

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

Financial Report

For the year ended 31 December 2015

C O N T E N T S

Statement by the Board of Management

Independent Auditors' Report

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Statement of Financial Position

Statement of Changes in Equity

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ARTHRITIS FOUNDATION OF W.A. INCORPORATED
STATEMENT BY THE BOARD OF MANAGEMENT

In the opinion of the Board of Management the financial report as set out on pages 4 to 26:

- (i) Presents a true and fair view of the financial position of the Arthritis Foundation of WA Incorporated (the "Foundation") as at 31 December 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards and the *Charitable Collections Act 1946 (WA)*;
- (ii) The operations of the Foundation have been carried out in accordance with the Constitution of the Foundation; and
- (iii) At the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Management by:


_____ President


_____ Board member

Dated 15th March 2016



RSM Australia Pty Ltd

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARTHRITIS FOUNDATION OF W.A. INCORPORATED**

We have audited the accompanying financial report of Arthritis Foundation of W.A. Incorporated, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Board of Management.

Responsibility for the Financial Report

The board of management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Charitable Collections Act 1946*, and for such internal control as board of management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Auditor's Opinion

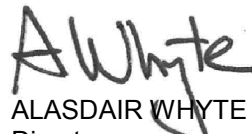
General fundraising revenue of \$115,584 (2014: \$74,831) and bingo revenue (Combined Charities & HASC) of \$311,471 (2014: \$359,808) are significant sources of revenue for the Arthritis Foundation of W.A. Incorporated. The entity has determined that it is impracticable to establish control over the collection of general fundraising and bingo revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from these sources was limited, our audit procedures with respect to general fundraising and bingo revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether general fundraising and bingo revenue the Arthritis Foundation of W.A. Incorporated obtained is complete.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be required had the limitation on our audit procedures referred to in the preceding paragraph not existed, the financial report presents fairly, in all material respects, the financial position of the Arthritis Foundation of W.A. Incorporated as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and *Charitable Collections Act 1946* of Western Australia.

RSM

RSM AUSTRALIA PTY LTD


ALASDAIR WHYTE
Director

Perth, WA
Dated: 15 March 2016

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTE	2015 \$	2014 \$
Revenue	3	3,870,542	2,822,773
Branches and community support groups	4(a)	(166,526)	(148,523)
Education	4(a)	(469,560)	(458,781)
Administration	4(a)	(197,593)	(206,569)
Health services	4(a)	(788,339)	(663,592)
Fundraising and public relations	4(b)	(712,827)	(761,633)
Research		(460,404)	(53,780)
Impairment – shares and managed funds		(113,479)	(44,180)
Net surplus for the year		961,814	485,715
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Net increase on revaluation of financial assets		11,363	239,169
Total comprehensive surplus for the year		973,177	724,884

The accompanying notes form part of these financial statements

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,297,254	1,696,176
Held to maturity investments	7	1,836,912	1,033,727
Trade and other receivables	8	32,455	42,403
Other current assets	9	30,657	16,460
TOTAL CURRENT ASSETS		3,197,278	2,788,766
 NON-CURRENT ASSETS			
Available for sale financial investments	10	7,814,171	7,485,514
Investment property	12	1,064,215	555,309
Property, plant and equipment	11	1,385,583	1,384,179
TOTAL NON-CURRENT ASSETS		10,263,969	9,425,002
 TOTAL ASSETS		13,461,247	12,213,768
 CURRENT LIABILITIES			
Trade and other payables	13	603,796	323,777
Short-term provisions	14	76,244	81,961
TOTAL CURRENT LIABILITIES		680,040	405,738
 TOTAL LIABILITIES		680,040	405,738
 NET ASSETS		12,781,207	11,808,030
 EQUITY			
Restricted	15	6,623,069	6,573,021
Designated	16	1,260,000	1,160,000
TOTAL RESTRICTED AND DESIGNATED FUNDS		7,883,069	7,733,021
 UNRESTRICTED FUNDS		2,959,859	2,148,093
 FINANCIAL ASSETS RESERVE		1,938,279	1,926,916
 TOTAL EQUITY		12,781,207	11,808,030

