



2016 Annual Report



Arthritis & Osteoporosis WA

PATRON

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Governor of Western Australia

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Health Services Officer: Clara Connor

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Contents

President's Report	5
Arthritis: Burden of Disease	6
Health Service Programs Delivered	8
Publications + Fundraising	12
Financial Management	14





President's Report

Dr Jack Edelman AM



It is my pleasure to report that the Arthritis Foundation continues to build on several highly successful years. Income for the year 2016 was \$2.8 million and resulted in a net surplus of over \$200,000 as we continue to offer innovative programs that go towards assisting those with bone and joint disease.

We are the only organisation that is solely committed to assisting those with arthritis and osteoporosis, and we are only able to achieve this due to the wonderful support we receive from the community.

Musculoskeletal conditions, of which arthritis and osteoporosis are the most common, are the third most costly group of chronic conditions in terms of health spending, costing well over \$6 billion a year or about 8% of disease expenditure.

Yet government funding for research into these conditions is lower than any other major chronic disease group, despite the fact that arthritis affects one in five Australians. This is why research is the key to finding better ways to prevent, treat and ultimately cure arthritis.

Over the coming decade, the number of people with arthritis will significantly increase from 4 million to 5.5 million due to an ageing and increasingly obese population. In addition, improvements in longevity now see more people developing arthritis and living longer with the condition. Due to the progressive nature of the disease, the longer people live with the condition, the more severe it becomes.

To alleviate the personal, social and economic burden of this large population, it is imperative that we strategically improve the health service provision to this vulnerable population coping with painful and debilitating arthritis.

Arthritis & Osteoporosis WA, working closely with rheumatologists, endeavours to provide statewide, best practice rheumatology services. We continue to provide evidence-based, disease-specific self-management programs to consumers and train health professionals to deliver these programs.

In conclusion, I would like to convey my sincere thanks to the Board of Management and the Finance Committee who have made a tremendous contribution to the success of this organisation and who give their time voluntarily.

I would also like to thank Professor Richard Prince for his service of over 20 years on the Board of Management. His involvement with the Foundation has been pivotal in the promotion of bone and joint disease and has helped to make a difference, and we are grateful for his valuable contribution.

Our thanks also go to; the Mal Atwell Leisure Group for their continued fundraising support; Dr John Quintner for his immense contribution in developing Pain Management workshops and seminars; to the many volunteers who assist with the day-to-day operations, and to the staff for their continued hard work.

Arthritis: Burden of Disease

Arthritis is an umbrella term for over 100 chronic diseases that affects joints causing pain, loss of function and disability. This term belies the seriousness of the conditions it represents, of which, the most common of these diseases is rheumatoid arthritis, gout, osteoarthritis, SLE (lupus), and spondylo-arthritis. In addition, osteoporosis, which is a silent disease of bone ageing, often occurs much earlier in people with inflammatory arthritis and causes more pain and distress.

In general, these chronic conditions are managed in the community and providing best practice rheumatology requires a team approach, costly drugs and expensive surgery. At present, the cost to the Australian health system is well over \$4.3 billion annually and these costs are expected to increase markedly in the decades ahead¹. The financial cost of arthritis is only one aspect of the total economic costs of these debilitating diseases the other, the non-financial component, is the burden of disease.

The pain and suffering that people with arthritis endure because of their condition not only decreases the quality of life for them but also for their families and carers.

In Australia, arthritis and other chronic diseases are responsible for 70% of the total burden of disease and this is expected to increase to 80% by the year 2020¹. Although the mortality rates for arthritis appear low, this is probably a contradiction as arthritis increases and contributes to life threatening co-morbidities² such as depression, cardiovascular diseases (CAD and stroke), cancer and obesity.



The recently published Australian Institute of Health and Welfare (AIHW) report: *Musculoskeletal conditions as underlying and associated causes of death 2013 (14 July, 2016)*² reinforces this and reiterates the need for early diagnosis, intervention and treatment.

This report states that:

- 1 in 20 deaths in 2013 was directly caused by, or contributed to musculoskeletal conditions (6,963) deaths².
- For the almost 148,000 deaths in 2013 musculoskeletal conditions were recorded as the underlying cause of death².
- The number of deaths where a musculoskeletal condition was recorded as either an underlying or an associated cause of death increased over time between 1997 and 2013, but this was consistent with changes in the age profile of the population² and is likely to increase as the population ages.
- For the almost 148,000 registered deaths, musculoskeletal conditions were recorded as the underlying cause of 1181 deaths, or 0.8%, and were an associated cause of 5782 deaths (3.9%).

The AIHW report states women were more likely to die because of an underlying musculoskeletal condition.

