

# **Foundation for Alcohol Research & Education Limited**

**ABN: 91 096 854 385**

## **Financial Statements**

**For the Year Ended 30 June 2020**

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

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# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

The directors present their report on the Foundation for Alcohol Research & Education Limited (FARE) for the financial year ended 30 June 2020.

### General information

#### Directors

The names of the directors in office at any time during, or since the end of, the year are:

##### Names

Mr Andrew Fairley AM  
Mr Jono Nicholas  
Ms Teresa Dyson  
Mr Tony Walker  
Mr Steve Ella  
Ms Kirstie Clements  
Dr Nadine Ezard, Conjoint Professor  
Associate Professor Nicholas Carah  
Professor Simone Pettigrew  
Mr Mark Textor

##### Appointed/Resigned

Appointed 24 May 2013  
Appointed 19 October 2011  
Appointed 22 February 2017  
Appointed 25 October 2013  
Appointed 25 October 2013  
Appointed 30 June 2015  
Appointed 22 February 2017  
Appointed 23 March 2018  
Appointed 19 September 2018  
Appointed 17 June 2019

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 changes in the nature of the Company's activity occurred during the financial year.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### General information

### Strategy for achieving the objectives

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.

In June 2020, FARE entered into a \$25 million grant funding agreement with the Australian Government. The grant program will run for more than three years to raise community awareness of conditions that result from alcohol consumption during pregnancy, including Fetal Alcohol Spectrum Disorder.

FARE has committed to providing a further \$1,549,469 in project funding. These payments are subject to the terms and conditions of their respective contracts and details.

FARE maintains a capital fund to support its future activities. The balance of the Capital Fund at 30 June 2020 was \$28,542,552 (\$31,617,140 in 2019).

### Members' guarantee

The Foundation for Alcohol Research & Education Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$50 for all members, subject to the provisions of the Company's constitution.

At 30 June 2020 the collective liability of members was \$500 (2019: \$500).

### Events after the reporting date

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Company to continue operations as usual and has impacted on its operating results. The Company has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Company has determined that there are no ongoing risks arising from the impact of the COVID-19 outbreak. The Directors have determined that the Company remains in a healthy cash position and retained stable grants for the 2021 financial year.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Meetings of directors

During the financial year, 19 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

|  | General                   |                 | Finance Audit & Risk Management |                 | Investment                |                 | Governance & Remuneration |                 | Funding                   |                 |
|--|---------------------------|-----------------|---------------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|
|  | Number eligible to attend | Number attended | Number eligible to attend       | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mr Andrew Fairley AM                   | 6                         | 6               | 4                               | 4               | 4                         | 4               | 3                         | 3               | 2                         | 2               |
| Mr Jono Nicholas                       | 6                         | 6               | -                               | -               | -                         | -               | 1                         | 1               | 2                         | 1               |
| Ms Teresa Dyson                        | 6                         | 6               | 4                               | 4               | 4                         | 4               | -                         | -               | -                         | -               |
| Mr Tony Walker                         | 6                         | 6               | -                               | -               | 4                         | 4               | 3                         | 3               | -                         | -               |
| Mr Steve Ella                          | 6                         | 6               | 2                               | 2               | -                         | -               | 3                         | 3               | 1                         | 1               |
| Ms Kirstie Clements                    | 6                         | 5               | 4                               | 4               | -                         | -               | -                         | -               | 2                         | 2               |
| Dr Nadine Ezard,<br>Conjoint Professor | 6                         | 5               | 4                               | 4               | -                         | -               | -                         | -               | -                         | -               |
| Associate Professor<br>Nicholas Carah  | 6                         | 6               | -                               | -               | -                         | -               | 2                         | 2               | 2                         | 2               |
| Professor Simone<br>Pettigrew          | 6                         | 6               | 2                               | 1               | 4                         | 2               | -                         | -               | -                         | -               |
| Mr Mark Textor                         | 6                         | 4               | -                               | -               | 2                         | 2               | -                         | -               | -                         | -               |

### Information on directors

Mr Andrew Fairley AM

Qualifications

Experience

Chair of the Board

LLB (Melb); Hon Doc (Deakin); FAICD; FAIST

Andrew was appointed as a Director of FARE on 24 May 2013 and appointed the Chair of FARE on 1 July 2013.

Andrew practices as an equity lawyer with Hall & Wilcox in Melbourne, and is recognized as one of Australia's leading superannuation lawyers. He is Chair of Togethr Trustees Pty Ltd which acts as trustee of Equip Super and Catholic Super. They have assets under management of \$27b. He is also a Director of Qualitas Securities Pty Ltd and an Industry Director of the Australian Financial Complaints Authority.

He has a long association with the philanthropic sector, and is Chair of the Sir Andrew Fairley Foundation and Deputy Chair of the Mornington Peninsula Foundation.

He sits on a number of Family Boards as an Independent Director and is the Consul General for Finland in Victoria.

Special Responsibilities

Andrew is Chair of the Investment Committee. He serves on the Finance, Audit and Risk Management Committee and the Funding Development and the Governance and Remuneration Committees.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Information on directors

Mr Jono Nicholas

Qualifications

Experience

Deputy Chair of the Board

BA (Hons), MPH

Jono was appointed as a Director of FARE on 19 October 2011.

Jono is the founder and managing Director of the Wellbeing Outfit, a consulting firm that helps organisations improve performance by improving the wellbeing of their people. He founded the Wellbeing Outfit after stepping down as CEO of ReachOut Australia in 2018 after 10 years in the role. Jono is also a Director of Future Generation Global and Mancave and an Executive Consultant at EY specialising in mental health.

Special Responsibilities

Jono was Chair of the Governance & Remuneration Committee from July 2019 to February 2020. Jono also served on the Funding Development Committee and was appointed Chair in February 2020.

