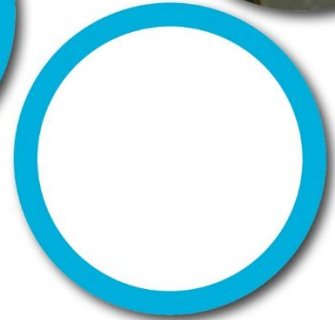
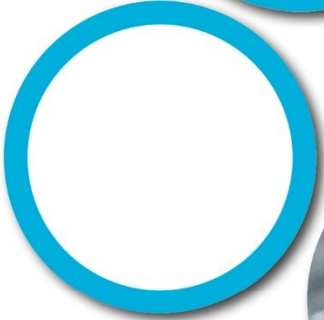
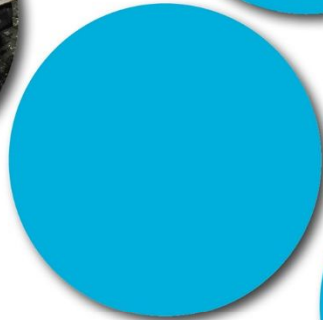




**STOPPING
HARM
CAUSED BY
ALCOHOL**



Annual Financial Report

ABN 91 096 854 385

30 June 2016

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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 2016 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 | Jonathan Nicholas | Katherine Conigrave | Antony Walker |
| Stephen Ella | Mark Addy | Kirstie Clements | Trevor Riley QC (appointed 5 July 2016) |
| Peter Thomas (retired 8 June 2016) | | Philippa Grange (retired 30 June 2016) | |

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 of FARE during the financial year were:

- 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 provide education about the harmful effects of alcohol consumption including its impact on chronic disease
- identify, commission, conduct and disseminate 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.

We will pursue the following five strategic goals over the course of our *Strategic plan 2014-2017*:

- World-leading research: Undertake and communicate strategic research.
- Strategic policy and advocacy: Develop and advocate for policies and programs that work.
- Working together: Mobilise communities and organisations to work collectively.
- Defending the public interest: Promote open decision making and hold the alcohol industry to account.
- Leading change: Build an enduring world-class organisation that effects health and social change.

Management and the Board monitor FARE's overall performance, from the implementation of its mission 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 \$568,182 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 as at 30 June 2016 was \$31,663,346 (\$33,001,006 in 2015).

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 \$7.5 billion. He is also Chair of Parks Victoria, which manages 18 per cent of the State of Victoria.

Andrew has had considerable experience with the sustainable tourism industry, and currently serves 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 FARE Funding Development Committee and the Investment Committee. He serves on the Finance, Audit and Risk Management and the Nominations 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 Nominations & Remuneration Committee. He also serves on the Finance, Audit and Risk Management, and Funding Development Committees.

Directors' report (continued)

