



Prevent it. Manage it. Cure it.

ANNUAL REPORT 2018

www.arthritiswa.org.au

Arthritis Foundation of Western Australia Inc.
Wyllie Arthritis Centre 17 Lemnos Street, Shenton Park WA 6008
Phone: 9388 2199 | ABN: 43 390 598 024

GOVERNANCE



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Health Services: Reetika Chaudhary

Community Services Officer: Margaret Smith

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Manager - Finance and Administration: Cecilia Chivers

Receptionist/Accounts: Alana Brown

Public Relations and Fundraising: Lily Lomma

Manager - Community Relations: Sue Wilkinson

Community Relations: Kathy Kane

Donor Support: Ashwini Tak



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PERFORMANCE HIGHLIGHTS

2018



1,600

Exercise classes held in 9 locations throughout the metro & regional area



1,500

People attended community talks delivered to 54 community groups

109

FAMILY MEMBERS ATTENDED
EDUCATION SESSIONS LED BY HEALTH
PROFESSIONALS ACROSS ALL JIA
SUPPORT GROUPS

234

PEOPLE ATTENDED OUR EDUCATION &
SELF-MANAGEMENT PROGRAMS HELD IN
18 LOCATIONS WITHIN THE METRO &
REGIONAL AREA



1,868

*Rural Rheumatology appointments
were attended across 113 clinics in
11 locations*



7,000

Existing eNewsletter subscribers

HEALTH SERVICE PROGRAMS DELIVERED

AOWA provide a comprehensive range of services and programs to support the management of musculoskeletal disorders for all West Australians.



RURAL RHEUMATOLOGY CLINICS

The Rural Rheumatology Clinic Service has been delivering rheumatology services to rural and remote areas of WA since 1974, enabling early identification and treatment for people with arthritis. AOWA are integral in supporting these clinics.

This service enables Specialist Rheumatologists to provide visiting rheumatology services in rural areas - a much needed line of medical support for consumers with chronic musculoskeletal conditions living in rural areas.

In 2018, AOWA co-ordinated 113 clinics across 11 locations in WA.

In total, 1868 rural rheumatology appointments were attended which included:

- 353 new patient appointments
- 1515 review appointments, including 169 telehealth consultations.

Of the total number of appointments attended:

- 771 were for patients with rheumatoid arthritis;
- 93 for patients with AS,
- 45 for patients with SLE,
- 44 for patients with Gout; and
- 915 for patients with other musculoskeletal conditions.

The rural rheumatology clinics deliver on a fundamental need, as many patients are on biologic disease modifying anti-rheumatic drugs and require twice yearly face to face review by a rheumatology specialist. The service also delivers high value care as it removes the need for patients to travel to metro based services. This reduces patient transport costs; enables the patient to be seen closer to home; and reduces the impact of musculoskeletal pain and mental stress associated with travelling long distances to access necessary care.

HEALTH SERVICE PROGRAMS DELIVERED



BUILDING WORKFORCE CAPACITY

AOWA provides knowledge and skill development opportunities for health professionals through the provision of best practice rheumatology education. Education is provided through a range of services including: disease specific clinical updates, seminars, workshops, and face to face training programs delivered across metro and rural areas.

The following summary provides an outline of the education events delivered to Health Professionals in 2018 across metropolitan and rural areas of WA:

Clinical Updates:

- Osteoarthritis Management Update
- Making Sense of Pain Workshop
- The use of Medicinal Cannabis in the management of Rheumatic Conditions
- Pain Management for Osteoarthritis
- Medical Assessment & Treatment of Rheumatic Disease
- Positive Engagement with Patients in Pain

Training for Health Professionals:

- Osteoarthritis of the Knee Facilitator Training

TELEPHONE SERVICES

Information and Advice Line

AOWA provide a telephone advice and support service for consumers. Manned by volunteers and staff, the service responds to enquiries and requests for information about musculoskeletal conditions.

Social Lines

AOWA provide a telephone support line for consumers with musculoskeletal conditions who are isolated or unable to access support groups due to impairment or disability. This service provides consumers with regular connection to the same assigned volunteer to enable continuity of support.

EXPOS

AOWA attended a number of expos around the inner and outer metro area and provided information and resources to over 500 attendees.



HEALTH SERVICE PROGRAMS DELIVERED



ASSISTING CONSUMERS

AOWA is committed to enabling people with arthritis to become well informed about their condition through the delivery of education. This empowers people to make informed choices about their care, in partnership with their health care providers.

Education is provided to consumers through a range of services including: public self management programs, seminars, community speaker programs and support groups. Additionally, camps and support groups are key AOWA services that assist consumers to learn about their condition whilst connecting with people with similar diagnoses. The following summary provides an outline of the consumer events delivered in 2018:

Self Management Programs

AOWA provides self management programs to aid people living with chronic musculoskeletal conditions. These programs offer evidence based information to equip consumers with the knowledge and skills to enable better management of their condition and to be able to make informed choices about their care.