Ms Teresa Dyson

Qualifications

Experience

Director

LLB (Hons), BA, MTax, MAppFin, GAICD

Teresa was appointed as a Director of FARE on 22 February 2017.

Teresa is a non executive Director, following a career in law, 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 formerly a partner of Ashurst Lawyers and Deloitte Australia. She was named Lawyer of the Year in 2011 by the Women Lawyers Association of Queensland.

Teresa is also a Director of Energy Queensland, Seven West Media Ltd, Genex Power Ltd, Shine Justice Ltd, Power & Water Corporation and Energy Super. She is a member of the Gold Coast Hospital & Health Services Board, and is also a member of the Foreign Investment Review Board, the Takeovers Panel and the National Housing Finance & Investment Corporation.

Special Responsibilities

Teresa is the Chair of the Finance, Audit and Risk Management Committee and serves on the Investment Committee.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Information on directors

Mr Tony Walker

Qualifications

Experience

Director

BA Australian National University (Politics/International Relations)

Tony was appointed as a Director of FARE on 25 October 2013.

Tony is the Global Perspective columnist for The Conversation, a Fairfax columnist, and a Vice Chancellor's Fellow at La Trobe University.

Tony is a Vice Chancellor's Fellow at La Trobe University. He is an analyst for The Conversation where he serves as a board member and adviser to the Editorial Board. 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 and a Fellow of the Australian Institute of International Affairs. He was a recipient of the Centenary of Federation Medal in 2001.

Special Responsibilities

Tony serves on the Governance and Remuneration Committee and served on the Investment Committee from July 2019 to February 2020.

Mr Steve Ella

Qualifications

Experience

Director

MPhil, GradDip IndigHP

Steve was appointed as a Director of FARE on 25 October 2013.

Steve is a Walbunja Aboriginal man originating from the Yuin Nation on the South Coast of NSW with his cultural links based within the La Perouse Aboriginal community.

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 is a Board member of KARI, the largest Indigenous Out of Home care service in Australia. 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. He is past executive member of the NSW Drug and Alcohol Network Executive Committee.

Special Responsibilities

Steve served on the Finance, Audit and Risk Management Committee from July 2019 to February 2020 and the Funding Development Committee from February 2020. Steve also serves on the Governance and Remuneration Committee.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Information on directors

Ms Kirstie Clements  
Experience

Director

Kirstie was appointed a Director of FARE on 30 June 2015.

Kirstie is an author, journalist, speaker and former editor in chief (1999-2012) of Vogue Australia and former features director of Harper's Bazaar 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 (2014) for the National Library of Australia.

Kirstie is currently employed as a freelance journalist and copywriter and writing her sixth non-fiction book for Murdoch Books . She has a weekly column on the New Daily news website and is also the publisher of lifestyle magazine Inprint and co- director of Inprint content agency. Kirstie works as a consultant in communications and marketing for several Australian lifestyle brands and is a lecturer in multi media journalism at FBI College, Sydney.

Special Responsibilities

Kirstie was the Chair for the Funding Development Committee from July 2019 to February 2020. Kirstie also serves on the Finance, Audit and Risk Management Committee.

Dr Nadine Ezard, Conjoint  
Professor  
Qualifications  
Experience

Director

FACHAM, PhD, MPH MBBS BA

Nadine 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, Director of the National Centre for Clinical Research in Emerging Drugs, and Conjoint Professor at the University of New South Wales Faculty of Medicine National Drug and Alcohol Research Centre.

A practicing addiction medicine physician, she is a registered medical practitioner and Fellow of the Australasian Chapter of Addiction Medicine (FACHAM), Royal Australasian College of Physicians (RACP). Her research focuses on building the evidence base for effective interventions for substance use disorders. She has a particular interest in public health and clinical care linkages for reducing alcohol and other drug related harm.

She has previously worked for the World Health Organization and the United Nations High Commissioner for Refugees.

Special Responsibilities

Nadine serves on the Finance, Audit and Risk Management Committee.



# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Information on directors

Associate Professor Nicholas  
Carah

Qualifications

Experience

Director

PhD, Grad Cert. (Higher Education), B.Bus (Hons)

Nicholas was appointed a Director of FARE on 23 March 2018.

Nicholas' research examines the promotional culture and advertising model of digital media platforms. His work focusses in particular on the emerging forms of alcohol marketing taking place on social media platforms, and how they intersect with everyday drinking cultures and identities.

Nicholas is a Chief Investigator on the Australian Research Council Discovery Project 'Using machine vision to explore Instagram's everyday promotional cultures' and the Linkage Project 'Young Australians and the promotion of alcohol and nightlife on social media'.

Nicholas has also undertaken research with the social movement and health intervention Hello Sunday Morning to explore and evaluate their use of blogs and digital media in changing drinking culture. He was also a part of the research team for the Queensland government funded evaluation into the Tackling Alcohol Fuelled Violence legislation.

At The University of Queensland Nicholas is the Deputy Head of School of the School of Communication and Arts. He is a recipient of a UQ Teaching Fellowship to develop approaches to teaching that blend on campus and digital modes of learning by working with student partners and a recipient of the Faculty of Humanities and Social Sciences Teaching Excellence Award.

His work has been published in Media, Culture & Society, New Media & Society, Television & New Media, Consumption, Markets & Culture, Health, and Critical Public Health.

Special Responsibilities

Nicholas has served on the Funding Development Committee from February 2020 and also serves as Chair on the Governance and Remuneration Committee.

Professor Simone Pettigrew

Qualifications

Experience

Director

B.Ec, M.Comm, PhD

Simone was appointed a Director of FARE on 19 September 2018.