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2015

	Restricted and Designated Funds \$	Unrestricted Funds \$	Financial Assets Reserve \$	Total \$
Balance at 1 January 2014	7,522,082	1,873,317	1,687,747	11,083,146
Surplus for the year	210,939	274,776	-	485,715
Available-for-sale investments adjusted to fair value	-	-	239,169	239,169
Total comprehensive surplus for the year	<u>210,939</u>	<u>274,776</u>	<u>239,169</u>	<u>724,884</u>
Balance at 31 December 2014	7,733,021	2,148,093	1,926,916	11,808,030
Balance at 1 January 2015	7,733,021	2,148,093	1,926,916	11,808,030
Surplus for the year	150,048	811,766	-	961,814
Available-for-sale investments adjusted to fair value	-	-	11,363	11,363
Total comprehensive surplus for the year	<u>150,048</u>	<u>811,766</u>	<u>11,363</u>	<u>973,177</u>
Balance at 31 December 2015	<u>7,883,069</u>	<u>2,959,859</u>	<u>1,938,279</u>	<u>12,781,207</u>

Financial Assets Reserve

The financial assets reserve records revaluations in available-for-sale financial assets.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTE	2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from operations		2,825,624	2,394,093
Payments to suppliers and employees		(2,449,859)	(2,409,239)
Interest received		85,723	87,127
Trust distribution received		87,986	112,349
Dividends		<u>355,790</u>	<u>228,428</u>
Net cash provided by operating activities	17(b)	<u>905,264</u>	<u>412,758</u>
Cash flows from investing activities			
Payments for plant and equipment		(67,321)	(53,547)
Payments for investments		<u>(1,236,865)</u>	<u>(51,075)</u>
Net cash used in investing activities		<u>(1,304,186)</u>	<u>(104,622)</u>
Net increase in cash held		(398,922)	308,136
Cash at the beginning of the financial year		<u>1,696,176</u>	<u>1,388,040</u>
Cash at the end of the financial year	17(a)	<u>1,297,254</u>	<u>1,696,176</u>

The accompanying notes form part of these financial statements

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the requirements of the *Charitable Collections Act 1946 (WA)*.

The financial report covers the Arthritis Foundation of W.A. Incorporated. as an individual entity. The Arthritis Foundation of W.A. Incorporated. is an association incorporated in Western Australia under the *Associations Incorporation Act 1987*.

The financial report of the Arthritis Foundation of W.A. Incorporated as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. Due to the application of Australian specific provisions for not-for-profit entities contained only within AIFRS, this financial report and notes thereto, are not necessarily compliant with International Accounting Standards.

The financial statements cover the Arthritis Foundation of W.A. Incorporated. as an individual entity. The financial statements are presented in Australian dollars, which is the Arthritis Foundation of W.A. Incorporated's functional and presentation currency.

The financial statements were authorised for issue on 25 February 2015.

The following is a summary of the material accounting policies adopted by the Foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Allocation of expenses

The Foundation reports its expenditure on a functional basis and accordingly, classifies its expenditure to specific programme services which describe the Foundation's social service activities and supporting services. Additionally, there is an expense classification of Administration in respect of expenditure of an administrative and general nature that is incurred and is not identifiable with a single programme, but is indispensable to the conduct of those activities and to the Foundation's existence.

(c) Fund accounting

On occasions the Foundation may receive resources restricted for particular purposes. To facilitate observance of these limitations, the financial statements list separately those funds which are restricted or designated and those funds which are unrestricted.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Fund accounting (Cont.)

Restricted funds are those funds presently available for use, but expendable only for operating purposes specified by the donor or by statute. When the Board specifies a purpose for the expenditure of funds, where none has been stated by the original donor, such funds are classified as designated funds.

Unrestricted funds are those funds presently available for use by the Foundation at the discretion of the Board.

(d) Charitable Support

Charitable Support income, comprising bequests and legacies and donations and fundraising monies received, by their nature can only be recognised when they are recorded in the books of the Foundation. Bequests, legacies and donations are brought to account on a cash basis or where they are received other than in cash, according to the fair value of the bequest or donation when the ownership passes to the Foundation. All other income is brought to account on an accruals basis.

(e) Employee benefits

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(f) Revenue

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

Grant income and other contributions received are recognised when the Foundation obtains control of the grant or contribution and it is probable that the economic benefits will flow to the Foundation.

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

Dividend revenue is recognised when the right to receive a dividend has been received.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Trade and other receivables

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

(i) Property, plant and equipment

Buildings and plant and equipment are measured on the cost basis less depreciation.