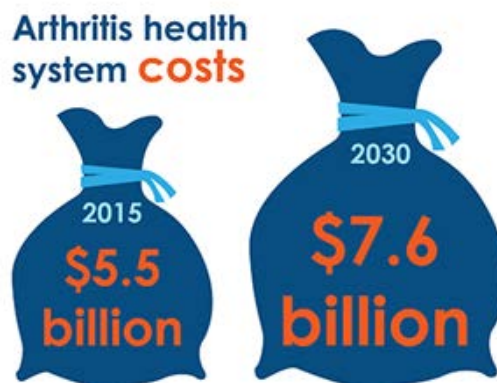
- In 2013, there were 806 female deaths compared with 375 deaths among men and
- Osteoporosis made the greatest contribution to mortality, causing more than 1600 deaths.

Arthritis: Burden of Disease

Arthritis: Counting the Cost

A recent epidemiological report (*Counting the Cost 2015*)³, predicting the future burden of arthritis, both in prevalence and healthcare costs, reaffirms the enormity of this increasing health dilemma forecast to occur in Australia between 2015 to 2030. The report found:

- The number of people with arthritis is expected to increase nationally by 38% from 3.9 million to 5.4 million in 2030.
- By 2030, people aged 75 years and older will represent the largest group with arthritis in absolute terms, comprising over 1.5 million people.
- The number of people with osteoarthritis is expected to increase nationally from almost 2.2 million to almost 3.1 million.
- Between 2015 and 2030, the number of people with rheumatoid arthritis is projected to increase from 422,309 (10.8%) in 2015 to 579,915 in 2030.
- With future population growth, the number of children and adolescents affected by Juvenile Idiopathic Arthritis (JIA) is expected to increase by 22% from 6,006 to 7,334 in 2030.
- The healthcare costs for arthritis is estimated to exceed \$5.5 billion in 2015. By 2030, these costs are projected to exceed \$7.6 billion. Currently, the healthcare costs for osteoarthritis alone are estimated to be over \$2.1 billion and by the year 2030, these are forecast to exceed \$2.9 billion. On average, this equates to \$970.00 for every person with the condition.



In Western Australia, the number and costs for arthritis are in line with national data and show significant increases by the year 2030:

- In total health care costs, WA costs are predicted to rise by 55% from \$515.48 million to \$799.05 million.
- Osteoarthritis costs increase by 57.7% from \$65.87 million per year to \$261.64 million.
- Rheumatoid arthritis costs will increase by 55.05% from \$47.89 million per year to \$71.82 million.

The report³ also models the potential benefits of early and late conservative management programs for mild-moderate and severe osteoarthritis of the knee (OAK), and states that implementing conservative (non-surgical) management strategies for people with mild to moderate knee osteoarthritis could be highly cost-effective.

The analyses indicate that avoidance of Total Knee Replacement (TKR) by 74% of people (in the year after a comprehensive non-surgical intervention involving education and exercise) would result in substantial cost savings to the health system for that year.

Arthritis & Osteoporosis WA (AOWA) already offers and trains health professional to deliver an evidence-based education program similar to those suggested in this report for people with Osteoarthritis of the knee (OAK), yet it is not offered in any public hospital in metropolitan WA. The immensity of this problem strengthens the necessity of close collaboration between AOWA and other health related industries.

Health Service Programs Delivered

Rural Rheumatology Clinic

The rural rheumatology clinic service has been delivering best practise rheumatology in rural and remote areas of WA since 1974, enabling early identification and treatment for people with arthritis.

Arthritis & Osteoporosis WA coordinated 134 rheumatology day clinics in:

- **13** locations across the state of Western Australia plus 14 telehealth consultations.
- **2077** patients were seen of which 363 were new patients; 1714 were review patients.
- **711** (34%) patients attending the clinics have Rheumatoid Arthritis which is a serious inflammatory condition requiring constant monitoring and necessitating specialist visits 6/12 or more frequent specialist visits, reinforcing the importance of this rural program.

Other serious inflammatory arthritis conditions seen include:

- **175** patients with Psoriatic Arthritis
- **82** with Ankylosing Spondylitis
- **41** with Systemic Lupus Erythematosus
- **26** with Gout

Eleven Rheumatologists travel from Perth regularly to provide a rheumatology service to people living in rural Western Australia. These rural areas include Kimberly, Esperance, Port Headland, Carnarvon, Karratha, Geraldton, Kalgoorlie, Manjimup and Albany.

These clinics are the lifeline for all people living with arthritis in rural WA and without this service; their quality of life would diminish. People would have to travel to Perth to visit their specialist, increasing the financial and psychological burden to their families and to the health department of WA.

This service reduces hospital bed occupancy and Patient Assistance Travel Scheme (PATS) costs relating to rheumatology conditions, allowing treatment close to home and improving 'Quality of Life' for the individual and family.



¹ Arthritis and Osteoporosis Victoria - A problem worth solving: the rising cost of musculoskeletal conditions in Australia. Arthritis Victoria, 2013.

² Arthritis Magnifies Effect of Other Chronic Conditions - Medscape Medical news Kelly CC, June 11, 2015 June 5 2015 /64(21); 578-58.