Simone's research focus is in the areas of consumer psychology and health promotion. Her work investigates methods of encouraging individuals to make behavioural changes to improve their health and wellbeing. She has been researching the factors associated with alcohol consumption for almost 25 years, with a particular focus on the socio-cultural factors influencing individuals' decisions to drink. To date she has published more than 70 peer-reviewed articles on the topic of alcohol consumption. These publications relate to various aspects of the social norms applying to alcohol consumption, alcohol marketing, and alcohol policy recommendations. Simone's research is cited in government strategy documents and submissions prepared by non-government organisations in their alcohol control advocacy work.

Special Responsibilities

Simone has served on the Investment Committee since February 2020 and also serves on the Finance Audit and Risk Management Committee.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Information on directors

Mr Mark Textor  
Qualifications  
Experience

Director  
BEc

Mark was appointed a Director of FARE on 17 June 2019.

Together with his business partner, Sir Lynton Crosby AO, Mark has successfully built one of the world's premier market research, campaigns and communications consultancies – the C|T Group (formerly Crosby|Textor). Headquartered in London, with offices in Europe, the Middle East, the United States, New Zealand, Ireland, Hong Kong and Australia, his firm reaches a truly international scope and Mark enjoys unmatched high level and trusted relationships with corporate, community and political leaders across the globe.

Prior to co founding C|T Group, Mark was an Australasian Managing Director and one of the three founding Asia-Pacific team leaders of Wirthlin Worldwide, helping to establish offices in Singapore, Hong Kong, Canberra and Sydney. Mark was mentored by its founder, President Ronald Reagan's pre-eminent Pollster and strategist, Richard B. Wirthlin.

Mark has also provided significant assistance to charities focusing on help for the homeless and in numerous campaigns for indigenous groups.

### Special Responsibilities

From February 2020 Mark has served on the Investment Committee.

Mr Michael Thorn  
Qualifications  
Experience

Chief Executive Officer (resigned as of 22 November 2019)  
BA, GradDip (Finance)

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.

Ms Caterina Giorgi  
Qualifications  
Experience

Chief Executive Officer (appointed on 16 March 2020)  
BSci (Population Health) Hons, GAICD

Caterina has extensive experience in leadership roles in advocacy across the not-for-profit and for purpose sectors.

Caterina founded and led For Purpose, providing strategic support to not-for-profit and purpose driven organisations across Australia on strategy, communications and advocacy. Caterina also worked previously at FARE, heading up the Policy and Research Team.

Caterina is a Graduate of the Australian Institute of Company Directors.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Directors' Report For the Year Ended 30 June 2020

### Information on directors

Ms Sharrin Wells

Qualifications

Experience

Company Secretary

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

Sharrin served as Company Secretary of FARE between June 2013 and 30 June 2020.

Sharrin has 29 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.

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the Australian Charities and Not-for-profit Commission ACT 2012 for the year ended 30 June 2020 has been received and can be found on page 10 of the financial statements.

Signed in accordance with a resolution of the Board of Directors:



Director: .....



Director: .....

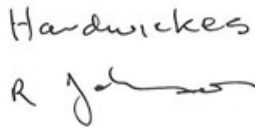
Dated 4 December 2020

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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  
Chartered Accountants



Robert Johnson FCA  
Partner

4 December 2020

Canberra

## Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

|   |      | 2020               | 2019               |
|---|------|--------------------|--------------------|
|   | Note | \$                 | \$                 |
| Revenue   | 5    | 2,087,179          | 3,087,300          |
| Administrative expenses   |      | (335,718)          | (167,339)          |
| Depreciation and amortisation expense                                     | 6(a) | (155,970)          | (12,337)           |
| Employee benefits expense   |      | (2,825,446)        | (2,461,634)        |
| Finance costs   | 6(d) | (47,650)           | (15,573)           |
| Investment management fees  |      | (145,487)          | (152,264)          |
| Occupancy expenses  |      | (84,798)           | (187,592)          |
| Project payments  |      | (1,294,817)        | (1,668,041)        |
| <b>Profit before income tax</b>   |      | <b>(2,802,707)</b> | <b>(1,577,480)</b> |
| Income tax expense  |      | -                  | -                  |
| <b>Profit for the year</b>  |      | <b>(2,802,707)</b> | <b>(1,577,480)</b> |
| <b>Other comprehensive income</b>   |      |                    |                    |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |      |                    |                    |
| Fair value movements on investments held at FVOCI                         |      | (1,114,298)        | 1,236,805          |
| <b>Other comprehensive income for the year</b>                            |      | <b>(1,114,298)</b> | <b>1,236,805</b>   |
| <b>Total comprehensive income for the year</b>                            |      | <b>(3,917,005)</b> | <b>(340,675)</b>   |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Statement of Financial Position

As At 30 June 2020

|                                      | Note | 2020<br>\$        | 2019<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>CURRENT ASSETS</b>                |      |                   |                   |
| Cash and cash equivalents            | 7    | 9,814,666         | 1,539,190         |
| Trade and other receivables          | 8    | 311,319           | 581,795           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>10,125,985</b> | <b>2,120,985</b>  |
| <b>NON-CURRENT ASSETS</b>            |      |                   |                   |
| Other financial assets               | 10   | 28,542,552        | 31,617,140        |
| Property, plant and equipment        | 9    | 927,200           | 17,110            |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>29,469,752</b> | <b>31,634,250</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>39,595,737</b> | <b>33,755,235</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade and other payables             | 11   | 1,255,319         | 254,001           |
| Lease liabilities                    | 12   | 98,915            | -                 |
| Interest-bearing liabilities         |      | -                 | 2,925             |
| Provisions                           | 14   | 160,245           | 158,717           |
| Contract liabilities                 | 13   | 8,030,684         | 39,467            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>9,545,163</b>  | <b>455,110</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |
| Trade and other payables             | 11   | -                 | 12,461            |
| Lease liabilities                    | 12   | 654,801           | -                 |
| Provisions                           | 14   | 28,994            | 27,561            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>683,795</b>    | <b>40,022</b>     |
| <b>TOTAL LIABILITIES</b>             |      | <b>10,228,958</b> | <b>495,132</b>    |
| <b>NET ASSETS</b>                    |      | <b>29,366,779</b> | <b>33,260,103</b> |
| <b>EQUITY</b>                        |      |                   |                   |
| Reserves                             |      | 510,384           | 2,861,485         |
| Retained earnings                    |      | 28,856,395        | 30,398,618        |
| <b>TOTAL EQUITY</b>                  |      | <b>29,366,779</b> | <b>33,260,103</b> |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