| | |
|--------------------------|---|
| Kate Conigrave | Director |
| Qualifications | FACHAM, FAFPHM, PhD |
| Experience | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |
| Special responsibilities | Kate serves on the Research Committee. |
| Tony Walker | Director |
| Qualifications | BA (Politics/International Relations) |
| Experience | <p>Tony was appointed as a Director of FARE on 25 October 2013. He is the International Editor for the <i>Australian Financial Review</i> (AFR).</p> <p>Tony is a former Political Editor for the AFR, and the Washington Correspondent. He has worked variously for the <i>ABC</i>, <i>The Age</i> and the <i>Financial Times of London</i>. 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 <i>Behind the myth: Yasser Arafat and the Palestinian revolution</i> (W.H. Allen, 1990) with Andrew Gowers.</p> <p>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.</p> |
| 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 | <p>Steve was appointed as a Director of FARE on 25 October 2013. He is the Manager of the Aboriginal Health Service at the Central Coast Local Health District. Steve previously worked for 18 years in the Aboriginal Drug and Alcohol Field.</p> <p>Steve was inducted into the National Indigenous Drug and Alcohol Honour Roll in 2012 at the National Indigenous Drug and Alcohol conference in Fremantle, WA and was also awarded the First Peoples award at the Australasian Professional Society on Alcohol and other Drugs (APSAD) conference in Brisbane in 2013.</p> <p>Steve is a mentor for the NSW Aboriginal Drug and Alcohol Leadership group as well as lecturing at the NSW Aboriginal Health College and at Sydney University as an Adjunct lecturer. Steve has co-authored a handbook for <i>Aboriginal Alcohol and Drug Work</i>, and also serves on a variety of NSW Aboriginal drug and alcohol committees. Steve is also an executive member of the NSW Drug and Alcohol Network Executive Committee.</p> |
| Special responsibilities | Steve serves on the Research Committee and the Nominations & Remuneration Committee. |
| Mark Addy | Director |
| Qualifications | BA (Graphic Design) |
| Experience | <p>Mark was appointed as a Director FARE on 6 March 2014. He is the CEO and founder of 3TWINS, a digital creative agency.</p> <p>Mark is an advertising creative director for multiple platforms including screen, web, tablet, mobile and branded entertainment.</p> <p>Mark's experience in advertising has included creating campaigns for Australian Defence Recruiting, Schweppes, Heinz, Air New Zealand, Vodafone, Nestle and Mars.</p> <p>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 Defense Australia.</p> <p>Born in South Africa, Mark is now a New Zealand citizen, and resides in Sydney.</p> |
| Special responsibilities | Mark serves on the Fundraising and Research Committees. |

Directors' report (continued)

| | |
|--------------------------|---|
| Kirstie Clements | Director |
| Experience | <p>Kirstie was appointed as a Director of FARE on 30 June 2015. She is an author, journalist, speaker, and former editor in chief (1999-2012) of <i>Vogue Australia</i>. Her memoir of three decades in fashion publishing, <i>The Vogue factor</i> (MUP) was released in 2013 and has since become an international bestseller.</p> <p>Kirstie has co-authored two illustrated books on fashion, <i>In Vogue Australia: 50 years of Australian style</i> (Harper Collins 2009) and <i>The Australian Women's Weekly fashion: The first 50 years</i> (2014) for the National Library of Australia.</p> <p>In 2015, she released her fifth book on style and business etiquette aimed at young people, titled <i>Impressive: How to have a stylish career</i>. 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 <i>Inprint</i> and co-director of Inprint content agency.</p> |
| Special responsibilities | <p>Kirstie serves on the Finance, Audit and Risk Management Committee and the Funding Development Committee.</p> |
| Trevor Riley QC | Director |
| Qualifications | LL.B |
| Experience | <p>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 also is a Director of Menzies School of Health Research, The Deputy Chair of St John Ambulance Australia (NT) and the Co-Chair of Bilata Legal Pathways.</p> <p>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.</p> <p>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, and officiating as the AFLNT Affiliated Leagues Commissioner. He is a former Vice President of the Marriage Guidance Council (NT) and was a Director of the NT AFL Football Development Foundation (1997-2001). 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 <i>The little red book of advocacy</i>.</p> |

Directors' report (continued)

COMPANY SECRETARY

Sharrin Wells Company Secretary and Chief Financial Officer

Qualifications BBus (Acc), CPA, MBA, GIA(Cert)

Experience 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.

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:

| Director name | General | 5 held | Finance Audit and Risk Management | 4 held |
|-------------------|---------------------------|----------|-----------------------------------|----------|
| | Number eligible to attend | Attended | Number eligible to attend | Attended |
| Andrew Fairley AM | 5 | 5 | 4 | 2 |
| Peter Thomas | 5 | 5 | 4 | 4 |
| Jono Nicholas | 5 | 4 | 4 | 3 |
| Kate Conigrave | 5 | 5 | - | - |
| Tony Walker | 5 | 4 | 4 | 4 |
| Steve Ella | 5 | 4 | - | - |
| Pippa Grange | 5 | 4 | - | - |
| Mark Addy | 5 | 4 | - | - |
| Kirstie Clements | 5 | 4 | 2 | 2 |
| Trevor Riley QC | - | - | - | - |

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 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$400 (2015: \$450).

