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statement have been rounded to the nearest dollar.

Accounting policies

a. **Revenue**

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor otherwise the grant is recognised as income on receipt.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Donations are recognised as revenue when received.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

b. **Inventories**

Inventories are measured at the lower of cost of and net realisable value.

c. **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.
FARE continues to exercise its right to elect the cost model, rather than the valuation model, under AASB 116 (29) in respect of property, plant and equipment.

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets, but excluding leasehold land and properties held for investment purposes, is depreciated on a straight line basis over their estimated useful lives to FARE commencing from the time the asset is held ready for use.

d. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to FARE are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the lower of fair value and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives or over the term of the lease.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. **Financial instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (that is trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition

(ii) less principal repayments

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method* and

(iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Classification and subsequent measurement (continued)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the end of the reporting period. (All other financial assets are classified as current assets.)

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. **Impairment of assets**

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

g. **Employee benefits**

(i) *Short-term employee provision*

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of FARE is estimated to be less than the annual benefit for sick leave.

Contributions are made by FARE to complying superannuation funds and are charged as expenses when incurred.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5 per cent of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

h. **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are included in the statement of Cash Flows on a net basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flow.

j. **Income tax**

FARE is a Health Promotion Charity operating as a company Limited by Guarantee and has an exemption from the Commissioner for Taxation and accordingly does not account for Income Tax.

k. **Intangible Assets**

Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. **Comparative figures**

The comparative figures for 1 July 2016 to 30 June 2017 are shown. Where required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

n. **Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o. **Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates:

Impairment – All assets are assessed for indicators of impairment each year. Refer to Note 1 f. No indicators of impairment were identified for the period ended 30 June 2017 (2016: nil).

Provisions for employee benefits – For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

p. **Economic dependency**

FARE was established by its members on 17 October 2001 and the FARE Constitution outlines its purpose and objectives.

FARE has an accumulated pool of funds which it is permitted to use for its continued existence and has established a capital fund to assist in ensuring the long-term sustainability of FARE.

q. **Related party disclosures**

Directors associated with organisations during the financial year which may receive financial support or fees for services from FARE are, Katherine Conigrave, an employee of Sydney University.

Terms and conditions:

Grants awarded to organisations that FARE directors are directors and/or employees of are made at arms length and are under the same terms and conditions as all grantees of FARE.

FARE directors of the related parties were not involved in the decision making process of the grants awarded to those organisations. Details of those grants awarded are contained at Note 19.

Tenders awarded to organisations that FARE directors are directors and/or employees of are made at arms length and are under the same terms and conditions as all service providers of FARE. FARE directors of the related parties were not involved in the decision making process of the tenders awarded to those organisations.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. **Fair value of assets and liabilities**

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (that is unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (that is the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (that is the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 2: REVENUES AND OTHER INCOME	2017 $	2016 $
a. **All other income**		
All other revenue	10,500	6,171
Total all other Income	**10,500**	**6,171**
b. **Finance revenue**		
Interest income		
Public fund	26	402
Operating/trust accounts	94,359	35,139
Total interest income	**94,385**	**35,541**
Investment income		
Dividends and interest	1,745,659	2,127,251
Fair value movement	329,749	(1,995,746)
Tax imputation credits	492,864	666,152
Total investment income	**2,568,272**	**797,657**
Total finance revenue	**2,673,157**	**839,369**
c. **Funding development activities**		
Donors/gifts/partnerships	15,077	22,507
Merchandise and resources	1,588	2,733
Total funding development activities	**16,665**	**25,240**
d. **Funding**		
Government funding	229,058	431,088
Project payments refunded	26,061	-
Total	**255,119**	**431,088**
Total revenues and other income	**2,944,941**	**1,295,697**

NOTE 3: EXPENSES	2017	2016
Surplus (Deficit) for the year has been determined after:	$	$
a. **Depreciation and amortisation**		
Computer equipment	9,067	9,430
Furniture and fixtures	502	3,054
Telephone system	109	1,762
Other property, plant and equipment	1,797	1,328
Software	4,240	186
Total depreciation and amortisation	**15,715**	**15,760**

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 3: EXPENSES (continued)	2017 $	2016 $
b. **Employee benefits**		
Leave accrual	(13,490)	15,927
Long service leave accrual	(9,078)	21,870
Workers compensation	8,590	7,527
Total employee benefits	**(13,978)**	**45,324**
c**. Directors' expenses**		
Fees	128,511	162,956
Other expenses	36,788	33,711
Total directors' expenses	**165,299**	**196,667**
d. **Finance costs**		
Operating leases		
Photocopier	15,573	35,197
Total finance costs	**15,573**	**35,197**
e. **Other expenses**		
Investment management fees	157,787	161,590
Total other expenses	**157,787**	**161,590**
f. **Auditor remuneration**		
Financial statements audit	12,500	12,500
Total auditor remuneration	**12,500**	**12,500**

The auditor of the financial statements is Hardwickes. There were no other services provided by Hardwickes during the financial year.