The carrying amount of buildings and plant and equipment is reviewed annually by the Foundation to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding freehold land. Depreciation is calculated on a reducing balance method for plant and equipment and straight line method for land and building over the useful lives of the assets to the Foundation commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are as follows:

	Depreciation rate
Plant and equipment	7.5–30%
Building	2.0%

(j) Impairment of Assets

At each reporting date, the Foundation reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(k) Trade and other payables

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

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(l) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale investments are those financial assets that are designated as available-for-sale. When available-for-sale financial investments are recognised initially, they are measured at fair value. Any available-for-sale financial investments donated to the Foundation are recognised at fair value at the date the Foundation obtains control of the asset. After initial recognition available-for-sale financial investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Fair value

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

Impairment

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

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(m) Fair value measurement

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

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

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(o) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) Critical accounting estimates and judgments

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

Key estimates — Impairment

The Foundation assesses impairment at each reporting date by evaluating conditions specific to the Foundation that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

An impairment loss of \$113,479 (2014: \$44,180) has been recognised for the year ended 31 December 2015.

(q) New Accounting Standards issued but not yet effective

The Foundation has reviewed accounting standards and interpretations which have been issued but are not as yet effective as at the date of this financial report. No material impact is anticipated to arise from the application of these accounting standards and interpretations.

2. INCOME TAX

The Foundation is exempt from income tax under the provisions of Section 50-5 of the *Income Tax Assessment Act 1997* as a charitable institution and holds deductible gift recipient status.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	2015	2014
	\$	\$
3. REVENUE		
Charitable support fundraising (Note 4(b))	2,679,218	1,797,594
Fee for services	243,704	233,662
Grants	491,193	467,336
Interest income	85,723	87,127
Dividend income	262,433	228,428
Rental Income	3,015	-
Gain on sale of investments	93,356	-
Other	11,900	8,626
	3,870,542	2,822,773
4. SURPLUS FROM OPERATIONS		
The surplus from operations has been determined after:		
(a) Expenses		
Depreciation	74,917	63,206
Impairment of investments	113,479	44,180
Remuneration of auditors – Audit of the financial report	13,500	13,750
Rental expense on operating leases – Minimum rental payments	44,622	45,735
Superannuation	90,573	80,617

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	2015	2014
	\$	\$
4. SURPLUS FROM OPERATIONS (Cont.)		
(b) Charitable support fundraising		
Revenue from fundraising activities		
Charitable trust distributions	87,986	112,349
Direct mail	414,142	362,127
Facilities hire	195,315	194,735
Periodical payments	10,197	12,559
Raffles	16,478	67,270
Bequests	1,439,145	350,735
Bingo (Combined Charities & HASC)	311,471	359,808
General fundraising	115,584	74,831
Chair Rheumatology & Musculoskeletal Medicine	88,900	263,180
	2,679,218	1,797,594
Direct and indirect costs relating thereto		
Direct mail	156,283	171,830
Raffles	18,347	60,211
Periodical payments	1,976	4,568
Bequests	130,937	84,035
General fundraising	55,892	92,343
Charitable trust distribution	9,880	5,482
Marketing and public relations	88,693	81,542
Facilities hire	41,953	34,779
Chair Rheumatology & Musculoskeletal Medicine	9,880	18,775
Bingo	198,986	208,068
	712,827	761,633

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

5. SEGMENT REPORTING

The following segment information reflects the Foundation's primary activities of core services and investment management with Western Australia.

The core activity of the Foundation is to provide ongoing commitment to the care, education and research for people with arthritis and related conditions through the support of community funding. The Foundations fundraising activities include voluntary donations, direct mail outs, raffles, bequests, corporate sponsorship and other annual charity events.

Investment Management involves the managing of the investment portfolio, consisting of shares in listed companies and units in unlisted unit trusts.