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 2016, 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



Robert Johnson FCA
Partner

Dated: 28 October 2016

CANBERRA



Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|--|------|--------------------|---------------|
| Revenue | | | |
| Revenue and other income | 2 | 1,295,697 | 3,251,367 |
| Expenditure | | | |
| Administrative expenses | | (173,134) | (141,809) |
| Investment management fees | 3(e) | (161,590) | (155,332) |
| Depreciation and amortisation expenses | 3(a) | (15,760) | (22,714) |
| Directors' expenses | 3(c) | (196,667) | (180,274) |
| Finance costs | 3(d) | (35,197) | (14,268) |
| Occupancy expenses | | (172,689) | (179,426) |
| Employee benefits expenses | | (1,807,367) | (1,701,830) |
| Project payments | | (1,122,028) | (834,681) |
| Net (deficit)/surplus for the year | | (2,388,735) | 21,033 |
| Other comprehensive income | | - | - |
| Total comprehensive (deficit)/income for the year | | (2,388,735) | 21,033 |

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 1,241,451 | 2,233,311 |
| All other receivables | 6 | 6,970 | 48,997 |
| Accrued revenue | 6 | 231 | 462 |
| Other assets | 6 | 750,489 | 925,494 |
| Total current assets | | 1,999,141 | 3,208,264 |
| Non-current assets | | | |
| Financial assets | 7 | 31,898,210 | 32,730,576 |
| Property, plant and equipment | 8 | 26,040 | 23,298 |
| Total non-current assets | | 31,924,250 | 32,753,874 |
| TOTAL ASSETS | | 33,923,391 | 35,962,138 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 317,023 | 137,981 |
| Interest-bearing liabilities | 10 | 3,456 | 4,058 |
| Provisions | 11 | 59,619 | 47,145 |
| Other financial liabilities | | 130,835 | - |
| Total current liabilities | | 510,933 | 189,184 |
| Non-current liabilities | | | |
| Provisions | 11 | 88,097 | 59,856 |
| Total non-current liabilities | | 88,097 | 59,856 |
| TOTAL LIABILITIES | | 599,030 | 249,040 |
| NET ASSETS | | 33,324,361 | 35,713,098 |
| EQUITY | | | |
| Retained earnings | | 33,324,361 | 35,713,098 |
| TOTAL EQUITY | | 33,324,361 | 35,713,098 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| | Note | Retained earnings \$ | Total equity \$ |
|--------------------------------|------|-------------------------|--------------------|
| 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 |
| 2015 | | | |
| Balance at 1 July 2014 | | 35,692,065 | 35,692,065 |
| Surplus for the year | | 21,033 | 21,033 |
| Balance at 30 June 2015 | | 35,713,098 | 35,713,098 |

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|--|--------------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Project fund | | 774,252 | 460,681 |
| Interest received | | 35,772 | 54,100 |
| Funding development activities | | 31,407 | 104,690 |
| Net GST receipts | | (8,624) | (8,626) |
| Payments to suppliers | | (376,811) | (1,074,006) |
| Directors | | (196,667) | (180,274) |
| Employees | | (1,755,040) | (1,716,173) |
| Project payments | 16(c) | (1,122,028) | (834,681) |
| Net cash flows (used in) operating activities | 16(b) | (2,617,739) | (3,194,289) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment cash flows | | 1,805,974 | 2,131,038 |
| Payment for property, plant and equipment | 8(b) | (18,505) | (3,322) |
| Management fees | | (161,590) | (155,332) |
| Net cash flows provided by investing | | 1,625,879 | 1,972,384 |
| Net (decrease)/increase in cash held | | (991,860) | (1,221,905) |
| Cash and cash equivalents at beginning of year | | 2,233,311 | 3,455,216 |
| Cash and cash equivalents at end of year | 16(a) | 1,241,451 | 2,233,311 |

Notes to the Financial Statements FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 – Reduced Disclosure Requirements of 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 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.