In 2018, AOWA delivered 18 self management programs to 234 people in, across 18 locations, for the following musculoskeletal conditions:

- Osteoarthritis of the Knee (OAK);
- Ankylosing Spondylitis (AS);
- Rheumatoid Arthritis; and
- Psoriatic Arthritis (RAP)

Public Seminars

Public seminars are open to the general public and provide arthritis education delivered by respected presenters. In 2018 AOWA organised 14 public seminars of which 591 people attended, across 11 metro and 3 rural areas.

Community Speakers

Trained AOWA volunteers visited 54 community groups to deliver education on arthritis and osteoporosis to approximately 1500 people.

Support Groups

Support Groups bring people together with musculoskeletal conditions to talk about their experiences of living with arthritis and provide support to each other in a safe and non-judgemental environment. In 2018, 7 support groups ran 75 meetings with a throughput of approximately 617 people.

Healthy, Wealthy & Wise Seminars

These free seminars are open to the general public and offer the community reliable information on topical arthritis subjects and Estate Planning that are presented by respected professionals. In 2018, 7 seminars held in 7 metro and regional locations were attended by a total of 293 people.

HEALTH SERVICE PROGRAMS DELIVERED



JUVENILE IDIOPATHIC ARTHRITIS (JIA)

JIA Support Group

In March 2018, AOWA delivered on a need to provide a support group for young people with inflammatory arthritis (JIA). The support group fills a much needed gap in providing a new service for young people with JIA to access information and an opportunity to form supportive links with others of a young age. Health Professionals presented three JIA education sessions at the support group meetings. There was a total attendance of 109 parents and children across all JIA support groups events in 2018.

JIA Public Education Events

In March 2018, AOWA hosted an education event that attracted 50 people to learn about digital health for JIA. Professor Jennifer Stinson from Canada and Professor Helen Slater from WA presented their research which is guiding the development of digital/electronic strategies to deliver health solutions for young people with chronic musculoskeletal conditions, including JIA.

Camps

AOWA has organised an annual camp for children with musculoskeletal conditions since the early 1990s. Camps are designed to provide children with chronic musculoskeletal conditions the opportunity to learn about their condition in a safe and fun environment, alongside others with the same diagnosis and supported by oversight and care of health professionals. Camps aim to promote: self management, personal growth, independence, self-confidence & physical capabilities.

Camp Stretch

Camp Stretch aims to help children with Ehlers Danlos Syndrome (EDS) and joint hypermobility syndrome. Held for the first time in March 2018 and attracted 21 participants. The camp ran over 3 days and was rated highly by participants and their parents.

Camp Freedom

The annual camp for children and young people with JIA and other auto immune conditions ran in September 2018 over 5 days and attracted 39 participants.

JIA Transitional Group

The Arthritis Getaway (TAG) brings young adults with arthritis together in a relaxed, supportive environment at a location away from home. The experience offers the opportunity for young people with JIA to: share experiences, learn more about living with arthritis, learn how to overcome obstacles associated with arthritis; and provides a platform to build a support network. In March 2018, 16 members of the JIA Transitional Group attended a 3 night arthritis getaway.



HEALTH SERVICE PROGRAMS DELIVERED



EXERCISE PROGRAMS

AOWA provide a range of land based and hydrotherapy based exercise programs for consumers with musculoskeletal conditions. Led by Health Professionals and exercise instructors, the classes are provided at low cost to provide access to affordable exercise services in the community.

In 2018, over 1600 classes were provided across 9 venues. Exercise programs in 2018 were offered from beginners through to advanced levels to accommodate a range of abilities and included the following classes:

- Warm water classes for arthritis
- Land based exercise classes for arthritis and osteoporosis
- Hydrotherapy and land based exercise for Ankylosing Spondylitis
- Hydrotherapy for Juvenile Idiopathic Arthritis
- Yoga for arthritis; and
- Tai Chi for arthritis.

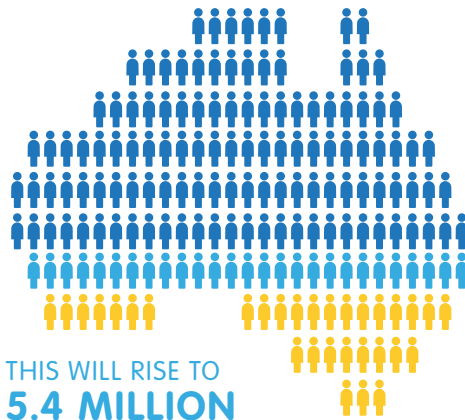
Hydrotherapy

In 2018, Shenton Park and Albany venues put on 1,529 warm water exercise classes which yielded in excess of 12,000 attendances. The Ankylosing Spondylitis Hydrotherapy Exercise program saw 391 attendances across 74 classes. The JIA hydrotherapy exercise program provided service across the year for 43 young people with JIA.