³ Counting the Cost: the current and future burden of arthritis' Arthritis Australia Epicentre -The University of Melbourne May2016

Health Service Programs Delivered

Building Workforce Capacity

AOWA builds on increasing the capacity of GP's, nurses and allied health staff by offering best practise rheumatology education to all health professionals, practising within the state of WA.

This includes rheumatology clinical updates, pain workshops and 'Train the Trainer' workshops for the delivery of the evidence-based, diseases-specific education and self-management programs for Osteoarthritis of the Knee, Rheumatoid Arthritis and Ankylosing Spondylitis.

In the 2016 calendar year, AOWA delivered clinical updates and Train the Trainer workshops to 135 health professionals in Perth and in the regional centres of Bunbury and Geraldton.

Metro

- GP Rheumatology update
- Clinical Update Physiotherapists
- OAK training workshop (3 days)
- Pain workshops (2 days) x 2
- Training updates workshops x2

Rural

- Pain workshops for health professionals in Geraldton
- Clinical update for GP's in Bunbury



AOWA is committed and passionate about teaching people with arthritis the knowledge and skills to enable them to manage their diseases, enabling them to make informed choices in partnership with their health care providers.

AOWA Education programs for people with Arthritis are developed, tested and peer reviewed, providing consumers with evidence based information on how to understand and manage their disease. AOWA provides evidence-based education and self-management programs for consumers with Osteoarthritis of the Knee, Rheumatoid Arthritis & Psoriatic Arthritis and Ankylosing Spondylitis.

In 2016, AOWA delivered (17) evidence based education and self-management programs to 238 people with these abovementioned conditions:

- Programs were held throughout the metro area from Cockburn and Melville south of the river to Koondoola and Warwick in the north. Programs in Maylands and Midland catered for people living along the eastern corridor and evening programs for those who work were delivered at Shenton Park.
- Rural education and self-management programs were offered in Narrogin and Albany.
- Eight sessions of eight weekly exercise classes for people with Osteoporosis were held at AOWA's Shenton Park venue.

Health Service Programs Delivered

Public Seminars

In 2016, eleven seminars were held for the general public. These seminars given by specialist presenters covered a diverse range of topics from the common Osteoarthritis to SLE (Lupus) and Ankylosing Spondylitis. The seminars were informative and relevant for the 540 people who attended. The metropolitan seminars were held in Shenton Park and 70 people attended rural seminars on Pain, which were held in Darkin and Harvey.

Community Speakers program

In 2016, we delivered 32 talks by trained volunteers to 838 members of various groups, including service and seniors clubs, business clubs, community groups and to several multi-cultural groups of diverse ethnicity.

Exercise and Physical Activity programs

New land-based exercise classes for people with arthritis were introduced at Shenton Park in 2016, complementing the existing Hydrotherapy classes. These programs were delivered by physiotherapists and are becoming very popular.

Exercise forms such as Yoga and Pilates for Arthritis, are an accepted modality in the treatment of musculoskeletal conditions when delivered by specially trained practitioners. Classes offered at Shenton Park were filled to capacity (240 people attended in 2016) and 189 interested participants attended exercise taster information sessions.



Support Groups

A number of support groups are held throughout the metropolitan and regional areas and provide those living with arthritis, an opportunity to talk freely about their experiences in a safe and non-judgmental environment.

Telephone Service

Our telephone advisory service is a valuable resource for people living with arthritis, osteoporosis and other related conditions. This free service provides information and advice for those newly diagnosed, or for those who may require further help to manage their condition.

Health Service Programs Delivered

Camp Freedom

Camp Freedom is designed for children aged between 7 – 17 years with Juvenile Idiopathic Arthritis (JIA). The camp provides children an opportunity to meet others like themselves and participate in numerous activities, as well as providing parents respite from their caring role.

Educational workshops and self-management techniques included in the camp, equip the children with knowledge to help them manage their arthritis. The camp is held annually during the October school holidays and 2016 saw a record number of 60 children attend the camp.



The Arthritis Getaway

The Arthritis Getaway (TAG) is a volunteer-based, educational support program for young adults with arthritis. The weekend away provides an opportunity for young adults to come together in a relaxed and supportive environment, which aims to build a complementary network of support. Participants have the freedom to share experiences, learn more about their condition and equip themselves with techniques to overcome obstacles.

Research

Our commitment to research continues under the direction of Professor Hans Nossent as the Chair of Rheumatology and Musculoskeletal Medicine at UWA. Research provides the key to further our knowledge of musculoskeletal conditions, improve treatment and management, and search for cures.

Professor Nossent's recent collaboration with the Busselton Health study investigated:

- The association between rheumatoid factor and cardiovascular disease events in patients diagnosed with rheumatoid arthritis.
- The association between hyperuricemia and cardiovascular disease events in patients diagnosed with gout compared to those participants not reporting gout.