Accounting policies

a. Revenue

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

Grant refunds are recognised after the review of the final report and the financial acquittal provided for each individual grant awarded. A tax invoice is issued to the relevant grantee for the repayment of any unused funds provided.

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 freehold 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.

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. Lease payments paid reduce the liability.

Notes to the Financial Statements (continued) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions 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.)

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.

Notes to the Financial Statements (continued) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Classification and subsequent measurement (continued)

(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 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) Wages, salaries, annual leave, and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

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.

Notes to the Financial Statements (continued) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) *Long service leave*

Long service leave is measured at the present value of the estimated future cash outflows to be made for those benefits.

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. 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.

l. Comparative figures

The comparative figures for 1 July 2014 to 30 June 2015 are shown. Where required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

m. 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.

n. 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.

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 2016 (2015: nil).

Provisions for employee benefits – Provisions for employee benefits are estimated on the basis of the present value of expected future cash outflows in respect of the services provided.

o. 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.

Notes to the Financial Statements (continued) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. **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.

q. **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 (ie 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 (ie 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 (ie 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.

r. **Employee provisions**

Short-term employee provisions

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 before 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.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements 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. Other long-term employee benefits 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 as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions 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 provisions.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| | | |
|---|------------------|------------------|
| NOTE 2: REVENUES AND OTHER INCOME | 2016 | 2015 |
| | \$ | \$ |
| a. All other income | | |
| All other revenue | 6,171 | 45,748 |
| Total all other Income | 6,171 | 45,748 |
| b. Finance revenue | | |
| Interest income | | |
| Public fund | 402 | 1,428 |
| Operating/trust accounts | 35,139 | 52,291 |
| Total interest income | 35,541 | 53,719 |
| Investment income | | |
| Dividends and interest | 2,127,251 | 2,080,775 |
| Fair value movement | (1,995,746) | (9,023) |
| Tax imputation credits | 666,152 | 840,576 |
| Total investment income | 797,657 | 2,912,328 |
| Total finance revenue | 833,198 | 2,966,047 |
| c. Funding development activities | | |
| Donors/gifts/partnerships | 22,507 | 49,067 |
| Merchandise and resources | 2,733 | 9,874 |
| Total funding development activities | 25,240 | 58,941 |
| d. Funding | | |
| Government funding | 431,088 | 164,217 |
| Project payments refunded | - | 16,414 |
| Total | 431,088 | 180,631 |
| Total revenues and other income | 1,295,697 | 3,251,367 |
| NOTE 3: EXPENSES | 2016 | 2015 |
| Surplus (Deficit) for the year has been determined after: | \$ | \$ |
| a) Depreciation and amortisation | | |
| Computer equipment | 9,430 | 10,489 |
| Furniture and fixtures | 3,054 | 8,578 |
| Telephone system | 1,762 | 2,323 |
| Other property, plant and equipment | 1,328 | 1,324 |
| Software | 186 | - |
| Total depreciation and amortisation | 15,760 | 22,714 |

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| NOTE 3: EXPENSES (continued) | 2016 | 2015 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| b. Employee benefits | | |
| Leave accrual | 15,927 | 10,198 |
| Long service leave accrual | 21,870 | (16,789) |
| Workers compensation | 7,527 | 2,301 |
| Total employee benefits | 45,324 | (4,290) |
| c. Directors' expenses | | |
| Fees | 162,956 | 146,543 |
| Other expenses | 33,711 | 33,731 |
| Total directors' expenses | 196,667 | 180,274 |
| d. Finance costs | | |
| Operating leases | | |
| Photocopier | 35,197 | 14,268 |
| Total finance costs | 35,197 | 14,268 |
| e. Other expenses | | |
| Investment management fees | 161,590 | 155,332 |
| Total other expenses | 161,590 | 155,332 |
| f. Auditor remuneration | | |
| Financial statements audit | 12,500 | 12,500 |
| Total auditor remuneration | 12,500 | 12,500 |