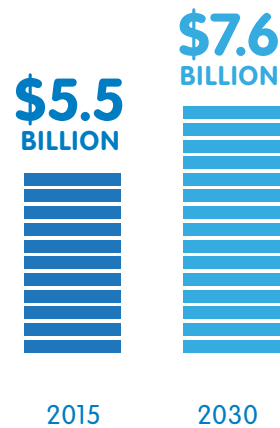


ARTHRITIS IS ONE OF THE MOST COMMON, COSTLY AND DISABLING CHRONIC CONDITIONS

4 MILLION
AUSTRALIANS
LIVE WITH ARTHRITIS

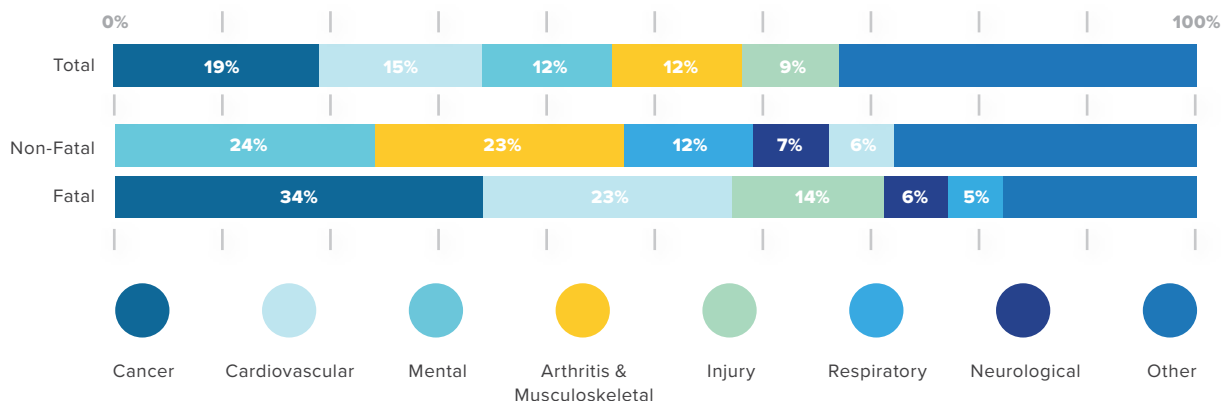


**HEALTH
SYSTEM COST**

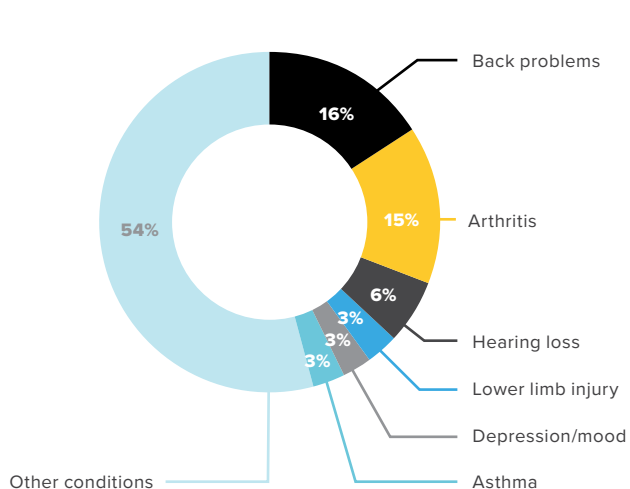


BURDEN

Proportion (%) of total, fatal and non-fatal burden by disease group, Australia 2011

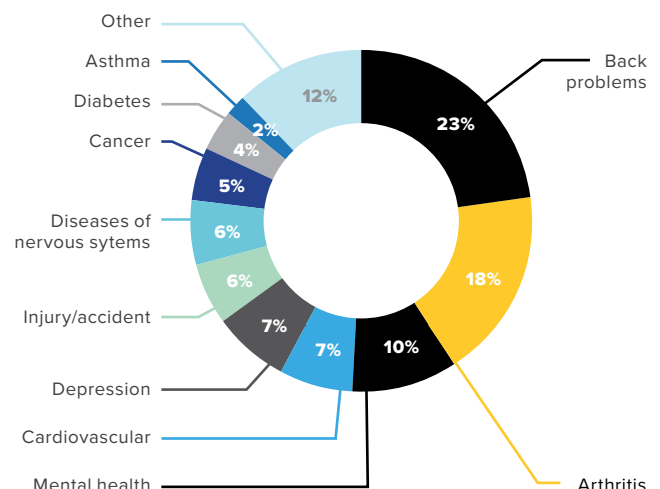


DISABILITY



Proportion of all disability by main disabling condition, Australia 2009

WORKFORCE IMPACT



Main chronic conditions of people aged 45-64 years not in the labour force due to ill health, 2010

RESEARCH



Our commitment to research continues under the direction of Professor Hans Nossent as Chair of Rheumatology and Musculoskeletal Medicine at UWA.