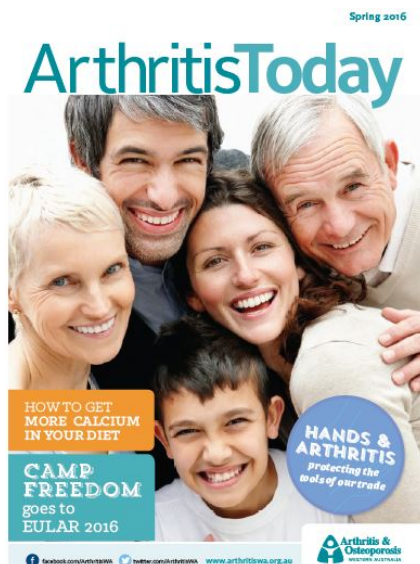
Since his appointment, Professor Nossent has participated in the program development for medical students at the University of WA, resulting in the incorporation of a one-week rheumatology teaching block in their second year.

AOWA also provides valuable funds towards the national research program run by Arthritis Australia, which covers a range of research projects.

Publications and Fundraising

Publications

We endeavour to provide high quality publications and educational resources to inform those living with bone and joint disease. These print and digital publications include:



Arthritis Today Magazine

A high-quality magazine published three times per year, with a circulation of over 10,000. The magazine includes: contributions from leading health professionals; the latest news in research; self-management programs; exercise and diet; medications and treatment; seminars and events.

Arthritis E-newsletter

A monthly newsletter informing our 5,000 subscribers of health programs, seminars, exercise classes, research updates and events.

Website

Our website receives over 15,500 visitors per month.

Information booklets and Fact sheets

Our printed resources are available freely to the community and cover most of the 100 types of bone and joint disease.

Social Media

Our Facebook page is now approaching 7,000 followers.

Promotional Campaigns

A range of health promotional campaigns for bone and joint disease are disseminated in the print media.



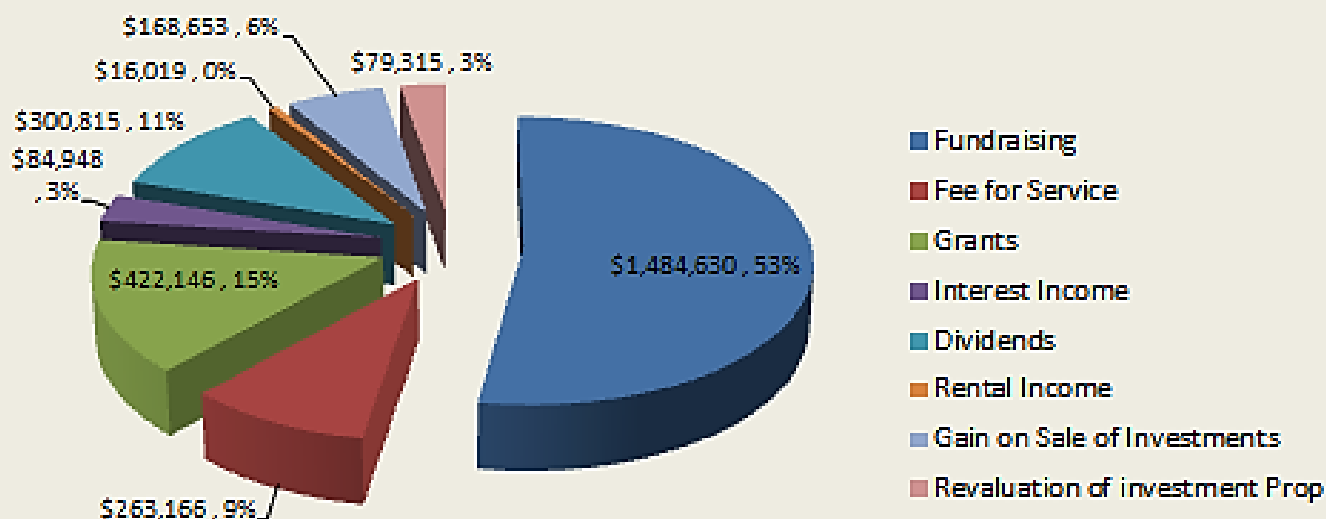
Fundraising

A number of fundraising initiatives are held throughout the year including:

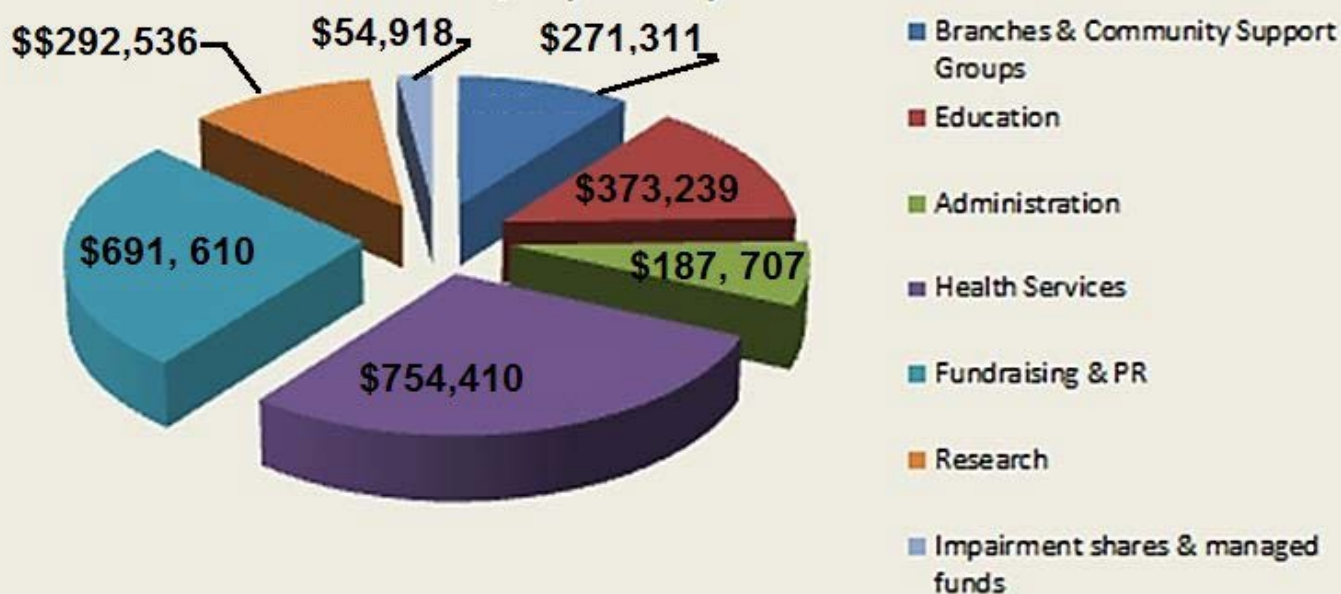
- Weekly bingo held by the Mal Atwell Leisure Group
- Direct Mail
- Fremantle International Portrait Prize
- Bequest income
- Golf Day
- KidsFlix
- Third party fundraising such as the HBF Run for a Reason, City 2 Surf, Entertainment Book Memberships and the Rottneest Channel Swim



REVENUE 2016 \$2,828,225



EXPENDITURE 2016 \$2,625,731





ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT BY THE BOARD OF MANAGEMENT

In the opinion of the Board of Management of the Arthritis Foundation of W.A. Incorporated (the Foundation) the financial report as set out on pages 4 to 25:

- (i) The attached financial statements and notes give a true and fair view of the Arthritis Foundation of WA Incorporated (the "Foundation") as at 31 December 2016 and of its performance for the financial year ended on that date; and
- (ii) The attached financial statements and notes comply with the Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Collections Act 1946 (WA)* and associated regulations; and
- (iii) The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements; and
- (iv) The operations of the Foundation have been carried out in accordance with the Constitution of the Foundation; and
- (v) 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: 22 March 2017
Perth, WA

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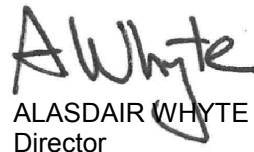
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Arthritis Foundation of W.A. Incorporated for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Associations Incorporation Act 2015 (WA)* and *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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A handwritten signature in black ink, appearing to read 'A Whyte'.

ALASDAIR WHYTE
Director

Perth, WA

Dated: 22 March 2017

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

Qualified Opinion

We have audited the financial report of Arthritis Foundation of W.A. Incorporated ("the Foundation" or "registered entity"), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the board of management.

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Foundation has been prepared in accordance with the *Associations Incorporation Act 2015 (WA)* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2016 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

General fundraising \$52,917 and bingo revenue (Combined Charities & HASC) \$331,933 are a significant sources of fundraising revenue for the Foundation. The Foundation has determined that it is impracticable to establish control over the collection of general fundraising and bingo revenues prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source 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 of the Foundation is complete.

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 in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Responsibilities of Management and Those Charged with Governance for the Financial Report

The board of management of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Associations Incorporation Act 2015 (WA)* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the board of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.



ALASDAIR WHYTE
Director

RSM Australia Pty Ltd

Perth, 28 March 2017

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTE	2016 \$	2015 \$
Revenue	3	2,828,225	3,870,542
Expenses			
Branches and community support groups		(271,311)	(166,526)
Education		(373,239)	(469,560)
Administration		(187,707)	(197,593)
Health services		(754,410)	(788,339)
Fundraising and public relations		(691,610)	(712,827)
Research		(292,536)	(460,404)
Impairment – shares and managed funds		(54,918)	(113,479)
		<u>202,494</u>	<u>961,814</u>
Net surplus before income tax expense			
		<u>-</u>	<u>-</u>
Income tax expense			
		<u>-</u>	<u>-</u>
Surplus after income tax expense	4	<u>202,494</u>	<u>961,814</u>
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Net increase on revaluation of financial assets		170,935	11,363
		<u>170,935</u>	<u>11,363</u>
Total comprehensive surplus for the year		<u>373,429</u>	<u>973,177</u>