## Foundation for Alcohol Research & Education Limited

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### Statement of Changes in Equity For the Year Ended 30 June 2020

#### 2020

|   | Note | Retained Earnings<br>\$ | FVOCI reserve<br>\$ | Total<br>\$       |
|---|------|-------------------------|---------------------|-------------------|
| <b>Balance at 1 July 2019</b>                 |      | <b>30,398,618</b>       | <b>2,861,485</b>    | <b>33,260,103</b> |
| Restatement due to adoption of AASB 16        | 2    | 23,681                  | -                   | 23,681            |
| <b>Balance at 1 July 2019 restated</b>        |      | <b>30,422,299</b>       | <b>2,861,485</b>    | <b>33,283,784</b> |
| (Deficit) for the year                        |      | (2,802,707)             | -                   | (2,802,707)       |
| Transfers from FVOCI to retained earnings     |      | 1,236,803               | (1,236,803)         | -                 |
| Total other comprehensive income for the year |      | -                       | (1,114,298)         | (1,114,298)       |
| <b>Balance at 30 June 2020</b>                |      | <b>28,856,395</b>       | <b>510,384</b>      | <b>29,366,779</b> |

#### 2019

|   | Note | Retained Earnings<br>\$ | FVOCI reserve<br>\$ | Total<br>\$       |
|---|------|-------------------------|---------------------|-------------------|
| <b>Balance at 1 July 2018</b>   |      | 33,585,205              | -                   | 33,585,205        |
| Change in accounting policy to reflect the retrospective adjustments - adoption of AASB 9 |      | (1,624,680)             | 1,624,680           | -                 |
| <b>Balance at 1 July 2018 restated</b>  |      | <b>31,960,525</b>       | <b>1,624,680</b>    | <b>33,585,205</b> |
| (Deficit) for the year  |      | (1,561,907)             | -                   | (1,561,907)       |
| Total other comprehensive income for the year   |      | -                       | 1,236,805           | 1,236,805         |
| <b>Balance at 30 June 2019</b>  |      | <b>30,398,618</b>       | <b>2,861,485</b>    | <b>33,260,103</b> |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Statement of Cash Flows For the Year Ended 30 June 2020

|   | Note  | 2020<br>\$       | 2019<br>\$         |
|---|-------|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>        |       |                  |                    |
| Payments to suppliers and employees                 |       | (4,367,014)      | (4,672,293)        |
| Funding development activities                      |       | 189,355          | 21,656             |
| Interest received                                   |       | 67,882           | 239,123            |
| Project fund  |       | 9,635,579        | 827,452            |
| Net cash provided by/(used in) operating activities | 20(a) | <u>5,525,802</u> | <u>(3,584,062)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>        |       |                  |                    |
| Dividends received                                  |       | 3,234,005        | 4,202,617          |
| Purchase of property, plant and equipment           |       | (207,794)        | (4,610)            |
| Management fees                                     |       | (145,487)        | (152,264)          |
| Net cash provided by investing activities           |       | <u>2,880,724</u> | <u>4,045,743</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>        |       |                  |                    |
| Proceeds from borrowings                            |       | (131,050)        | -                  |
| Net cash (used in) financing activities             |       | <u>(131,050)</u> | <u>-</u>           |
| Net increase in cash and cash equivalents held      |       | 8,275,476        | 461,681            |
| Cash and cash equivalents at beginning of year      |       | 1,539,190        | 1,077,509          |
| Cash and cash equivalents at end of financial year  | 7     | <u>9,814,666</u> | <u>1,539,190</u>   |

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.



# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

The financial statements covers the Foundation for Alcohol Research & Education Limited as an individual entity. The Foundation for Alcohol Research & Education Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of the Foundation for Alcohol Research & Education Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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 statements have been rounded to the nearest dollar.

### 2 Change in Accounting Policy

#### (a) Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

#### Changes in presentation

In addition to the above changes in accounting policies, the Company has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

Contract liabilities related to grants received in advance were previously presented as amount received in advance under Other liabilities.

Additional line items of contract assets and contract liabilities have been created.

#### (b) Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Change in Accounting Policy

#### (b) Leases - Adoption of AASB 16

##### Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

##### Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

##### *Practical expedients used on transition*

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;

lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;

right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;

a single discount rate was applied to all leases with similar characteristics;

the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;

excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;

used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

##### Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$858,267 and lease liabilities of \$837,116 at 1 July 2019, for leases previously classified as operating leases.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Change in Accounting Policy

#### Financial statement impact of adoption of AASB 16

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 6.20%.

### 3 Summary of Significant Accounting Policies

#### (a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

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.

#### (b) Revenue and other income

##### For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

##### Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, 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.

When grant revenue is received whereby the Company 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 statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The Foundation for Alcohol Research & Education Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

##### Donations

Donations and bequests are recognised as revenue when received.

##### Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **3 Summary of Significant Accounting Policies**

##### **(b) Revenue and other income**

###### **Rendering of services**

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

###### **Revenue from contracts with customers**

###### **For current year**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

###### **Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Company are:

###### **Operating grants**

When the Company received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **3 Summary of Significant Accounting Policies**

##### **(b) Revenue and other income**

###### **Specific revenue streams**

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in the statement of profit and loss and other comprehensive income when or as it satisfies its obligations under the contract.

###### **Interest income**

Interest income is recognised using the effective interest method.