The auditor of the financial statements is Hardwicks. There were no other services provided by Hardwicks 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 Nominations and Remuneration Committee |
| Peter Thomas | Chair of the Finance Audit and Risk Management Committee (retired 8 June 2016) |
| Kate Conigrave | Director |
| Tony Walker | Chair of the Finance Audit and Risk Management Committee (appointed 8 June 2016) |
| Steve Ella | Director |
| Pippa Grange | Chair of the Research Committee (retired 30 June 2016) |
| Mark Addy | Director |
| Kirstie Clements | Director |
| Trevor Riley QC | Director (appointed 5 July 2016) |

Notes to the Financial Statements (continued) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Executives

| | |
|---------------|-------------------------|
| Michael Thorn | Chief Executive Officer |
| Sharrin Wells | Chief Finance Officer |

b. Compensation of key management personnel

| | 2016 | 2015 |
|---|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | | |
| Director fees | 148,819 | 135,000 |
| Executive salaries | 387,866 | 351,794 |
| Total short-term employee benefits | 536,685 | 486,794 |
| Post employment benefits | | |
| Director superannuation | 14,138 | 12,825 |
| Executive superannuation | 34,663 | 49,037 |
| Total post employment benefits | 48,801 | 61,862 |
| Total | 585,486 | 548,656 |

NOTE 5: CASH AND CASH EQUIVALENTS

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| These are held as follows: | | |
| Operating funds | 175,686 | 98,813 |
| Trust fund | 169,964 | 15,546 |
| Public fund | 8,866 | 178,983 |
| Interest fund | 418 | 2,918 |
| Fundraising fund | 1,428 | 229 |
| Ian Webster scholarship fund | 25,085 | 24,701 |
| Petty cash | 437 | 583 |
| Business Online Saver – Bank Guarantee | 32,739 | 32,237 |
| Merchant accounts | 99 | 99 |
| Corporate online account | 605,594 | 2,772 |
| Term deposits | 221,135 | 1,876,430 |
| Total cash and cash equivalents | 1,241,451 | 2,233,311 |

The effective interest rate on short-term bank deposits was 1% (2015: 1.75%). 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 2016

| | Note | 2016 | 2015 |
|--|------|----------------|----------------|
| | | \$ | \$ |
| NOTE 6: Trade and other receivables | | | |
| CURRENT | | | |
| Accrued interest on bank accounts | | 231 | 462 |
| All other receivables | | 6,970 | 48,997 |
| Imputation credit refunds | | 666,152 | 840,576 |
| Prepayments | | 22,137 | 21,405 |
| Resources inventory | | 62,200 | 63,513 |
| Total trade and other receivables | | 757,690 | 974,953 |

| | | 2016 | 2015 |
|---|-----|-------------------|-------------------|
| | | \$ | \$ |
| NOTE 7: OTHER FINANCIAL ASSETS | | | |
| NON-CURRENT | | | |
| Financial assets at fair value through profit or loss | (a) | 31,592,210 | 32,424,576 |
| Held-to-maturity financial assets | (b) | 306,000 | 306,000 |
| Total financial assets | | 31,898,210 | 32,730,576 |

a. Financial assets at fair value through profit or loss

| | | | |
|---------------|--|------------|------------|
| Listed Shares | | 31,592,210 | 32,424,576 |
|---------------|--|------------|------------|

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

| | | 2016 | 2015 |
|--|--|------|------|
| | | \$ | \$ |
| NOTE 8: PROPERTY, PLANT AND EQUIPMENT | | | |

a. Non leased property, plant and equipment

Computer equipment

| | | | |
|---------------------------------|--|--------------|---------------|
| Computer equipment at cost | | 178,614 | 177,070 |
| Less accumulated depreciation | | (170,930) | (161,499) |
| Total computer equipment | | 7,684 | 15,571 |

Furniture and fixtures

| | | | |
|-------------------------------------|--|------------|--------------|
| Furniture and fixtures at cost | | 144,867 | 144,867 |
| Less accumulated depreciation | | (144,365) | (141,310) |
| Total furniture and fixtures | | 502 | 3,557 |