RESEARCH

Three established lines of research are progressing well and the highlights are listed below:

- 1) Results from three WA Rheumatic Disease Epidemiologic Register (WARDER) projects presented as oral presentations at world's largest international conference (EULAR) Rheumatology with first two WARDER based papers published in 2018. Overall 12 conference presentations given of WARDER based research.
- 2) Health economist joined WARDER steering committee
- 3) Results from Perth Lupus Nephritis outcome study published
- 4) Collaboration with University (Hospital) Tromso in Norway on datasets for SLE and axial SpA remains productive with 4 papers published
- 5) Landmark of 150 SLE patients in Perth Lupus Registry reached – data entry ongoing - analysis once complete (200)

Scientific Output:

- IgA vasculitis study 2 articles published, one under review, one more in preparation - overall successful
- AS fractures study- paper under review
- AS mortality study – paper in preparation
- RA- epidemiology review (in preparation)
- SLE epidemiology SMR paper in preparation
- SLE Tromso cohort collaboration - 2 papers published from earlier collected data
- Lupus Nephritis WA One paper published, one under review

Teaching

Rheumatology week in Doctor of Medicine course (IMP1) is now well established and overall well received. This is due to Prof Nossent's participation in the program development for medical students at the University of WA, resulting in the incorporation of a one-week teaching block in their second year. It is encouraging to note that more doctors are applying for rheumatology training positions available in WA.

Service

Prof. Nossent is Chairman of Lupus WA and acts as an advisor for medical queries, he provides oral and written presentations for the Arthritis Foundation of WA, he is a grant committee member of Arthritis Australia, Monash University referee for academic promotion, Treasurer WA-ARA, APLAR session chair and poster prize committee, Head of department duties /clinics /ward rounds /trainee and medical student supervision at SCGH, established ASP Rheumatology clinic at SCGH, provided Allied Health presentations at SCGH, provided presentation for WA Podiatry Association, developed a business plan for increasing clinics and full-time employment at SCGH, provided 8 full day rural clinics in Kalgoorlie and Carnarvon, and is a reviewer for multiple scientific journals.

PUBLICATIONS

AOWA endeavours to provide high-quality publications and educational resources to inform those living with musculoskeletal conditions.

Arthritis Today Magazine

A high-quality magazine, published three issues per year with a circulation of over 10,000 per issue. The magazine includes contributions from leading health professionals, the latest research news, information on diet & nutrition, medications & treatments, public & health professional seminars.



Arthritis e-Newsletter

A digital newsletter emailed monthly to our 7,000 subscribers containing latest news and research updates, our programs for self-management and exercise, seminars and special events.

Website

Our website provides an overview of our programs and services and is a valuable resource of information that receives over 20,000 visits per month.

Information Booklets and Fact Sheets

Our printed resources are available to the community and cover most of the 100 types of bone and joint disease. We also provide multicultural information sheets in Arabic, Chinese, Croatian, Greek, Italian, Korean, Macedonian, Persian, Spanish and Vietnamese.

Social Media

Our Facebook page has an engaging community of 8K followers and our twitter page has 2K followers.

Promotional Campaigns

A range of health campaigns for bone and joint disease is disseminated in the media.

FUNDRAISING

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

- Weekly Bingo held by Mal Atwell Leisure Group
- Direct Mail campaigns
- Bequest Income
- HBF Run for a Reason
- City 2 Surf
- Rottnest Channel Swim
- Entertainment Book Memberships



FINANCIAL MANAGEMENT



ARTHRITIS FOUNDATION OF W.A. INCORPORATED

ABN 43 390 598 024

Financial Report

For the year ended 31 December 2018

C O N T E N T S

Statement by the Board of Management

Auditor's Independence Declaration

Independent Auditors' Report

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

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 6 to 28:

- (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 2018 and of its performance for the financial year ended on that date;
- (ii) The attached financial statements and notes comply with the Accounting Standards, the *Associations Incorporations Act*, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Collections Act 1946 (WA)* and associated regulations;
- (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;
- (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: 8 April 2019
Perth, WA

RSM Australia Pty Ltd

Level 32, Exchange Tower, 2 The Esplanade Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619101

www.rsm.com.au

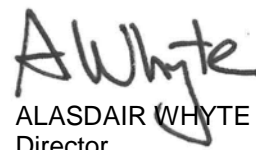
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Arthritis Foundation of W.A. Incorporated for the year ended 31 December 2018, 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.