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. **Details of key management personnel**

Directors

Andrew Fairley AM	Chair of the Board, Chair of the Investment Committee
Jono Nicholas	Deputy Chair of the Board, Chair of the Governance and Remuneration Committee
Teresa Dyson	Chair of the Finance Audit and Risk Management Committee (appointed 22 February 2017)
Kate Conigrave	Director (retired 22 February 2017)
Tony Walker	Director
Steve Ella	Director
Mark Addy	Director
Kirstie Clements	Chair of the Funding Committee.
Trevor Riley QC	Director (retired 22 April 2017)
Nadine Ezard	Director (appointed 22 Febrary 2017)

Notes to the Financial Statements (continued)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Executives

Michael Thorn	Chief Executive Officer
Sharrin Wells	Chief Finance Officer

b. **Compensation of key management personnel**

Short-term employee benefits	2017 $	2016 $
Director fees	117,425	148,819
Executive salaries	375,905	387,866
Total short-term employee benefits	**493,330**	**536,685**
Post employment benefits		
Director superannuation	11,086	14,138
Executive superannuation	35,711	34,663
Total post employment benefits	**46,797**	**48,801**
Total	**540,127**	**585,486**

NOTE 5: CASH AND CASH EQUIVALENTS	2017 $	2016 $
These are held as follows:		
Operating funds	129,273	175,686
Trust fund	39,470	169,964
Public fund	12,047	8,866
Interest fund	611,208	418
Fundraising fund	1,417	1,428
Ian Webster scholarship fund	25,322	25,085
Petty cash	633	437
Business Online Saver – Bank Guarantee	32,897	32,739
Merchant accounts	99	99
Corporate online account	7,378	605,594
Term deposits	300,000	221,135
Total cash and cash equivalents	**1,159,744**	**1,241,451**

The effective interest rate on short-term bank deposits was 1 per cent (2016: 1.75 per cent). Term deposits have an average maturity of 87 days. Due to the deposits being at call, they have been deemed to be highly liquid investments.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
NOTE 6: Trade and other receivables			
CURRENT			
Accrued interest on bank accounts		26,236	231
All other receivables		3,973	6,970
Imputation credit refunds		492,864	666,152
Prepayments		52,675	22,137
Resources inventory		61,796	62,200
Total trade and other receivables		**637,544**	**757,690**

		2017	2016
NOTE 7: OTHER FINANCIAL ASSETS			
		$	$
NON-CURRENT			
Financial assets at fair value through profit or loss	(a)	32,270,479	31,592,210
Held-to-maturity financial assets	(b)	-	306,000
Total financial assets		**32,270,479**	**31,898,210**

a. **Financial assets at fair value through profit or loss**

Listed Shares	32,270,479	31,592,210

Securities in listed corporations held for trading purposes to generate income through the receipt of dividends and capital gains.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT	2017	2016
	$	$
a. **Non leased property, plant and equipment**		
Computer equipment		
Computer equipment at cost	202,491	178,614
Less accumulated depreciation	(179,997)	(170,930)
Total computer equipment	**22,494**	**7,684**
Furniture and fixtures		
Furniture and fixtures at cost	144,867	144,867
Less accumulated depreciation	(144,867)	(144,365)
Total furniture and fixtures	**-**	**502**
Telephone system		
Telephone system at cost	19,370	19,370
Less accumulated depreciation	(19,370)	(19,261)
Total telephone system	**-**	**109**

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)	2017 $	2016 $
Other property, plant and equipment		
Other property, plant and equipment at cost	19,258	15,154
Less accumulated depreciation	(15,980)	(14,183)
Total other property, plant and equipment	**3,278**	**971**
Computer software		
Computer software at cost	73,394	73,394
Less accumulated depreciation	(60,859)	(56,620)
Total computer software	**12,535**	**16,774**
Total property, plant and equipment	**38,307**	**26,040**

b. **Movements in carrying amounts**

Movements in the carrying amounts for each class of property, plant and equipment and intangible assets between the beginning and the end of the current financial year.

