

The Charlie Teo Foundation

ABN 60 720 974 820

Financial Report

For the Year Ended 30 June 2018

The Charlie Teo Foundation

ABN 60 720 974 820

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

	Note	2018 \$
Income	4	4,043,121
Employee benefits expense		(199,975)
Depreciation and amortisation expense		(301)
Event expenses		(312,661)
Merchant and bank fees		(13,486)
Rent		(64,044)
IT expense		(36,896)
Research distribution		(151,054)
Other expenses		<u>(28,477)</u>
Surplus for the year		<u>3,236,227</u>
Other comprehensive income		
Other comprehensive income for the year		<u>-</u>
Total comprehensive income for the year		<u>3,236,227</u>

The accompanying notes form part of these financial statements.

The Charlie Teo Foundation

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Statement of Financial Position

As At 30 June 2018

	Note	2018 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5	3,279,659
Trade and other receivables	6	56,253
Other assets	7	5,984
TOTAL CURRENT ASSETS		3,341,896
NON-CURRENT ASSETS		
Intangible assets	8	4,024
TOTAL NON-CURRENT ASSETS		4,024
TOTAL ASSETS		3,345,920
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	9	101,802
Employee benefits	10	7,891
TOTAL CURRENT LIABILITIES		109,693
TOTAL LIABILITIES		109,693
NET ASSETS		3,236,227
TRUST FUNDS		
Accumulated surplus		3,236,227
TOTAL TRUST FUNDS		3,236,227

The accompanying notes form part of these financial statements.

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Statement of Changes in Trust Funds

For the Year Ended 30 June 2018

2018

	Accumulated Surplus	Total
	\$	\$
Balance at 14 November 2017	-	-
Surplus for the year	3,236,227	3,236,227
Other comprehensive income	-	-
Total comprehensive income	<u>3,236,227</u>	<u>3,236,227</u>
Balance at 30 June 2018	<u>3,236,227</u>	<u>3,236,227</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018
	\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Donations and fundraising income	3,982,788
Payments to suppliers and employees	(550,154)
Donations paid	(151,054)
Interest received	2,404
Net cash provided by/(used in) operating activities	<u>3,283,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	<u>(4,325)</u>
Net cash provided by/(used in) investing activities	<u>(4,325)</u>
Net increase/(decrease) in cash and cash equivalents held	<u>3,279,659</u>
Cash and cash equivalents at end of financial year	5 <u><u>3,279,659</u></u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers The Charlie Teo Foundation as an individual entity. The Charlie Teo Foundation is a not-for-profit Trust, settled under a Trust Deed dated 14 November 2017 and domiciled in Australia. References to "year" in this financial report refer to the period from 14 November 2017 to 30 June 2018.

The principal activity of the Trust for the year ended 30 June 2018 was the funding of brain cancer research.

The functional and presentation currency of The Charlie Teo Foundation is Australian dollars.

The financial report was authorised for issue by the directors of the trustee company on 7 December 2018.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

In September 2018 the assets and liabilities of the Trust were transferred to the trustee company, The Charlie Teo Foundation Ltd. All assets of the Trust were preserved, and the objects of the company are the same as the objects of the Trust. As a result of the transfer of operations all assets and liabilities, with the exception of intangible assets, have been classified as current at 30 June 2018.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Trust is exempt from income tax under the *Income Tax Assessment Act 1997*.

(b) Leases

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

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

(c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Trust becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial Assets

Financial assets are assigned to different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Trust's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Trust renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Trust does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

The Trust's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(e) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(f) Cash and cash equivalents

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

(g) Adoption of new and revised accounting standards

During the current year, no standards became mandatory that impacted the financial report.

(h) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Trust has decided not to early adopt these Standards.

AASB 1058 *Income of Not-for-Profit Entities* supersedes the income recognition requirements relating to private sector not-for-profit entities previously contained in AASB 1004 *Contributions*. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation. AASB 1058 also applies when a not-for-profit entity receives volunteer services or enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset.

Each revenue stream is currently being reviewed to determine the impact of AASB 1058.

The trust currently occupies premises under an in-kind lease agreement. AASB 1058 may require the fair value of the remaining right of use asset and the present value of remaining lease payments to be recorded in the statement of financial position, with the difference between these figures recorded in the statement of profit or loss and other comprehensive income.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Critical Accounting Estimates and Judgements

The directors of the trustee company make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The directors of the trustee company have not made any significant estimates and judgements that are likely to affect the future operations of the trust.

4 Income

	2018 \$
Donation and fundraising income	
Bequests	1,000,000
Donations	1,457,999
Event income	1,144,258
Event donations	438,460
	<u>4,040,717</u>
Finance income	
Interest received	<u>2,404</u>
Total income	<u>4,043,121</u>

5 Cash and Cash Equivalents

	2018 \$
Cash at bank and in hand	<u>3,279,659</u>

6 Trade and Other Receivables

	2018 \$
CURRENT	
Trade receivables	<u>56,253</u>

7 Other Assets

	2018 \$
CURRENT	
Prepayments	<u>5,984</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Intangible Assets

Computer software	
Cost	4,325
Accumulated amortisation and impairment	(301)
Net carrying value	4,024
Total Intangibles	4,024

Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
Year ended 30 June 2018		
Additions	4,325	4,325
Amortisation	(301)	(301)
Closing value at 30 June 2018	4,024	4,024

9 Trade and Other Payables

	2018
	\$
CURRENT	
Trade payables	5
GST payable	51,605
Sundry payables and accrued expenses	50,192
	101,802

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The total value of financial liabilities at amortised cost classified as trade and other payables is \$50,197.