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PTY LTD

A handwritten signature of 'A Whyte' in black ink.
ALASDAIR WHYTE
Director

Perth, WA
Dated: 8 April 2019

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AUDIT | TAX | CONSULTING

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RSM Australia Pty Ltd

Level 32, Exchange Tower, 2 The Esplanade, Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619101

www.rsm.com.au

**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 2018, 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 2018 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

Bingo revenue (Combined Charities & HASC) \$369,999 is a significant source of fundraising revenue for the Foundation. The Foundation has determined that it is impracticable to establish control over the collection of bingo revenue 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 bingo revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether 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 qualified 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/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the requirements of the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA)

Opinion

We have audited the financial report of the Foundation, as required by the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*.

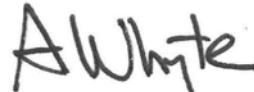
In our opinion

- a) The financial report of the Foundation has been properly prepared, and the associated records have been properly kept for the year ended 31 December 2018, in accordance with the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*; and
- b) Funds received as a result of fundraising activities conducted during the year ended 31 December 2018 have been properly accounted for and applied in accordance with the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*;

Auditor's Responsibilities

Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising activities pursuant to the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

RSM**RSM AUSTRALIA PTY LTD**

ALASDAIR WHYTE
Director

Perth, WA
Dated: 10 April 2019

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	NOTE	2018 \$	2017 \$
OPERATIONAL ITEMS			
Revenue	3	2,898,797	3,517,428
Branches and community support groups		(182,826)	(172,000)
Education		(494,239)	(397,974)
Administration		(187,153)	(196,187)
Health services		(787,846)	(788,892)
Fundraising and public relations		(699,827)	(794,522)
Research		(66,590)	(416,806)
Surplus from operational items	4	480,316	751,047
NON-OPERATIONAL ITEMS			
Gain on sale of investments		-	57,186
Impairment – shares and managed funds		-	(5,645)
Loss on sale of available for sale investments		-	(4,530)
Net fair value gains on investment properties		36,000	-
Net fair value (losses) on financial assets at fair value through profit or loss		(608,785)	-
(Deficit)/ surplus from non-operational items		(572,785)	47,011
Net (deficit)/ surplus before income tax expense		(92,469)	798,058
Income tax expense		-	-
(Deficit)/ surplus after income tax expense		(92,469)	798,058
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit and loss</i>			
Net increase on revaluation of financial assets		-	340,712
Total comprehensive income		-	340,712
Total comprehensive (deficit)/ surplus for the year		(92,469)	1,138,770

The accompanying notes form part of these financial statements

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	327,833	835,799
Held-to-maturity investments	6	-	2,764,898
Financial assets at amortised cost	6	3,500,006	-
Trade and other receivables	7	38,007	58,378
Other current assets	8	44,213	49,406
TOTAL CURRENT ASSETS		<u>3,910,059</u>	<u>3,708,481</u>
NON-CURRENT ASSETS			
Available for sale financial investments	9	-	9,154,805
Financial assets at fair value through profit or loss	9	8,691,903	-
Property, plant and equipment	10	1,176,984	1,240,421
Investment property	11	1,180,000	1,144,000
TOTAL NON-CURRENT ASSETS		<u>11,048,887</u>	<u>11,539,226</u>
TOTAL ASSETS		<u>14,958,946</u>	<u>15,247,707</u>
CURRENT LIABILITIES			
Trade and other payables	12	628,567	841,477
Provisions	13	95,435	112,824
TOTAL CURRENT LIABILITIES		<u>724,002</u>	<u>954,301</u>
NON-CURRENT LIABILITIES			
Provisions		34,007	-
TOTAL NON-CURRENT LIABILITIES		<u>34,007</u>	<u>-</u>
TOTAL LIABILITIES		<u>758,009</u>	<u>954,301</u>
NET ASSETS		<u>14,200,937</u>	<u>14,293,406</u>
EQUITY			
Accumulated funds			
Unrestricted funds		4,509,379	3,241,430
Restricted funds	14	7,791,558	6,702,050
Designated funds	15	1,900,000	1,900,000
Total accumulated funds		<u>14,200,937</u>	<u>11,843,480</u>
Reserves			
Financial assets reserve		-	2,449,926
Total reserves		<u>-</u>	<u>2,449,926</u>
TOTAL EQUITY		<u>14,200,937</u>	<u>14,293,406</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 2018

	Restricted Funds	Designated Funds	Unrestricted Funds	Financial Assets Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2017	6,667,596	1,900,000	2,477,826	2,109,214	13,154,636
Surplus after income tax expense	34,454	-	763,604	-	798,058
Other comprehensive income, net of tax	-	-	-	340,712	340,712
Total comprehensive surplus for the year	34,454	-	763,604	340,712	1,138,770
Balance at 31 December 2017	6,702,050	1,900,000	3,241,430	2,449,926	14,293,406
Balance at 1 January 2018	6,702,050	1,900,000	3,241,430	2,449,926	14,293,406
Change in accounting policy*	1,220,596	-	1,229,330	(2,449,926)	-
Restated balance at 1 January 2018	7,922,646	1,900,000	4,470,760	-	14,293,406
Deficit after income tax expense	(131,088)	-	38,619	-	(92,469)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive surplus for the year	(131,088)	-	38,619	-	(92,469)
Balance at 31 December 2018	7,791,558	1,900,000	4,509,379	-	14,200,937

***Change in accounting policy**

Refer to Note 1 -New, revised or amending Accounting Standards and Interpretations adopted.