	Furniture, fixtures and fittings $	**Computer equipment $**	**Telephone system $**	**Other property, plant and equipment $**	**Computer Software $**	**Total $**
Year ended 30 June 2017						
Balance at the beginning of year	502	7,684	109	971	16,774	26,040
Additions	-	23,877	-	4,104	-	27,981
Depreciation expense	(502)	(9,067)	(109)	(1,797)	(4,239)	(15,715)
Balance at the end of the year	**-**	**22,494**	**-**	**3,278**	**12,535**	**38,307**

	Furniture, fixtures and fittings $	**Computer equipment $**	**Telephone system $**	**Other property, plant and equipment $**	**Computer software $**	**Total $**
Year ended 30 June 2016						
Balance at the beginning of year	3,557	15,571	1,871	2,299	-	23,298
Additions	-	1,545	-	-	16,960	18,505
Depreciation expense	(3,055)	(9,428)	(1,762)	(1,328)	(186)	(15,760)
Balance at the end of the year	**502**	**7,684**	**109**	**971**	**16,774**	**26,040**

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 9: TRADE AND OTHER PAYABLES

CURRENT	2017	2016
	$	$
Secured liabilities		
Payables	85,596	292,674
Accrued expenses	24,666	4,436
Superannuation liability	5,043	21,302
Paypal clearing account	(1,451)	(1,389)
Total trade and other payables	**113,854**	**317,023**

NOTE 10: INTEREST BEARING LIABILITIES

CURRENT	2017	2016
	$	$
Bank credit card	5,781	3,456
Total current borrowings	**5,781**	**3,456**
Total interest bearing liabilities	**5,781**	**3,456**

NOTE 11: PROVISIONS

CURRENT	2017	2016
	$	$
Employee benefits		
Current liabilities		
Long service leave	-	2,917
Provision for exploye benefits	48,607	56,702
Closing balance	**48,607**	**59,619**

NON-CURRENT	2017	2016
	$	$
Lease incentive	36,553	-
Employee benefits		
Long service leave	41,217	50,296
Leave provision	32,405	37,801
Closing balance	**73,622**	**88,097**
	110,175	**88,097**

a. Aggregate employee benefit liability	122,229	147,716
b. Number of employees at year end	25	21

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 12: PROJECT FUND COMMITMENTS

As at 30 June 2017, FARE is committed to providing a further $1,152,666 in project funds ($568,182 in 2016). These payments are subject to the terms and conditions of their respective contract. These forward commitments have not been expensed in the Statement of Comprehensive Income as they are contingent upon satisfactory performance of grantees.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements:

	2017	2016
	$	$
Payable		
— not later than one year	137,889	88,529
— later than one year but not later than five years	484,583	606,899
Total operating lease commitments	**622,472**	**695,428**

The photocopier lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance on a fixed monthly instalment for the term of the lease. The equipment is to be returned to the lessee on expiration or termination of the lease.

A property lease was entered into and commenced in October 2016 for a period of five years with an option to renew for a further five years with a rent free period of six months. Rent is payable monthly in advance.

Rental provisions within the new property lease agreement require that the minimum lease payments shall be increased by 3 per cent per annum in October each year commencing October 2017. This increase has been factored into these commitments.

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2017 FARE had no contingent liabilities or contingent assets that may become payable or receivable.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to reporting date.

NOTE 16: CASH FLOW INFORMATION

	2017	2016
	$	$
a. **Reconciliation of cash**		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on hand	859,744	1,020,316
Term deposits	300,000	221,135
Total	**1,159,744**	**1,241,451**

b. **Reconciliation of net cash flows (used in) operating activities with Operating deficit for the year**		
Operating surplus/(deficit) for the year	(249,371)	(2,388,735)
Investment (income)	(2,410,485)	(636,067)
Surplus/(deficit) from trading activities	**(2,659,856)**	**(3,024,804)**

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 16: CASH FLOW INFORMATION (continued)

b. **Reconciliation of net cash flows (used in) operating activities with operating deficit for the year**

Non-cash flows in surplus from ordinary activities	2017	2016
	$	$
Depreciation	15,715	15,760
Changes in assets and liabilities		
Decrease/(increase) in receivables	10,483	49,513
Decrease in accrued revenue	(26,006)	231
Decrease/(increase) in other assets	(30,133)	580
Decrease/(increase) GST paid on expenses	(8,626)	(8,626)
Increase/(decrease) in payables	(193,619)	166,643
(Decrease)/increase in employee provisions	(34,450)	51,950
(Decrease)/increase in GST receivable	-	571
(Decrease)/increase in payroll liabilities	620,590	131,215
(Decrease) in bank credit card	2,329	(772)
Net Cash flows (used in) operating activities	**(2,303,573)**	**(2,617,739)**

c. **Project fund payments**	915,025	1,122,028
Total project fund payments	**915,025**	**1,122,028**

NOTE 17: CREDIT STAND-BY ARRANGEMENT AND LOAN FACILITIES

FARE has a Mastercard facility amounting to $70,000 (2016 $70,000). This may be terminated at any time at the option of the bank. At 30 June 2017 $5,785 (2016 $3,456) was outstanding on this facility. Interest rates are variable.