2015	Core Activities \$	Investment Management \$	Total \$
Revenue	3,514,752	355,790	3,870,542
Expenditure	(2,795,249)	(113,479)	(2,908,728)
Surplus for year	719,503	242,311	961,814
Other comprehensive income	-	11,363	11,363
Total comprehensive surplus for the year	719,503	253,674	973,177
Assets and liabilities			
Segment assets	5,647,076	7,814,171	13,461,247
Segment liabilities	(680,040)	-	(680,040)
Net assets	4,697,036	7,814,171	12,781,207

Other segment information

Depreciation

2014	Core Activities \$	Investment Management \$	Total \$
Revenue	2,507,218	315,555	2,822,773
Expenditure	(2,292,878)	(44,180)	(2,337,058)
Surplus for year	214,340	271,375	485,715
Other comprehensive income	-	239,169	239,169
Total comprehensive surplus for the year	214,340	510,544	724,884
Assets and liabilities			
Segment assets	4,728,254	7,485,514	12,213,768
Segment liabilities	(405,738)	-	(405,738)
Net assets	4,322,516	7,485,514	11,808,030

Other segment information

Depreciation	63,206	-	63,206
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ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	2015	2014
	\$	\$
6. CASH AND CASH EQUIVALENTS		
Cash on hand	400	400
Cash at bank	113,648	346,953
Cash on deposit	1,183,206	1,348,823
	1,297,254	1,696,176
7. HELD TO MATURITY INVESTMENTS		
Term deposits	1,836,912	1,033,727
	1,836,912	1,033,727
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	31,755	41,703
Other receivables	700	700
	32,455	42,403
9. OTHER CURRENT ASSETS		
Accrued interest	16,312	5,945
Prepayments	1,580	7,775
GST receivable	12,765	2,740
	30,657	16,460
10. AVAILABLE FOR SALE FINANCIAL INVESTMENTS		
Shares in listed companies	1,766,577	1,722,324
Units in unlisted investment unit trusts	6,047,594	5,763,190
	7,814,171	7,485,514

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

10. AVAILABLE FOR SALE FINANCIAL INVESTMENTS (Cont.)

2015

	Shares in listed companies	Units in unlisted investment unit trusts	Total
	\$	\$	\$
Carrying amount at the beginning of the year	1,722,324	5,763,190	7,485,514
Additions	88,567	527,503	616,070
Disposals	(2,100)	(276,553)	(278,653)
Gain on sale of investment	-	93,356	93,356
Changes in fair value recognised in profit/loss	(71,678)	(41,801)	(113,479)
Changes in fair value recognised in equity	29,464	(18,101)	11,363
	<u>1,766,577</u>	<u>6,047,594</u>	<u>7,814,171</u>
Carrying amount at the end of the year	<u>1,766,577</u>	<u>6,047,594</u>	<u>7,814,171</u>

2014

	Shares in listed companies	Units in unlisted investment unit trusts	Total
	\$	\$	\$
Carrying amount at the beginning of the year	1,767,210	5,512,218	7,279,428
Additions	11,097	-	11,097
Disposals	-	-	-
Changes in fair value recognised in profit/loss	(31,042)	(13,138)	(44,180)
Changes in fair value recognised in equity	(24,941)	264,110	239,169
	<u>1,722,324</u>	<u>5,763,190</u>	<u>7,485,514</u>
Carrying amount at the end of the year	<u>1,722,324</u>	<u>5,763,190</u>	<u>7,485,514</u>

Balances as at 31 December 2015 include a portfolio of securities listed on the Australian Stock Exchange and units in unlisted unit trusts, the latter managed by professional investment managers. These investments are spread across a range of various industrial and geographical sectors in accordance with the Foundations investment policy to reduce exposure to market price risk.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	2015	2014
	\$	\$
11. PROPERTY, PLANT & EQUIPMENT		
Buildings		
Lemnos Street, Shenton Park		
Cost	2,172,058	2,172,058
Accumulated depreciation	<u>(916,350)</u>	<u>(868,202)</u>
	<u>1,255,708</u>	<u>1,303,856</u>
Plant and equipment		
Cost	489,214	422,975
Accumulated depreciation	<u>(359,339)</u>	<u>(342,652)</u>
	<u>129,875</u>	<u>80,323</u>
Total property, plant and equipment	<u>1,385,583</u>	<u>1,384,179</u>

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

2014

	Buildings	Plant and	Total
	\$	Equipment	\$
		\$	
Carrying amount at the beginning of the year	1,306,604	87,234	1,393,838
Additions	45,400	8,147	53,547
Depreciation	<u>(48,148)</u>	<u>(15,058)</u>	<u>(63,206)</u>
Carrying amount at the end of the year	<u>1,303,856</u>	<u>80,323</u>	<u>1,384,179</u>

The Foundation's buildings and improvements are situated on Crown Land, and title was previously held through a Reserve and vested in the name of the Foundation, over which there was a reservation, which designated that the land must be used for the purpose of an "Arthritis Centre". During the year ended 31 December 2001, the Foundation applied for and was granted a Crown Grant in Trust title whereby the Foundation must continue to use the building and improvements as before, for the purpose of an "Arthritis Centre".