10 Employee Benefits

	2018
	\$
CURRENT	
Long service leave	375
Accrued annual leave	7,516
	7,891

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Notes to the Financial Statements

For the Year Ended 30 June 2018

11 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Trust is \$ 76,644.

12 Contingencies

In the opinion of the directors of the trustee company, the Trust did not have any contingencies at 30 June 2018.

13 Related Parties

(a) The Trust's main related parties are as follows:

The Trustee of the Trust is The Charlie Teo Foundation Ltd.

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the trustee company are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 11: Key Management Personnel Disclosures.

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

(b) Transactions with related parties

There were no transactions with related parties during the year ended 30 June 2018.

14 Events after the end of the Reporting Period

In September 2018 the assets and liabilities of the Trust were transferred to the trustee company, The Charlie Teo Foundation Ltd. All assets of the Trust were preserved, and the objects of the company are the same as the objects of the Trust. As a result of the transfer of operations all assets and liabilities, with the exception of intangible assets, have been classified as current at 30 June 2018.

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

The Charlie Teo Foundation

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Notes to the Financial Statements

For the Year Ended 30 June 2018

15 Income and expenditure - fundraising appeals

This disclosure is made under the *NSW Charitable Fundraising Act 1991*.

	2018
	\$
Details of aggregate gross income and direct expenses of fundraising appeals	
Gross income from donations and fundraising appeals	4,040,717
Less: Total direct cost of fundraising appeals	<u>(349,556)</u>
Net surplus obtained from donations and fundraising appeals	<u><u>3,691,161</u></u>
Statement showing how funds received were applied to charitable purpose	
Funds brought forward from previous year	-
Net surplus obtained from donations and fundraising appeals	3,691,161
Other income	<u>2,404</u>
Funds available for application to charitable purpose	3,693,565
Expenses	(306,284)
Distributions to Deductible Gift Recipients	<u>(151,054)</u>
Funds carried forward	<u><u>3,236,227</u></u>
Total expenses	806,894
Less: distributions to Deductible Gift Recipients	<u>(151,054)</u>
Total non-program expenses	<u>655,840</u>
Total income	4,043,121
Ratio of total non-program expenses to total income	16.2 %

In relation to proceeds unspent at balance date, the trust carries forward any amounts for expenditure in future years on projects related to the trust's charitable purpose. Accordingly, amounts applied in any particular year to the charitable purpose may be greater or less than the net surplus obtained from fundraising appeals in that year.

16 Statutory Information

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

The Charlie Teo Foundation
Level 1
605 Botany Road
ROSEBERY NSW 2018

The Charlie Teo Foundation

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Directors' Declaration of the Trustee Company

The directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 11, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the trust.

2. In the directors' opinion
 - (a) the Statement of Profit or Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of the Charlie Teo Foundation with respect to fundraising appeals; and
 - (b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
 - (c) the provisions of the *NSW Charitable Fundraising Act 1991* (the Act), the Regulations under the Act and the conditions attached to the authority to fundraise have been complied with; and
 - (d) the internal controls exercised by the trust are appropriate and effective in accounting for all income received and applied by the trust from any of its fundraising appeals.

3. In the directors' opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Dated this 7th day of December 2018

The Charlie Teo Foundation

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Independent Auditor's Report to The Charlie Teo Foundation Ltd as Trustee for The Charlie Teo Foundation

Opinion

We have audited the financial report of The Charlie Teo Foundation (the Trust), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in trust funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the trustee company.

In our opinion

- (a) the accompanying financial report of The Charlie Teo Foundation is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
- (i) giving a true and fair view of the Trust's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (b) the financial report and associated records have been properly kept in accordance with:
- sections 20 (1), 22 (1-2), and 24 (1-3) of the *NSW Charitable Fundraising Act 1991* ("the Act");
 - sections 3 (1-3), 6 (1-2), 7 (1-2), 16, 17 (1-2), 19, and 23 of Annexure A to the Authority to Fundraise Under the *Charitable Fundraising Act* dated 15 March 2018; and
 - sections 10 (6) and 11 of the *NSW Charitable Fundraising Regulation 2015* ("the Regulations")
- during the year ended 30 June 2018.
- (c) the money received as a result of fundraising appeals conducted during the year ended 30 June 2018 has been properly accounted for and applied in accordance with the above mentioned sections in the Act and the Regulations during the year ended 30 June 2018.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

The Charlie Teo Foundation

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Independent Auditor's Report to The Charlie Teo Foundation Ltd as Trustee for The Charlie Teo Foundation

Responsibilities of the Directors of the Trustee Company for the Financial Report

The directors of the trustee company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors of the trustee company determine is necessary to enable the preparation of a 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, the directors of the trustee company are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the trustee company either intend to liquidate the Trust or to cease operations, or have 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the trustee company.
- Conclude on the appropriateness of the directors of the trustee company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

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**Independent Auditor's Report to The Charlie Teo Foundation Ltd as
Trustee for The Charlie Teo Foundation**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Kelly Partners Assurance Services

Kelly Partners Assurance Services

Peter Dawkins

Peter Dawkins
Registered Auditor Number 4334
North Sydney

Dated this *7th* day of *December*2018