Telephone system

| | | | |
|-------------------------------|--|------------|--------------|
| Telephone system at cost | | 19,370 | 19,370 |
| Less accumulated depreciation | | (19,261) | (17,499) |
| Total telephone system | | 109 | 1,871 |

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

| NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued) | 2016 | 2015 |
|--|---------------|---------------|
| | \$ | \$ |
| Other property, plant and equipment | | |
| Other property, plant and equipment at cost | 15,154 | 15,154 |
| Less accumulated depreciation | (14,183) | (12,855) |
| Total other property, plant and equipment | 971 | 2,299 |
| Computer software | | |
| Computer software at cost | 73,394 | 56,434 |
| Less accumulated depreciation | (56,620) | (56,434) |
| Total computer software | 16,774 | - |
| Total property, plant and equipment | 26,040 | 23,298 |

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 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 |
| Year ended 30 June 2015 | | | | | | |
| Balance at the beginning of year | 12,135 | 22,738 | 4,194 | 3,623 | - | 42,690 |
| Additions | - | 3,322 | - | - | - | 3,322 |
| Depreciation expense | (8,578) | (10,489) | (2,323) | (1,324) | - | (22,714) |
| Balance at the end of the year | 3,557 | 15,571 | 1,871 | 2,299 | - | 23,298 |

NOTE 9: TRADE AND OTHER PAYABLES

| CURRENT | 2016 | 2015 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Secured liabilities | | |
| Payables | 292,674 | 43,186 |
| Accrued expenses | 4,436 | 91,628 |
| Superannuation liability | 21,302 | 4,180 |
| Paypal clearing account | (1,389) | (1,014) |
| Total trade and other payables | 317,023 | 137,980 |

NOTE 10: INTEREST BEARING LIABILITIES

| CURRENT | 2016 | 2015 |
|---|--------------|--------------|
| | \$ | \$ |
| Bank credit card | 3,456 | 4,058 |
| Total current borrowings | 3,456 | 4,058 |
| Total interest bearing liabilities | 3,456 | 4,058 |

NOTE 11: PROVISIONS

| CURRENT | 2016 | 2015 |
|---------------------------------|---------------|---------------|
| | \$ | \$ |
| Employee benefits | | |
| Current liabilities | | |
| Long service leave | 2,917 | - |
| Provision for employee benefits | 56,702 | 47,145 |
| Closing balance | 59,619 | 47,145 |
| NON-CURRENT | 2016 | 2015 |
| | \$ | \$ |
| Employee benefits | | |
| Long service leave | 50,296 | 28,426 |
| Leave provision | 37,801 | 31,430 |
| Closing balance | 88,097 | 59,856 |

| | | |
|---|---------|---------|
| a. Aggregate employee benefit liability | 147,716 | 107,001 |
| b. Number of employees at year end | 21 | 19 |

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.

NOTE 12: PROJECT FUND COMMITMENTS

As at 30 June 2016, FARE is committed to providing a further \$568,182 in project funds (\$372,183 in 2015). 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.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 13: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

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

| | 2016 | 2015 |
|--|----------------|----------------|
| | \$ | \$ |
| Payable | | |
| — not later than 1 year | 88,529 | 155,561 |
| — later than 1 year but not later than 5 years | 606,899 | 200,420 |
| Total operating lease commitments | 695,428 | 355,981 |

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 commencing October 2012 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 3.25% per annum in October each year commencing October 2013. This increase has been factored into these commitments.