The accompanying notes form part of these financial statements

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	NOTE	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		2,498,191	3,128,710
Payments to suppliers and employees		(2,546,143)	(2,426,187)
Interest received		86,910	71,937
Dividends and trust distributions received		334,067	303,439
		<hr/>	<hr/>
Net cash provided by operating activities	16(a)	373,025	1,077,899
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(14,426)
Payments for financial assets at fair value through profit or loss		(327,890)	-
Proceeds from sale of financial assets at fair value through profit or loss		182,007	-
Payments for investments		-	(192,410)
		<hr/>	<hr/>
Net cash used in investing activities		(145,883)	(206,836)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
		<hr/>	<hr/>
Net cash provided by financing activities		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		227,142	871,063
Cash and cash equivalents at the beginning of the financial year		3,600,697	2,729,634
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	16(b)	3,827,839	3,600,697
		<hr/>	<hr/>

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 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover 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 19th March 2019.

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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The Foundation has adopted AASB 9 Financial Instruments (issued in July 2014) with the mandatory initial application date of 1 January 2018. The requirements of AASB 9 represents a significant change from AASB 139 Financial Instruments: Recognition and Measurement. The nature and effect of the key changes to the Foundation's accounting policies resulting from its adoption of AASB 9 is summarised below.

Classification of financial assets and financial liabilities

AASB 9 contains three principal classification categories for financial assets: measure at amortised costs, Fair value through other comprehensive income (FVTOCI) and Fair value through profit or loss (FVTPL).

AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale financial assets.

For an explanation of how the Company classifies and measures the financial assets and accounts for related gains and losses under AASB 9, see note 1 (n)

The adoption of AASB 9 has not has a significant effect on the Foundation's accounting policies for its financial liabilities.

Impairment

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Transition

AASB 9 has been adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening Unrestricted Funds as at 1 January 2018 was as follows:

	1 January 2018
Transfer of Financial Assets Reserve balance to accumulated funds	<u>2,449,926</u>

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application being 1 January 2018.

- The election not to designate certain investments in equity instruments which are not held for trading, as at FVTOCI

Classification of financial assets and financial liabilities on the date of initial application

The following table shows the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Foundations' financial assets and financial liabilities as at 1 January 2018.

	Note	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139	New carrying amount under AASB 9
Financial Assets					
Cash and cash equivalents	5	Loans and receivables	Amortised cost	\$835,799	\$835,799
Term deposits	6	Held-to-maturity	Amortised cost	\$2,764,898	\$2,764,898
Trade and other receivables	7	Loans and receivables	Amortised cost	\$58,378	\$58,378
Shares in listed companies	9	Available for sale financial assets	Fair value through profit or loss (a)	\$1,790,150	\$1,790,150
Managed funds	9	Available for sale financial assets	Fair value through profit or loss	\$3,783,781	\$3,783,781
Units in unlisted investments trusts	9	Available for sale financial assets	Fair value through profit or loss	\$3,580,874	\$3,580,874
Financial Liabilities					
Trade and other payables	12	Other financial liability	Other financial liability	\$841,477	\$841,477

These equity instruments represent investments that the Foundation holds for the long term for strategic purposes. As permitted by AASB 9 the Foundation has not designated these investments at the date of initial application as measured at FVTOCI, as a result they have been classified as FVTPL.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

(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.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

(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.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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, 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.

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.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

(n) Financial Instruments

Financial assets – Policy applicable from 1 January 2018

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Financial Instruments (Cont.)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Foundation recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Foundation's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial assets – Policy applicable to 31 December 2017

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.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Financial Instruments (Cont.)

Financial assets – Policy applicable to 31 December 2017 (Cont.)

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.

(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

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 nil (2017: \$5,645) has been recognised for the year ended 31 December 2018.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018	2017
	\$	\$
3. REVENUE		
Charitable support fundraising (*)	1,737,953	2,417,125
Fee for services	299,704	298,378
Grants	417,159	395,446
Interest income	86,910	71,937
Dividend income	334,067	303,439
Rental Income	17,405	15,023
Other revenue	<u>5,599</u>	<u>16,080</u>
	<u>2,898,797</u>	<u>3,517,428</u>

* Amount includes bingo revenue (Combined Charities & HASC) of \$369,999 (2017: \$350,854).