###### **Dividend income**

The Company recognises dividends in profit or loss only when the Company's right to receive payment of the dividend is established.

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

##### **(c) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and 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 flows.

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 3 Summary of Significant Accounting Policies

##### (d) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

##### **Plant and equipment**

Plant and equipment are measured using the cost model.

##### **Depreciation**

Plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

##### (e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

amortised cost

fair value through profit or loss - FVTPL

fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

the business model is to hold assets to collect contractual cash flows; and

the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 3 Summary of Significant Accounting Policies

#### (e) Financial instruments

##### Financial assets

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Fair value through other comprehensive income*

##### Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

##### *Financial assets through profit or loss*

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Company does not hold any assets that falls into this category.

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

##### financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 3 Summary of Significant Accounting Policies

##### (e) Financial instruments

###### Financial assets

The Company uses the presumption that a financial asset is in default when:

the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

###### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

###### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

###### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and finance lease liabilities.

##### (f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 3 Summary of Significant Accounting Policies

##### (f) Impairment of non-financial assets

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

##### (g) Intangibles

###### 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 four years. It is assessed annually for impairment.

##### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### (i) Leases

###### For comparative year

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or 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.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

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

###### For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 3 Summary of Significant Accounting Policies

#### (i) Leases

This involves an assessment of whether:

The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (j) Employee benefits

##### *Short-term employee provision*

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 3 Summary of Significant Accounting Policies

**(j) 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 are recognised as part of current trade and other payables in the statement of financial position.

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 the Company is estimated to be less than the annual benefit for sick leave.

Contributions are made by the Company 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*

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.

**(k) Economic dependence**

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

The Company 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 the Company.

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 3 Summary of Significant Accounting Policies

#### (l) Related party disclosures

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

Terms and conditions:

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

The Company directors of the related parties were not involved in the decision making process of the grants awarded to those organisations.

Tenders awarded to organisations that the Company 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 the Company. The Company directors of the related parties were not involved in the decision making process of the tenders awarded to those organisations.

#### (m) 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 Company'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

### For the Year Ended 30 June 2020

#### 3 Summary of Significant Accounting Policies

##### (n) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, refer to Note 2 for details of the changes due to standards adopted.

##### (o) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

| Standard Name   | Effective date for entity | Requirements  | Impact   |
|---|---------------------------|---|--|
| AASB 2020-1<br>Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current | 1 July 2022               | This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.<br>For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.<br>The meaning of settlement of a liability is also clarified. | Little impact expected but entities should consider the appropriate classification of liabilities as current or non-current. |
| AASB 2018-7<br>Amendments to Australian Accounting Standards – Definition of Material                                   | 1 July 2020               | The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.  | Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.         |

#### 4 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgments are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgments made have been described below.

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 4 Critical Accounting Estimates and Judgments

##### Key estimates - impairment

All assets are assessed for indicators of impairment each year. Refer to Note 3(f). No indicators of impairment were identified for the period ended 30 June 2020 (2019: nil).

##### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

##### Key judgements – COVID – 19

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Company to continue operations as usual and has impacted on its operating results. The Company has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Company has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Directors have determined that the Company remains in a healthy cash position and retained stable grants for the 2021 financial year.

#### 5 Revenue and Other Income

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Funding development activities</b>         |                  |                  |
| - Donors/gifts/partnerships                   | 185,313          | 21,387           |
| - Merchandise and resources                   | 4,042            | 269              |
| <b>- Total funding development activities</b> | <b>189,355</b>   | <b>21,656</b>    |
| <b>Funding</b>                                |                  |                  |
| - Government funding                          | 423,412          | 746,123          |
| <b>Total funding</b>                          | <b>423,412</b>   | <b>746,123</b>   |
| <b>Finance revenue</b>                        |                  |                  |
| <b>Interest income</b>                        |                  |                  |
| - Operating/trusts accounts                   | -                | 286,697          |
| - Public fund                                 | -                | 130              |
| <b>Total interest income</b>                  | <b>-</b>         | <b>286,827</b>   |
| <b>Investment income</b>                      |                  |                  |
| - Dividend and interest                       | 919,382          | 1,620,443        |
| - Qualitas distribution                       | 145,530          | -                |
| - Tax imputation credits                      | 118,881          | 335,099          |
| <b>- Total investment income</b>              | <b>1,183,793</b> | <b>1,955,542</b> |
| <b>Total finance revenue</b>                  | <b>1,183,793</b> | <b>2,242,369</b> |
| <b>Other revenue</b>                          |                  |                  |

Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**5 Revenue and Other Income**

|                                       | 2020                    | 2019                    |
|---------------------------------------|-------------------------|-------------------------|
|                                       | \$                      | \$                      |
| - JobKeeper subsidy                   | 272,500                 | -                       |
| - Other revenue                       | 18,119                  | 77,152                  |
|                                       | <u>290,619</u>          | <u>77,152</u>           |
| <b>Total Revenue and Other Income</b> | <u><u>2,087,179</u></u> | <u><u>3,087,300</u></u> |

**6 Expenses**

The result for the year includes the following specific expenses:

**(a) Depreciation and amortisation**

|                           | 2020           | 2019          |
|---------------------------|----------------|---------------|
| Note                      | \$             | \$            |
| Computer software         | 4,054          | 4,240         |
| Computer equipment        | 14,562         | 7,071         |
| Other plant and equipment | 1,028          | 1,026         |
| Furniture and fixtures    | 17,586         | -             |
| Right to use asset        | 118,740        | -             |
| <b>Total</b>              | <u>155,970</u> | <u>12,337</u> |

9(a)