12. INVESTMENT PROPERTY

Land and buildings	<u>1,064,215</u>	<u>555,309</u>
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During the 2015 year The Foundation received title to land and building in Donnybrook through a bequest. The Foundation intends to hold this land for rental capital appreciation at some point in the future.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

		2015	2014
		\$	\$
13.	TRADE AND OTHER PAYABLES		
	Trade creditors	106,336	34,323
	Accrual – Chair Rheumatology & Musculoskeletal Medicine	236,094	151,928
	Other accruals and payables	217,760	76,532
	Deferred income	43,606	60,994
		<hr/>	<hr/>
		603,796	323,777
		<hr/>	<hr/>
14.	PROVISIONS		
	Employee benefits	76,244	81,961
		<hr/>	<hr/>
15.	RESTRICTED FUNDS		
	Funds restricted by Donors	1(c)	
	Education	293,000	293,000
	Research	1,315,150	1,315,150
	Statutory	1,215,511	1,254,363
	Charitable trusts	2,360,278	2,360,278
	Chair Rheumatology & Musculoskeletal Medicine	1,439,130	1,350,230
		<hr/>	<hr/>
		6,623,069	6,573,021
		<hr/>	<hr/>
16.	DESIGNATED FUNDS		
	Funds restricted by Board	1(c)	
	Building maintenance	600,000	500,000
	Research	660,000	660,000
		<hr/>	<hr/>
		1,260,000	1,160,000
		<hr/>	<hr/>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	2015	2014
	\$	\$
17. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash		
<p>For the purposes of the cash flow statement, cash includes cash on hand and in banks, investments in money market instruments, interest bearing deposits and net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:</p>		
Cash on hand	400	400
Cash at bank	113,648	346,953
Cash on deposit	1,183,206	1,348,823
	1,297,254	1,696,176
(b) Reconciliation of net cash provided by operating activities to net surplus		
Profit from ordinary activities after income tax	961,814	485,715
Depreciation	74,917	63,206
Impairment of investments	113,479	44,180
Property received from bequests	(515,000)	-
Movements in assets and liabilities		
Trade and other receivables	9,948	(776)
Other current assets	(16,937)	778
Trade and other payables	282,760	(180,345)
Provisions	(5,717)	-
	905,264	412,758

18. BEQUESTS AND LEGACIES NOT YET RECORDABLE

The Foundation is the beneficiary of certain bequests and legacies and a donation, under various wills of deceased benefactors and an agreement respectively, the total realisable amount of which is not presently determinable. Such amounts will be recorded when clear title is established and the proceeds are measurable.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

	2015	2014
	\$	\$
19. BANK GUARANTEE		
Bank guarantee		
Bank guarantee in favour of the Gaming Division of the Office of Racing and Gaming relative to raffle draws to be conducted by the Foundation	<u>35,000</u>	<u>35,000</u>
20. COMMITMENTS FOR EXPENDITURE		
(a) Operating lease		
Not later than 1 year	21,911	37,312
Later than 1 year and not later than 5 years	<u>17,385</u>	<u>13,351</u>
	<u>39,296</u>	<u>50,663</u>
21. REMUNERATION OF AUDITORS		
During the financial year the following fees were paid or payable for services provided by RSM Australia, the auditor of the incorporated association:		
<i>Audit services - RSM Australia</i>		
Audit of the financial statements	<u>13,500</u>	<u>13,750</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

22. FINANCIAL INSTRUMENTS

Financial risk management

The main risks arising from the Foundation's financial instruments are interest rate risk, liquidity risk, credit risk and market price risk. The Foundation does not hold financial instruments denominated in foreign currencies and does not use derivative instruments to manage risks associated with its financial instruments.

The Foundation's policies for managing each of these risks are summarised below. The policies are subject to Board approval and are reviewed regularly.

(a) Interest rate risk

The Foundation is exposed to interest rate fluctuations on its cash at bank and cash on deposit included in its available-for-sale financial investments. The Foundation actively monitors interest rates for cash at bank and on deposit to maximise interest income. The company accepts the risk in relation to fixed interest securities as they are held to generate income on surplus funds.