The accompanying notes form part of these financial statements

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,883,589	1,297,254
Held-to-maturity investments	6	846,045	1,836,912
Trade and other receivables	7	45,036	32,455
Other current assets	8	32,697	30,657
TOTAL CURRENT ASSETS		<u>2,807,367</u>	<u>3,197,278</u>
 NON-CURRENT ASSETS			
Available for sale financial investments	9	8,574,673	7,814,171
Investment property	11	1,144,000	1,064,215
Property, plant and equipment	10	1,316,400	1,385,583
TOTAL NON-CURRENT ASSETS		<u>11,035,073</u>	<u>10,263,969</u>
 TOTAL ASSETS		<u>13,842,440</u>	<u>13,461,247</u>
 CURRENT LIABILITIES			
Trade and other payables	12	598,326	603,796
Short-term provisions	13	89,478	76,244
TOTAL CURRENT LIABILITIES		<u>687,804</u>	<u>680,040</u>
 TOTAL LIABILITIES		<u>687,804</u>	<u>680,040</u>
 NET ASSETS		<u>13,154,636</u>	<u>12,781,207</u>
 EQUITY			
Accumulated funds			
Unrestricted funds		2,477,826	2,959,859
Restricted funds	14	6,667,596	6,623,069
Designated funds	15	1,900,000	1,260,000
Total accumulated funds		<u>11,045,422</u>	<u>10,842,928</u>
 Reserves			
Financial assets reserve		2,109,214	1,938,279
Total reserves		<u>2,109,214</u>	<u>1,938,279</u>
 TOTAL EQUITY		<u>13,154,636</u>	<u>12,781,207</u>

The accompanying notes form part of these financial statements

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Restricted Funds	Designated Funds	Unrestricted Funds	Financial Assets Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2015	6,573,021	1,160,000	2,148,093	1,926,916	11,808,030
Surplus after income tax expense	50,048	100,000	811,766	-	961,814
Other comprehensive income, net of tax	-	-	-	11,363	11,363
Total comprehensive surplus for the year	50,048	100,000	811,766	11,363	973,177
Balance at 31 December 2015	6,623,069	1,260,000	2,959,859	1,938,279	12,781,207
Balance at 1 January 2016	6,623,069	1,260,000	2,959,859	1,938,279	12,781,207
Surplus after income tax expense	44,527	640,000	(482,033)	-	202,494
Other comprehensive income, net of tax	-	-	-	170,935	170,935
Total comprehensive surplus for the year	44,527	640,000	(482,033)	170,935	373,429
Balance at 31 December 2016	6,667,596	1,900,000	2,477,826	2,109,214	13,154,636

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 2016

	NOTE	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		1,275,721	2,825,624
Payments to suppliers and employees		(2,495,905)	(2,449,859)
Interest received		84,948	85,723
Trust distribution received		906,192	87,986
Dividends		300,815	355,790
Net cash provided by operating activities	16	71,771	905,264
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(67,321)
Proceeds (payments) for investments		514,564	(1,236,865)
Net cash provided by/ (used in) investing activities		514,564	(1,304,186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financing activities		-	-
Net increase in cash held		586,335	(398,922)
Cash at the beginning of the financial year		1,297,254	1,696,176
Cash at the end of the financial year	5	1,883,589	1,297,254

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 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements covers the Arthritis Foundation of W.A. Incorporated ("the Foundation") as an individual entity. The financial statements are presented in Australian dollars, which is the Foundation's functional and presentation currency. The Foundation is a not-for-profit association that is incorporated in Western Australia under the Associations Incorporation Act 2015.

The financial statements were authorised for issue on 22 March 2017.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Foundation has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Associations Incorporation Act 2015, the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Collections Act 1946 (WA) and associated regulations, as appropriate for not-for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(a) 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.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(b) 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.

(c) 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.

(d) 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.

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.

(e) 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.

(f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Foundation's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Current and non-current classification (Cont.)

A liability is classified as current when: it is either expected to be settled in the Foundation's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(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.

(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, and any accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a reducing balance method for plant and equipment and straight line method for land and building over their expected useful lives. The depreciation rates used for each class of asset are as follows:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Foundation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(j) Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Foundation. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Investment properties (Cont.)

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

(k) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(l) 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.

(m) 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.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) 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 Foundation's intention to hold these investments to maturity. Any held-to-maturity investments held by the Foundation 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.

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.