**(b) Employee benefits**

|                            | 2020             | 2019             |
|----------------------------|------------------|------------------|
|                            | \$               | \$               |
| Salaries & wages           | 2,509,574        | 2,031,028        |
| Superannuation expense     | 226,969          | 189,168          |
| Long service leave accrual | (36,193)         | 12,738           |
| Workers compensation       | 19,021           | 17,459           |
| <b>Total</b>               | <u>2,719,371</u> | <u>2,250,393</u> |

**(c) Directors' expenses**

|              | 2020           | 2019           |
|--------------|----------------|----------------|
|              | \$             | \$             |
| Fees         | 191,625        | 160,691        |
| <b>Total</b> | <u>191,625</u> | <u>160,691</u> |

Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2020**

**6 Expenses**

**(d) Finance costs**

|               | 2020          | 2019     |
|---------------|---------------|----------|
|               | \$            | \$       |
| Lease expense | 47,650        | -        |
| <b>Total</b>  | <b>47,650</b> | <b>-</b> |

**(e) Auditor remuneration**

|              | 2020          | 2019          |
|--------------|---------------|---------------|
|              | \$            | \$            |
| Audit fees   | 14,500        | 14,000        |
| <b>Total</b> | <b>14,500</b> | <b>14,000</b> |

**7 Cash and Cash Equivalents**

|  | 2020             | 2019             |
|--|------------------|------------------|
| Note                                   | \$               | \$               |
| Operating funds                        | 56,759           | 325,481          |
| Trust fund                             | 8,250,808        | 715              |
| Public fund                            | 106,595          | 33,574           |
| Interest fund                          | 247,232          | 400,122          |
| Fundraising fund                       | 4,853            | 2,337            |
| Petty cash                             | -                | 345              |
| Debit account                          | 877              | 20               |
| Business Online Saver – Bank Guarantee | 32,897           | 32,897           |
| Merchant accounts                      | 99               | 99               |
| Corporate online account               | 24               | 90               |
| Paypal                                 | -                | 81               |
| Capital fund                           | 1,114,522        | 743,429          |
| 15                                     | <b>9,814,666</b> | <b>1,539,190</b> |



# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 8 Trade and Other Receivables

|  |      | 2020                  | 2019                  |
|--|------|-----------------------|-----------------------|
|  | Note | \$                    | \$                    |
| CURRENT  |      |                       |                       |
| Trade receivables                                | 15   | 7,916                 | 22,235                |
| Provision for impairment                         |      | (5,371)               | -                     |
|  | 15   | <u>2,545</u>          | <u>22,235</u>         |
| GST receivable                                   |      | -                     | 993                   |
| Accrued income                                   |      | 93,711                | 72,805                |
| Prepayments                                      |      | 59,927                | 90,168                |
| Resources inventory                              |      | 55,489                | 60,495                |
| Imputation Credits                               |      | 99,647                | 335,099               |
| <b>Total current trade and other receivables</b> |      | <u><b>311,319</b></u> | <u><b>581,795</b></u> |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 9 Property, plant and equipment

|  | 2020                  | 2019                 |
|--|-----------------------|----------------------|
|  | \$                    | \$                   |
| PLANT AND EQUIPMENT                        |                       |                      |
| Furniture, fixtures and fittings           |                       |                      |
| At cost                                    | 151,391               | -                    |
| Accumulated depreciation                   | (17,586)              | -                    |
| Total furniture, fixtures and fittings     | <u>133,805</u>        | <u>-</u>             |
| Computer equipment                         |                       |                      |
| At cost                                    | 89,725                | 33,352               |
| Accumulated depreciation                   | (36,056)              | (21,522)             |
| Total computer equipment                   | <u>53,669</u>         | <u>11,830</u>        |
| Computer software                          |                       |                      |
| At cost                                    | 16,960                | 16,960               |
| Accumulated depreciation                   | (16,960)              | (12,906)             |
| Total computer software                    | <u>-</u>              | <u>4,054</u>         |
| Other Plant and equipment                  |                       |                      |
| At cost                                    | 4,104                 | 4,104                |
| Accumulated depreciation                   | (3,906)               | (2,878)              |
| Total Other Plant and equipment            | <u>198</u>            | <u>1,226</u>         |
| Total plant and equipment                  | <u>187,672</u>        | <u>17,110</u>        |
| RIGHT-OF-USE                               |                       |                      |
| Right of use - office premise              |                       |                      |
| At fair value                              | 836,870               | -                    |
| Accumulated depreciation                   | (118,146)             | -                    |
| Total Right of use - office premise        | <u>718,724</u>        | <u>-</u>             |
| Right of use - office printer              |                       |                      |
| At fair value                              | 21,398                | -                    |
| Accumulated depreciation                   | (594)                 | -                    |
| Total Right of use - office printer        | <u>20,804</u>         | <u>-</u>             |
| Total right-of-use                         | <u>739,528</u>        | <u>-</u>             |
| <b>Total property, plant and equipment</b> | <u><u>927,200</u></u> | <u><u>17,110</u></u> |

## Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

### Notes to the Financial Statements

For the Year Ended 30 June 2020

#### 9 Property, plant and equipment

##### (a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

|                                       | Furniture,<br>Fixtures and<br>Fittings<br>\$ | Computer<br>Equipment<br>\$ | Computer<br>Software<br>\$ | Other Plant<br>and<br>Equipment<br>\$ | Right of Use -<br>Office<br>Premise<br>\$ | Right of Use -<br>Office Printer<br>\$ | Total<br>\$    |
|---------------------------------------|--|-----------------------------|----------------------------|---------------------------------------|---|--|----------------|
| <b>Year ended 30 June 2020</b>        |  |                             |                            |                                       |   |  |                |
| Balance at the beginning of year      | -  | 11,830                      | 4,054                      | 1,226                                 | -   | -                                      | 17,110         |
| Additions                             | 151,391                                      | 56,401                      | -                          | -                                     | 836,870                                   | 21,398                                 | 1,066,060      |
| Depreciation expense                  | (17,586)                                     | (14,562)                    | (4,054)                    | (1,028)                               | (118,146)                                 | (594)                                  | (155,970)      |
| <b>Balance at the end of the year</b> | <b>133,805</b>                               | <b>53,669</b>               | <b>-</b>                   | <b>198</b>                            | <b>718,724</b>                            | <b>20,804</b>                          | <b>927,200</b> |