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2016 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

| | 2016 | 2015 |
|---|--------------------|--------------------|
| | \$ | \$ |
| 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 | 1,020,316 | 356,881 |
| Term deposits | 221,135 | 1,876,430 |
| Total | 1,241,451 | 2,233,311 |
| b. Reconciliation of net cash flows (used in) operating activities with Operating deficit for the year | | |
| Operating surplus/(deficit) for the year | (2,388,735) | 21,033 |
| Investment (income) | (636,067) | (2,756,997) |
| Surplus/(deficit) from trading activities | (3,024,804) | (2,735,964) |

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 | 2016 | 2015 |
| | \$ | \$ |
| Depreciation | 15,760 | 22,714 |
| Changes in assets and liabilities | | |
| Decrease/(increase) in receivables | 49,513 | 32,436 |
| Decrease in accrued revenue | 231 | 381 |
| Decrease/(increase) in other assets | 580 | 78,697 |
| Decrease/(increase) GST paid on expenses | (8,626) | (8,626) |
| Increase/(decrease) in payables | 166,643 | (567,148) |
| (Decrease)/increase in employee provisions | 51,950 | (14,070) |
| (Decrease)/increase in GST receivable | 571 | (52) |
| (Decrease)/increase in payroll liabilities | 131,215 | (272) |
| (Decrease) in bank credit card | (772) | (2,386) |
| Net Cash flows (used in) operating activities | (2,617,739) | (3,194,290) |
| | | |
| c. Project fund payments | | |
| | 1,122,028 | 834,681 |
| Total project fund payments | 1,122,028 | 834,681 |

NOTE 17: CREDIT STAND-BY ARRANGEMENT AND LOAN FACILITIES

FARE has a Mastercard facility amounting to \$70,000 (2015 \$70,000). This may be terminated at any time at the option of the bank. At 30 June 2016 \$3,456 (2015 \$4,058) 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 \$32,020.

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 instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| | | | |
|---|------|-------------------|-------------------|
| Financial assets | Note | 2016 | 2015 |
| | | \$ | \$ |
| Cash and cash equivalents | 5 | 1,241,451 | 2,233,311 |
| Trade and other receivables | 6 | 6,970 | 48,997 |
| | | | |
| Financial assets at fair value through profit or loss | 7(a) | 31,592,210 | 32,424,576 |
| Held-to-maturity investments | 7(b) | 306,000 | 306,000 |
| Total financial assets | | 33,146,631 | 35,012,884 |

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL RISK MANAGEMENT (continued)

| Financial liabilities | Note | 2016 \$ | 2015 \$ |
|--|------|----------------|----------------|
| Financial liabilities at amortised cost: | | | |
| – trade and other payables | 9 | 317,023 | 137,981 |
| – borrowings | 10 | 3,456 | 4,058 |
| Total financial liabilities | | 320,479 | 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 2016 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) | |
|------------------------------|-----------------------|------------|-----------------------|------------|
| | 2016 \$ | 2015 \$ | 2016 \$ | 2015 \$ |
| +1% movement in Dividends | 21,273 | 20,615 | 21,273 | 20,615 |
| -2% movement in Dividends | (42,545) | (41,230) | (42,545) | (41,230) |
| +1% movement in Share Prices | 315,922 | 324,246 | 315,922 | 324,246 |
| -2% movement in Share Prices | (631,844) | (648,492) | (631,844) | (648,492) |

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:

| | 2016 \$ | 2015 \$ |
|--|------------|------------|
| 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 10 to 28 are in accordance with the *Australian Charities 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 2016 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.

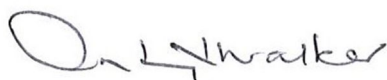
This declaration is made in accordance with a resolution of the Board of Directors; made pursuant to S60.15 of the Australian Charities and Not-for-profit Commission Regulations 2014.

Director



Chair of the FARE Board

Director



Chair of the Finance Audit and Risk Management Committee

Dated this 28th day of October 2016

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

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



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

Opinion

In our opinion the financial report of Foundation for Alcohol Research & Education Limited is in accordance with the Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and *Australian Charities and Not-for-profits Commission Regulation 2013*.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

CANBERRA

Dated: 28 October 2016



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 2016 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 28th day of October 2016

CHIEF FINANCIAL OFFICER'S DECLARATION

The Chief Financial Officer of FARE declares that:

- the financial records of FARE for the financial year ended 30 June 2016 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 Financial Officer



Dated this 28th day of October 2016