(o) 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.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Foundation for the annual reporting period ended 31 December 2016. The Foundation has not yet assessed the impact of these new or amended Accounting Standards and Interpretations

2. CRITICAL ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 \$54,918 (2015: \$113,479) has been recognised for the year ended 31 December 2016.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

	2016	2015
	\$	\$
3. REVENUE		
Charitable support fundraising (*)	1,484,630	2,679,218
Fee for services	263,166	243,704
Grants	422,146	491,193
Interest income	84,948	85,723
Dividend income	300,815	262,433
Rental Income	16,019	3,015
Gain on sale of investments	168,653	93,356
Revaluation of investment property	79,315	-
Other	8,533	11,900
	<u>2,828,225</u>	<u>3,870,542</u>

* Amount includes general fundraising of \$52,917 and bingo revenue (Combined Charities & HASC) of \$331,933.

4. SURPLUS FROM OPERATIONS

Surplus before income tax includes the following specific expenses:

Depreciation

Buildings	48,137	48,148
Plant and equipment	21,046	16,687
	<u>69,183</u>	<u>64,835</u>

Impairment - available for sales financial investments	<u>54,918</u>	<u>113,479</u>
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Fair value decrement - investment property	<u>12,000</u>	<u>9,000</u>
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Rental expense on operating leases

Minimum rental payments	<u>47,344</u>	<u>44,622</u>
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Superannuation

Defined contributions superannuation expense	<u>79,405</u>	<u>90,573</u>
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ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

	2016	2015
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash on hand	400	400
Cash at bank	920,931	113,648
Cash on deposit	962,258	1,183,206
	<u>1,883,589</u>	<u>1,297,254</u>
6. HELD TO MATURITY INVESTMENTS		
Term deposits	<u>846,045</u>	<u>1,836,912</u>
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	44,336	31,755
Other receivables	700	700
	<u>45,036</u>	<u>32,455</u>
8. OTHER CURRENT ASSETS		
Accrued interest	22,997	16,312
Prepayments	-	1,580
GST receivable	9,700	12,765
	<u>32,697</u>	<u>30,657</u>
9. AVAILABLE FOR SALE FINANCIAL INVESTMENTS		
Shares in listed companies	1,812,468	1,766,577
Units in unlisted investment unit trusts	6,762,205	6,047,594
	<u>8,574,673</u>	<u>7,814,171</u>

Reconciliation of the written down values at the beginning and end of the current and previous financial years are set out below:

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
Impairment expense	(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>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

9. AVAILABLE FOR SALE FINANCIAL INVESTMENTS (Cont.)

2016

	Shares in listed companies	Units in unlisted investment unit trusts	Total
	\$	\$	\$
Carrying amount at the beginning of the year	1,766,577	6,047,594	7,814,171
Additions	-	1,223,629	1,223,629
Disposals	(41,342)	(706,455)	(747,797)
Gain on sale of investment	2,689	165,964	168,653
Impairment expense	(488)	(54,430)	(54,918)
Changes in fair value recognised in equity	85,032	85,903	170,935
Carrying amount at the end of the year	1,812,468	6,762,205	8,574,673

Balances as at 31 December 2016 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.

	2016 \$	2015 \$
10. PROPERTY, PLANT & EQUIPMENT		
Buildings		
Lemnos Street, Shenton Park		
Cost	2,172,058	2,172,058
Accumulated depreciation	(964,487)	(916,350)
	1,207,571	1,255,708
Plant and equipment		
Cost	489,214	489,214
Accumulated depreciation	(380,385)	(359,339)
	108,829	129,875
Total property, plant and equipment	1,316,400	1,385,583

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

10. PROPERTY, PLANT & EQUIPMENT (Cont.)

Reconciliation of the written down values at the beginning and end of the current and previous financial years are set out below:

2015

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Carrying amount at the beginning of the year	1,303,846	80,323	1,384,169
Additions	-	66,239	66,239
Depreciation expense	(48,138)	(16,687)	(64,825)
Carrying amount at the end of the year	<u>1,255,708</u>	<u>129,875</u>	<u>1,385,583</u>

2016

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Carrying amount at the beginning of the year	1,255,708	129,875	1,385,583
Depreciation expense	(48,137)	(21,046)	(69,183)
Carrying amount at the end of the year	<u>1,207,571</u>	<u>108,829</u>	<u>1,316,400</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".

	2016	2015
	\$	\$
11. INVESTMENT PROPERTY		
Land and buildings	<u>1,144,000</u>	<u>1,064,215</u>

Reconciliation of the written down values at the beginning and end of the current and previous financial years are set out below:

2015

	Total
	\$
Carrying amount at the beginning of the year	555,309
Additions – at cost	2,906
Additions – at fair value	515,000
Revaluation – decrements	(9,000)
Carrying amount at the end of the year	<u>1,064,215</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

11. INVESTMENT PROPERTIES (Cont.)

2016

	Total
	\$
Carrying amount at the beginning of the year	1,064,215
Additions- at cost	471
Revaluation – increments	91,314
Revaluation – decrements	(12,000)
Carrying amount at the end of the year	<u>1,144,000</u>