|                                       | Furniture,<br>Fixtures and<br>Fittings<br>\$ | Computer<br>Equipment<br>\$ | Computer<br>Software<br>\$ | Other Plant<br>and<br>Equipment<br>\$ | Right of Use -<br>Office<br>Premise<br>\$ | Right of Use -<br>Office Printer<br>\$ | Total<br>\$   |
|---------------------------------------|--|-----------------------------|----------------------------|---------------------------------------|---|--|---------------|
| <b>Year ended 30 June 2019</b>        |  |                             |                            |                                       |   |  |               |
| Balance at the beginning of year      | -  | 14,291                      | 8,294                      | 2,252                                 | -   | -                                      | 24,837        |
| Additions                             | -  | 4,610                       | -                          | -                                     | -   | -                                      | 4,610         |
| Depreciation expense                  | -  | (7,071)                     | (4,240)                    | (1,026)                               | -   | -                                      | (12,337)      |
| <b>Balance at the end of the year</b> | <b>-</b>                                     | <b>11,830</b>               | <b>4,054</b>               | <b>1,226</b>                          | <b>-</b>                                  | <b>-</b>                               | <b>17,110</b> |

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 10 Other Financial Assets

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Note                                     | \$                | \$                |
| NON-CURRENT                              |                   |                   |
| Investments - Credit Suisse              | 26,351,890        | 28,839,249        |
| Investments - Qualitas Private Debt Fund | 2,190,662         | 2,777,891         |
| <b>Total</b>                             | <b>28,542,552</b> | <b>31,617,140</b> |

### 11 Trade and Other Payables

|                          | 2020             | 2019           |
|--------------------------|------------------|----------------|
| Note                     | \$               | \$             |
| Current                  |                  |                |
| Trade payables           | 342,217          | 158,142        |
| GST payable              | 743,318          | -              |
| Accrued expense          | 85,800           | 85,890         |
| Lease incentive          | -                | 9,969          |
| Other payables           | 80,719           | -              |
| Superannuation liability | 3,265            | -              |
|                          | <b>1,255,319</b> | <b>254,001</b> |

|                 | 2020     | 2019          |
|-----------------|----------|---------------|
|                 | \$       | \$            |
| Non-Current     |          |               |
| Lease incentive | -        | 12,461        |
|                 | <b>-</b> | <b>12,461</b> |

### 12 Lease Liabilities

|                          | 2020          | 2019     |
|--------------------------|---------------|----------|
| Note                     | \$            | \$       |
| Current                  |               |          |
| Finance lease obligation | 98,915        | -        |
|                          | <b>98,915</b> | <b>-</b> |

|                          | 2020           | 2019     |
|--------------------------|----------------|----------|
| Note                     | \$             | \$       |
| Non-Current              |                |          |
| Finance lease obligation | 654,801        | -        |
|                          | <b>654,801</b> | <b>-</b> |

Leased liabilities are secured by the underlying leased assets.

# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 13 Contract Liabilities

|                            | 2020             | 2019          |
|----------------------------|------------------|---------------|
|                            | \$               | \$            |
| CURRENT                    |                  |               |
| Grants received in advance | 8,030,684        | 39,467        |
|                            | <u>8,030,684</u> | <u>39,467</u> |

### 14 Employee Benefits

|                            | 2020           | 2019           |
|----------------------------|----------------|----------------|
|                            | \$             | \$             |
| Current liabilities        |                |                |
| Long service leave         | 43,188         | 80,814         |
| Provision for annual leave | 117,057        | 77,903         |
|                            | <u>160,245</u> | <u>158,717</u> |

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$            | \$            |
| Non-current liabilities                 |               |               |
| Provision for employee benefits         | 28,994        | 27,561        |
|   | <u>28,994</u> | <u>27,561</u> |
| a. Aggregate employee benefit liability | 189,239       | 186,278       |
| b. Number of employee benefits          | 38            | 24            |

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 3 to the financial statements.

### 15 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

#### Specific risks

Liquidity risk

Credit risk

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 15 Financial Risk Management

Market risk - interest rate risk

##### Financial instruments used

The principal categories of financial instrument used by the Company are:

Trade receivables

Cash at bank

Investments in listed shares

Trade and other payables

Lease liabilities

|   | Note | 2020<br>\$        | 2019<br>\$        |
|---|------|-------------------|-------------------|
| <b>Financial assets</b>                             |      |                   |                   |
| <b>Held at amortised cost</b>                       |      |                   |                   |
| Cash and cash equivalents                           | 7    | 9,814,666         | 1,539,190         |
| Trade and other receivables                         | 8    | 2,545             | 22,235            |
| Fair value through Other Comprehensive Income (OCI) |      | -                 | -                 |
| Other financial assets                              | 10   | 28,542,552        | 31,617,140        |
| <b>Total financial assets</b>                       |      | <b>38,359,763</b> | <b>33,178,565</b> |
| <b>Financial liabilities</b>                        |      |                   |                   |
| Financial liabilities at fair value                 |      | -                 | -                 |
| Trade payables                                      | 11   | 342,217           | 158,142           |
| <b>Total financial liabilities</b>                  |      | <b>342,217</b>    | <b>158,142</b>    |

##### Objectives, policies and processes

Those charged with governance have overall responsibility for the establishment of the Company's financial risk management framework. This includes oversight by the Investment committee and regular assessment of the portfolio and risk mitigation strategies.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The day-to-day risk management is carried out by the Company's finance function under policies and objectives which have been approved by those charged with governance. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