4. SURPLUS FROM OPERATIONAL ITEMS

Surplus from operational items includes the following specific expenses:

Depreciation

Buildings	46,757	50,880
Plant and equipment	<u>16,679</u>	<u>39,525</u>
	<u>63,436</u>	<u>90,405</u>

Superannuation

Defined contributions superannuation expense	<u>89,797</u>	<u>84,090</u>
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ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018	2017
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash on hand	600	590
Cash at bank	146,591	616,395
Cash on deposit	180,642	218,814
	<u>327,833</u>	<u>835,799</u>
6. FINANCIAL ASSETS -AT AMORTISED COST (2017: HELD TO MATURITY INVESTMENTS)		
Fixed maturity deposits (2017: term deposits)	<u>3,500,006</u>	<u>2,764,898</u>
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	37,307	57,678
Other receivables	700	700
	<u>38,007</u>	<u>58,378</u>
8. OTHER CURRENT ASSETS		
Accrued interest	1,597	10,933
Prepayments	32,284	30,160
GST receivable	10,332	8,313
	<u>44,213</u>	<u>49,406</u>
9. FINANCIAL ASSETS -AT FAIR VALUE THROUGH PROFIT OR LOSS (2017: AVAILABLE FOR SALE FINANCIAL INVESTMENTS)		
Shares in listed companies	1,591,367	1,790,150
Managed funds	3,666,896	3,783,781
Units in unlisted investment unit trusts	3,433,640	3,580,874
	<u>8,691,903</u>	<u>9,154,805</u>

Reconciliation of the carrying values at the opening and closing of the current and previous financial years are set out below:

2017	Shares in listed companies	Managed funds	Units in unlisted investment unit trusts	Total
	\$	\$	\$	\$
Opening carrying value	1,812,468	3,283,837	3,478,368	8,574,673
Additions	58,768	323,306	-	382,074
Disposals	(109,665)	(80,000)	-	(189,665)
Gain on sale of investment	34,929	22,257	-	57,186
Loss on sale of investment	(4,530)	-	-	(4,530)
Impairment expense	(5,454)	(191)	-	(5,645)
Change in fair value recognised in equity	3,634	234,572	102,506	340,712
Closing carrying value	<u>1,790,150</u>	<u>3,783,781</u>	<u>3,580,874</u>	<u>9,154,805</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

9. AVAILABLE FOR SALE FINANCIAL INVESTMENTS (Cont.)

2018

	Shares in listed companies	Managed funds	Units in unlisted investment unit trusts	Total
	\$	\$	\$	\$
Opening carrying value	1,790,150	3,783,781	3,580,874	9,154,805
Additions	17,818	310,072	-	327,890
Proceeds from disposal	(32,007)	(150,000)	-	(182,007)
Revaluation gains/ (loss) recognised in profit or loss	(184,294)	(276,957)	(147,534)	(608,785)
Closing carrying value	<u>1,591,667</u>	<u>3,666,896</u>	<u>3,433,340</u>	<u>8,691,903</u>

Change in accounting policy effective 1 January 2018

See note 1 for explanations regarding the change in accounting policy and reclassification of certain investments from available-for-sale financial assets to financial assets at fair value through profit or loss following the adoption of AASB 9 and note 1 (n) for the remaining relevant accounting policies

Risk management

Balances as at 31 December 2018 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.

	2018 \$	2017 \$
10. PROPERTY, PLANT & EQUIPMENT		
Buildings		
Lemnos Street, Shenton Park		
Cost	2,172,058	2,172,058
Accumulated depreciation	<u>(1,062,124)</u>	<u>(1,015,367)</u>
	<u>1,109,934</u>	<u>1,156,691</u>
Plant and equipment		
Cost	503,640	503,640
Accumulated depreciation	<u>(436,590)</u>	<u>(419,910)</u>
	<u>67,050</u>	<u>83,730</u>
Total property, plant and equipment	<u>1,176,984</u>	<u>1,240,421</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. PROPERTY, PLANT & EQUIPMENT (Cont.)

Reconciliation of the carrying values at the opening and closing of the current and previous financial years are set out below:

2017

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Opening carrying value	1,207,571	108,829	1,316,400
Additions	-	14,426	14,426
Depreciation expense	(50,880)	(39,525)	(90,405)
Closing carrying value	<u>1,156,691</u>	<u>83,730</u>	<u>1,240,421</u>

2018

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Opening carrying value	1,156,691	83,730	1,240,421
Depreciation expense	(46,757)	(16,680)	(63,437)
Closing carrying value	<u>1,109,934</u>	<u>67,050</u>	<u>1,176,984</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".