	Notes	2016	2015
		\$	\$
12. TRADE AND OTHER PAYABLES			
Trade creditors		57,776	106,336
Accrual – Chair Rheumatology & Musculoskeletal Medicine		286,094	236,094
Other accruals and payables		223,241	217,760
Deferred income		<u>31,215</u>	<u>43,606</u>
		<u>598,326</u>	<u>603,796</u>
13. PROVISIONS			
Employee benefits		<u>89,478</u>	<u>76,244</u>
14. RESTRICTED FUNDS			
Funds restricted by Donors	1(d)		
Education		293,000	293,000
Research		1,315,150	1,315,150
Statutory		1,173,138	1,215,511
Charitable trusts		2,360,278	2,360,278
Chair Rheumatology & Musculoskeletal Medicine		<u>1,526,030</u>	<u>1,439,130</u>
		<u>6,667,596</u>	<u>6,623,069</u>
15. DESIGNATED FUNDS			
Funds restricted by Board	1(d)		
Building maintenance		900,000	600,000
Research		<u>1,000,000</u>	<u>660,000</u>
		<u>1,900,000</u>	<u>1,260,000</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

	2016 \$	2015 \$
16. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of net cash provided by operating activities to net surplus		
Surplus after income tax expense for the year	202,494	961,814
Adjustments for:		
Depreciation expense	69,183	74,917
Impairment expense	54,918	113,479
Fair value decrement - investment property	12,000	-
Fair value increment - investment property	(91,314)	-
Property received from bequests	-	(515,000)
Profit on sale of investments	(168,653)	-
Movements in assets and liabilities:		
Trade and other receivables	(12,581)	9,948
Other current assets	(2,040)	(16,937)
Trade and other payables	(5,470)	282,760
Provisions	13,234	(5,717)
Net cash provided by operating activities	71,771	905,264

17. 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:

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

17. FINANCIAL INSTRUMENTS (Cont.)

(a) Interest rate risk (Cont.)

Interest rate sensitivity

At 31 December 2016, if interest rates had changed by $\pm 1\%$ during the entire year with all other variables held constant, profit for the year and equity would have been \$27,292 lower/higher (2015: \$31,338 lower/higher), mainly as a result of lower/higher interest income from cash and cash equivalents.

(b) Liquidity risk

The Foundation 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.

Remaining contractual maturities

The following tables detail the foundation's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2016

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities
Non-derivative						
<i>Non- interest bearing</i>						
Trade and other payables	-	598,326	-	-	-	598,326
		598,326	-	-	-	598,326

2015

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities
Non-derivative						
<i>Non- interest bearing</i>						
Trade and other payables	-	603,796	-	-	-	603,796
		603,796	-	-	-	603,796

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

17. FINANCIAL INSTRUMENTS (Cont.)

(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 Foundation does not have any material credit risk exposures to any single bank or financial institution.

(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 2016, if market prices had changed by +/-15%, with all other variables held constant, the net assets for the year and equity would have been \$1,286,201 lower/higher (2015: \$1,172,126 lower/higher).

(e) Fair value of financial instruments

Unless stated otherwise the carrying amounts of financial instruments reflect their fair value.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to officers and other members of key management personnel of the Foundation is set out below:

	2016 \$	2015 \$
Short-term employee benefits	<u>274,274</u>	<u>274,274</u>

19. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by RSM Australia Pty Ltd, the auditor of the Foundation:

Audit services - RSM Australia Pty Ltd

Audit of the financial statements	<u>13,900</u>	<u>13,500</u>
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ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

20. RELATED PARTY INFORMATION

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 – President
Dr Irene Dagmar Froyland- Vice President
Ms Silvia Caratti – Honorary Treasurer
Prof Richard Prince (resigned 31 December 2016)
Dr Bob Langlands
Dr Margaret Mazur
Mrs Rosemary Deborah Borshoff
Mr Bradley William Gordon

Key management personnel

Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

21. 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.

22. CONTINGENT LIABILITIES

The Foundation does not have any contingent liabilities as at 31 December 2016 or 31 December 2015.

Except for the Foundation has given a bank guarantee to the Gaming Division of the Office of Racing and Gaming of \$35,000 in relation to raffle draws to be conducted by the Foundation.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

23. COMMITMENTS FOR EXPENDITURE

Capital commitments

There are no capital commitments as at 31 December 2016 or 31 December 2015

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:

Not later than 1 year	14,860	21,911
Later than 1 year and not later than 5 years	<u>9,721</u>	<u>17,385</u>
	<u>24,581</u>	<u>39,296</u>

24. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

25. FOUNDATION DETAILS

The principal place of business of the Foundation is:

Wyllie Arthritis Centre
17 Lemnos Street
Shenton Park WA 6008



Wyllie Arthritis Centre
17 Lemnos Street, Shenton Park WA 6008
Post Office Box 34, Wembley WA 6913

Telephone: (08) 9388 2199
Country (Free Call): 1800 011 041

Email: general@arthritiswa.org.au
Website: www.arthritiswa.org.au

ABN: 43 390 598 024



/ArthritisWA