FARE has a bank guarantee as security deposit in favour of the property lessors for an amount of $32,896.88.

NOTE 18: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	Note	2017	2016
		$	$
Cash and cash equivalents	5	1,159,744	1,241,451
Trade and other receivables	6	3,973	6,970
Financial assets at fair value through profit or loss	7(a)	32,270,479	31,592,210
Held-to-maturity investments	7(b)	-	306,000
Total financial assets		**33,434,196**	**33,146,631**

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 18: FINANCIAL RISK MANAGEMENT (continued)

Financial liabilities	Note	2017 $	2016 $
Financial liabilities at amortised cost:			
– trade and other payables	9	113,854	317,023
– borrowings	10	5,781	3,456
Total financial liabilities		**119,635**	**142,039**

Net fair values

For listed available-for-sale financial assets and financial assets at fair value the fair values have been based on closing quoted bid prices at the end of the reporting period.

There are no unlisted available-for-sale financial assets.

Fair values of held-to-maturity investments are based on quoted market prices at the ending of the reporting period.

Sensitivity analysis

The majority of the portfolio is Australian equities with revenue dependent on dividends and share value movements. As at 30 June 2017 if dividends or values move, as illustrated in the table below, with all variables held constant, profit and equity would have been affected as follows:

	Equity (higher/lower)		Profit (higher/lower)	
	2017 $	2016 $	2017 $	2016 $
+1 per cent movement in Dividends	17,457	21,273	17,457	21,273
-2 per cent movement in Dividends	(34,913)	(42,545)	(34,913)	(42,545)
+1 per cent movement in Share Prices	322,705	315,922	322,705	315,922
-2 per cent movement in Share Prices	(645,410)	(631,844)	(645,410)	(631,844)

NOTE 19: RELATED PARTY DISCLOSURES

The value of Project Fund Approvals to organisations of which FARE directors are directors and/or employees are detailed below:

		2017 $	2016 $
Related parties			
Sydney University		-	-
Total Related Party Disclosures	1(p)	-	-

These transactions were undertaken on terms equivalent to those that prevail in arm's-length transactions and also see comments under Note 1(p).

END OF AUDITED FINANCIAL STATEMENTS

DIRECTORS' DECLARATION

The directors of FARE declare that:

1. The financial statements and notes, as set out on pages 14 to 32 are in accordance with the *Australian Charatities and Not-for-profit Commission Act 2012*:

    a. comply with Australian Accounting Standards and

    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of FARE.

2. In the directors' opinion there are reasonable grounds to believe that FARE 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 Board of Directors; made pursuant to S60.15 of the Australian Charities and Not-for-profit Commission Regulations 2015.

Director

Chair of the FARE Board

Director

Chair of the Finance Audit and Risk Management Committee

Dated this 3rd day of November 2017

Hardwickes
more than accounting

6 Phipps Close Deakin ACT 2600
PO Box 322 Curtin ACT 2605

T 02 6282 5999
F 02 6282 5933
E info@hardwickes.com.au

www.hardwickes.com.au

Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Independent Audit Report to the members of Foundation for Alcohol Research & Education Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Foundation for Alcohol Research & Education Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and

(ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

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 auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines 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, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 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 the 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hardwickes

Hardwickes
Chartered Accountant

R Johnson

Robert Johnson FCA
Partner

Canberra 3/11/17

CHIEF EXECUTIVE OFFICER'S DECLARATION

The Chief Executive Officer of FARE declares that:

- the financial records of FARE for the financial year ended 30 June 2017 have been properly maintained in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*
- the financial statements, and the notes comply with the Australian Accounting Standards
- the financial statements, and notes give a true and fair view
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made by:

Michael Thorn
Chief Executive Officer

Dated this 3rd day of November 2017

CHIEF FINANCE OFFICER'S DECLARATION

The Chief Finance Officer of FARE declares that:

- the financial records of FARE for the financial year ended 30 June 2017 have been properly maintained in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*
- the financial statements, and the notes comply with the Australian Accounting Standards
- the financial statements, and notes give a true and fair view
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made by:

Sharrin Wells
Chief Finance Officer

Dated this 3rd day of November 2017