The Foundation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted interest rates on those financial assets and financial liabilities, is as follows:

2015

	Weighted average effective interest Rate %	Floating interest Rate \$	Fixed Interest Rate \$	Non- interest bearing \$	Total \$
FINANCIAL ASSETS					
Cash	2.63%	113,648	1,183,206	400	1,297,254
Term deposits	2.92%	-	1,836,912	-	1,836,912
Trade and other receivables		-	-	32,455	32,455
Other current assets		-	-	30,657	30,657
Financial assets		-	-	7,814,171	7,814,171
		<u>113,648</u>	<u>3,020,118</u>	<u>7,877,683</u>	<u>11,011,449</u>
FINANCIAL LIABILITIES					
Trade and other payables		-	-	603,796	603,796
Provisions		-	-	76,244	76,244
		<u>-</u>	<u>-</u>	<u>680,040</u>	<u>680,040</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

22. FINANCIAL INSTRUMENTS (Cont.)

(a) Interest rate risk (Cont.)

2014

	Weighted average effective interest Rate %	Floating interest Rate \$	Fixed Interest Rate \$	Non- interest bearing \$	Total \$
FINANCIAL ASSETS					
Cash	2.95%	660,118	1,035,658	400	1,696,176
Term deposits	3.13%	-	1,033,727	-	1,033,727
Trade and other receivables		-	-	42,403	42,403
Other current assets		-	-	16,460	16,460
Financial assets		-	-	7,485,514	7,485,514
		<u>660,118</u>	<u>2,069,385</u>	<u>7,544,777</u>	<u>10,274,280</u>
FINANCIAL LIABILITIES					
Trade and other payables		-	-	323,777	323,777
Provisions		-	-	81,961	81,961
		<u>-</u>	<u>-</u>	<u>405,738</u>	<u>405,738</u>

Interest rate sensitivity

At 31 December 2015, if interest rates had changed by +/-1% during the entire year with all other variables held constant, profit for the year and equity would have been \$31,338 lower/higher (2014: \$27,295 lower/higher), mainly as a result of lower/higher interest income from cash and cash equivalents.

(b) Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained.

When necessary, cash for unforeseen events may be sourced from liquidation of available-for-sale financial investments. It is Foundation investment policy that 50% of total investment must be liquefiable with 14 days.

(c) Credit risk

The Foundation is exposed to credit risk in respect of funds deposited with banks and other financial institutions.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold an A1 rating from Standard and Poor's.

At the reporting date, the company does not have any material credit risk exposures to any single bank or financial institution.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

22. FINANCIAL INSTRUMENTS (Cont.)

(d) Market price risk

Market price risk is the risk that the Foundation's operations will be adversely affected by a significant adverse fluctuation on the value of its available-for-sale investments. The Foundation has engaged a licensed investment advisor to advise on the management of its investment portfolio. The Board has approved risk and return parameters for investment in available-for-sale investments and receives reports from management and its licensed investment advisor on a monthly basis regarding the performance of the investment portfolio.

Market price sensitivity

At 31 December 2015, if market prices had changed by $\pm 15\%$, with all other variables held constant, the net assets for the year and equity would have been \$1,172,126 lower/higher (2014: \$1,122,827 lower/higher).

(e) Net fair values

The financial assets and financial liabilities included in current assets and current liabilities in the Balance Sheet are carried at amounts that approximate their net fair values.

23. RELATED PARTY INFORMATION

(a) Members of the Board of Management

The names of the members of the Board of Management, who serve in a voluntary capacity and are not remunerated, in office during any part of the year were:

Dr Jack Edelman
Dr Irene Dagmar Froyland
Prof Richard Prince
Dr Margaret Mazur
Dr Bob Langlands
Ms Silvia Caratti
Mr Bradley William Gordon
Mrs Rosemary Deborah Borshoff

(b) Transactions with the Foundation

There were no transactions, commercial or otherwise, between the members of the Board of Management and the Foundation during the year.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

24. CONTINGENT LIABILITIES

Apart from the bank guarantee of \$35,000 as stated under note 19, the Foundation does not have any contingent liabilities at 31 December 2015.

25. EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2015, no event has arisen that would be likely to affect the operations or the state of affairs of the Foundation, not otherwise disclosed in the Foundation's financial report.

26. FOUNDATION DETAILS

The principal place of business of the Foundation is:

Wyllie Arthritis Centre
17 Lemnos Street
Shenton Park WA 6008