Mitigation strategies for specific risks faced are described below:

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **15 Financial Risk Management**

##### **Liquidity risk**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

##### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

##### *Trade receivables*

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Those charged with governance receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 15 Financial Risk Management

##### Credit risk

default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### (i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the Company to interest rate risk are limited to lease liabilities, listed shares, government and fixed interest securities, and cash on hand.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

#### 16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of the Company during the year are as follows:

|   | 2020           | 2019    |
|---|----------------|---------|
|   | \$             | \$      |
| <b>Short-term employee benefits</b>       |                |         |
| Director fees                             | 175,000        | 146,750 |
| Executive salaries                        | 418,410        | 392,092 |
| <b>Total short-term employee benefits</b> | <b>593,410</b> | 538,842 |
| <b>Post employment benefits</b>           |                |         |
| Director superannuation                   | 16,625         | 13,941  |
| Executive superannuation                  | 36,282         | 37,249  |
| <b>Total post employment benefits</b>     | <b>52,907</b>  | 51,190  |
| <b>Total</b>                              | <b>646,317</b> | 590,032 |



# Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 17 Auditors' Remuneration

|  | 2020                 | 2019                 |
|--|----------------------|----------------------|
|  | \$                   | \$                   |
| Remuneration of the auditor - Hardwicks Chartered Accountants, for:) |                      |                      |
| - auditing & reviewing the financial statements                      | <u>14,500</u>        | 14,000               |
| <b>Total</b>   | <u><u>14,500</u></u> | <u><u>14,000</u></u> |

### 18 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

### 19 Related Parties

#### (a) Details of key management personnel

##### Directors

|                                     |   |
|-------------------------------------|---|
| Mr Andrew Fairley AM                | Chair of the Board, Chair of the Investment Committee                         |
| Mr Jono Nicholas                    | Deputy Chair of the Board, Chair of the Governance and Remuneration Committee |
| Ms Teresa Dyson                     | Chair of the Finance Audit and Risk Management Committee                      |
| Mr Tony Walker                      | Director  |
| Mr Steve Ella                       | Director  |
| Ms Kirstie Clements                 | Chair of the Funding Committee  |
| Dr Nadine Ezard, Conjoint Professor | Director  |
| Associate Professor Nicholas Carah  | Director  |
| Professor Simone Pettigrew          | Director  |
| Mr Mark Textor                      | Director  |

##### Executive

|                    |   |
|--------------------|---|
| Ms Caterina Giorgi | Chief Executive Officer (appointed on 16 March 2020)      |
| Mr Michael Thorn   | Chief Executive Officer (resigned as of 22 November 2019) |
| Ms Sharrin Wells   | Chief Finance Officer (resigned 30 June 2020)             |

Key management personnel - refer to Note 16.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

## Foundation for Alcohol Research & Education Limited

ABN: 91 096 854 385

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 20 Cash Flow Information

##### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

|  | 2020                    | 2019                      |
|--|-------------------------|---------------------------|
|  | \$                      | \$                        |
| (Loss) for the year  | <b>(2,802,707)</b>      | (1,561,907)               |
| Cash flows excluded from (loss) attributable to operating activities |                         |                           |
| - Investment income  | <b>(1,273,715)</b>      | (2,080,319)               |
| - Investment expense   | <b>145,487</b>          | 152,264                   |
| Non-cash flows in (loss):  |                         |                           |
| - depreciation   | <b>155,970</b>          | 12,337                    |
| - finance cost of leases   | <b>47,650</b>           | -                         |
| Changes in assets and liabilities:                                   |                         |                           |
| - (increase)/decrease in trade and other receivables                 | <b>240,235</b>          | 65,640                    |
| - (increase)/decrease in prepayments                                 | <b>9,091</b>            | (28,537)                  |
| - increase/(decrease) in income in advance                           | <b>7,991,217</b>        | (209,127)                 |
| - increase/(decrease) in trade and other payables                    | <b>1,009,613</b>        | 56,081                    |
| - increase/(decrease) in employee benefits                           | <b>2,961</b>            | 9,506                     |
| Cashflows from operations  | <b><u>5,525,802</u></b> | <b><u>(3,584,062)</u></b> |

#### 21 Events after the end of the Reporting Period

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Company to continue operations as usual and has impacted on its operating results. The Company has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Company has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Directors have determined that the Company remains in a healthy cash position and retained stable grants for the 2021 financial year.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### 22 Statutory Information

The registered office of and principal place of business of the company is:

Foundation for Alcohol Research & Education Limited  
Level 1/40 Thesiger Court  
Deakin ACT 2600

**Foundation for Alcohol Research & Education Limited**

ABN: 91 096 854 385


**Responsible Persons' Declaration**

The responsible persons declare that in the responsible persons' opinion:

there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person  .....

Responsible person  .....

Dated 4 December 2020

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of the Foundation for Alcohol Research & Education Limited, which comprises the statement of financial position as at 30 June 2020, 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 responsible persons' declaration.

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

- (i) giving a true and fair view of Foundation for Alcohol Research & Education Limited's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Foundation for Alcohol Research & Education Limited in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 Responsible Persons for the Financial Report

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

In preparing the financial report, the responsible persons are responsible for assessing the Foundation for Alcohol Research & Education Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible persons either intends to liquidate the Foundation for Alcohol Research & Education Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation for Alcohol Research & Education Limited's financial reporting process.

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

### **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 Foundation for Alcohol Research & Education Limited's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

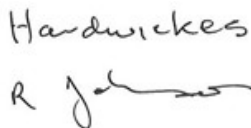
Conclude on the appropriateness of the responsible persons' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation for Alcohol Research & Education Limited'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 Foundation for Alcohol Research & Education Limited 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.

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

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

Hardwickes  
Chartered Accountants



Robert Johnson FCA  
Partner

Canberra  
4 December 2020