	2018	2017
	\$	\$
11. INVESTMENT PROPERTY		
Land and buildings	<u>1,180,000</u>	<u>1,144,000</u>

Reconciliation of the carrying values at the opening and closing of the current and previous financial years are set out below:

	2018	2017
	\$	\$
Opening carrying value	1,144,000	1,144,000
Revaluation gains/ (loss) recognised in profit or loss	36,000	-
Closing carrying value	<u>1,180,000</u>	<u>1,144,000</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	Notes	2018 \$	2017 \$
12. TRADE AND OTHER PAYABLES			
Trade creditors		23,186	50,235
Accrual – Chair Rheumatology & Musculoskeletal Medicine		399,588	358,289
Other accruals and payables		132,568	377,369
Deferred income		73,225	55,584
		<u>628,567</u>	<u>841,477</u>
13. PROVISIONS			
<i>Current</i>			
Employee benefits		<u>95,435</u>	<u>112,824</u>
<i>Non-current</i>			
Employee benefits		<u>34,007</u>	<u>-</u>
Total provisions		<u>129,442</u>	<u>112,824</u>
14. RESTRICTED FUNDS			
<i>Funds restricted by Donors</i>	1(d)		
Education		293,000	293,000
Research		1,315,150	1,315,150
Statutory (Lemnos Street Building)		1,173,138	1,156,692
Charitable trusts		3,433,340	2,360,278
Chair Rheumatology & Musculoskeletal Medicine		1,576,930	1,576,930
		<u>7,791,558</u>	<u>6,702,050</u>
15. DESIGNATED FUNDS			
<i>Funds restricted by Board</i>	1(d)		
Building maintenance		900,000	900,000
Research		1,000,000	1,000,000
		<u>1,900,000</u>	<u>1,900,000</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018 \$	2017 \$
16. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of net cash provided by operating activities to net surplus		
(Deficit)/ surplus after income tax expense for the year	(92,469)	798,058
Adjustments for:		
Depreciation expense	63,436	90,406
Impairment expense	-	5,645
Net fair value gains on investment properties	(36,000)	-
Net fair value losses on financial assets at fair value through profit or loss	608,785	-
Loss on sale of investments	-	4,530
Gain on sale of investments	-	(57,186)
Movements in assets and liabilities:		
Trade and other receivables	20,372	(13,341)
Other current assets	5,193	(16,709)
Trade and other payables	(212,910)	243,150
Provisions	16,618	23,346
Net cash provided by operating activities	373,025	1,077,899
(b) Reconciliation of cash		
Cash at the end of the financial year, as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	327,833	835,799
Fixed maturity deposits (2017: term deposits)	3,500,006	2,764,898
Net cash provided by operating activities	3,827,839	3,600,697

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 not exposed to any significant interest rate risk.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

17. FINANCIAL INSTRUMENTS (Cont.)

(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.

2017

	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	-	841,477	-	-	-	841,477
		841,477	-	-	-	841,477

2018

	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		628,557	-	-	-	628,557
		628,557	-	-	-	628,557

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 financial assets at fair value through profit or loss (2017: 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 its financial assets at fair value through profit or loss (2017: 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 2018, if market prices had changed by +/- 15%, with all other variables held constant, the net assets for the year and equity would have been \$1,303,785 higher/lower (2017: \$1,373,221 higher/lower).

(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:

	2018 \$	2017 \$
Short-term employee benefits	239,290	239,290
Post-employment benefits	36,079	36,079
	<u>275,369</u>	<u>275,369</u>

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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:

	2018 \$	2017 \$
<i>Audit services - RSM Australia Pty Ltd</i>		
Audit of the financial statements	<u>13,900</u>	<u>13,700</u>

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
Dr Bob Langlands – Member
Dr Charles Inderjeeth – Member
Mr Bradley Gordon – Member
Mrs Deborah Borshoff – Member
Ms Stefanie Johnston – Member

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 has given a bank guarantee to the Gaming Division of the Office of Racing and Gaming of \$35,000 (2017: \$35,000) in relation to raffle draws to be conducted by the Foundation. The Foundation does not have any other contingent liabilities as at 31 December 2018 or 31 December 2017.

ARTHRITIS FOUNDATION OF W.A. INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

23. COMMITMENTS FOR EXPENDITURE

Capital commitments

There are no capital commitments as at 31 December 2018 or 31 December 2017.

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities:

	2018	2017
	\$	\$
Not later than 1 year	10,937	9,721
Later than 1 year and not later than 5 years	-	-
	<hr/>	<hr/>
	10,937	9,721
	<hr/>	<hr/>

24. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 31 December 2018 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: 9388 2199

Country (Free Call): 1800 011 041

Email: general@arthritiswa.org.au

Website: www.arthritiswa.org.au

ABN: 43 390 598 024

