Foundation for Alcohol Research & Education Limited

ABN: 91096 854 385

Financial Statements

For the Year Ended 30 June 2019

Foundation for Alcohol Research & Education Limited

ABN: 91096 854 385

Contents

For the Year Ended 30 June 2019

Directors' Report
For the Year Ended 30 June 2019

The directors present their report on Foundation for Alcohol Research & Education Limited (FARE) for the financial year ended 30 June 2019.

General information

Directors

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

Names	Appointed/Resigned
Mr Andrew Fairley AM	Appointed 24 May 2013
Mr Johnathan Nicholas	Appointed 19 October 2011
Ms Teresa Dyson	Appointed 22 February 2017
Mr Tony Walker	Appointed 25 October 2013
Mr Steve Ella	Appointed 25 October 2013
Ms Kirstie Clements	Appointed 30 June 2015
Associate Professor Nadine Ezard	Appointed 22 February 2017
Dr Nicholas Carah	Appointed 15 June 2018
Professor Simone Pettigrew	Appointed 19 September 2018
Mr Mark Textor	Appointed 17 June 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities outlined in FARE's constitution are:

- promoting health by stopping harm caused by alcohol in Australia, including alcohol-caused disease and injury, and alcohol's harm to others

- supporting evidence-based alcohol-related public health policy, including prevention, treatment and rehabilitation

- promoting the prevention of alcohol harms, particularly among vulnerable population groups such as children, young people, women and Aboriginal and Torres Strait Islander peoples

- promoting community awareness and providing education about the harmful effects of alcohol consumption including its impact on chronic disease, and

- identifying, commissioning, conducting and disseminating research that will lead to a better understanding of what works to stop harm caused by alcohol.

No significant changes in the nature of the Company's activity occurred during the financial year.

Directors' Report
For the Year Ended 30 June 2019

General information

Strategy for achieving the objectives

FARE will pursue the following five strategic goals over the course of our *Strategic plan 2017-2022*:

- **Leading change:** Activate individuals, communities, and organisations to bring about change.
- **Strategic policy and advocacy:** Develop and advocate for policies and programs that work.
- **Defending the public interest:** Ensure the public's interest is paramount in alcohol control.
- **World-leading research:** Undertake and communicate strategic research.
- **Invest in the future:** Sustain an innovative world-class organisation bringing about social change.

Management and the Board monitor FARE's overall performance, from the implementation of its vision statement and strategic plan through to the performance of FARE against operating plans and financial budgets.

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

FARE maintains a capital fund to support its future activities. The balance of the Capital Fund at 30 June 2019 was $31,617,140 ($32,502,633 in 2018).

Members' guarantee

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

At 30 June 2019 the collective liability of members was $ 500 (2018: $ 400).

Directors' Report

For the Year Ended 30 June 2019

Meetings of directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	General		Finance Audit & Risk Management		Investment		Governance & Remuneration		Funding	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Andrew Fairley AM	4	4	4	4	4	4	2	2	1	1
Mr Johnathan Nicholas	4	4	-	-	-	-	2	2	1	1
Ms Teresa Dyson	4	3	4	4	4	3	-	-	-	-
Mr Tony Walker	4	4	2	2	4	3	1	1	-	-
Mr Steve Ella	4	4	2	2	-	-	2	2	-	-
Ms Kirstie Clements	4	4	4	4	-	-	-	-	1	1
Associate Professor Nadine Ezard	4	2	2	2	-	-	1	1	-	-
Dr Nicholas Carah	4	4	-	-	2	2	-	-	-	-
Professor Simone Pettigrew	4	4	-	-	2	2	-	-	-	-
Mr Mark Textor	1	1	-	-	-	-	-	-	-	-
Danielle Press (external)	-	-	-	-	4	2	2	2	-	-

Information on directors

Mr Andrew Fairley AM	Chair of the Board
Qualifications	LL.B; FAICD, FAIST
Experience	Andrew was appointed Chair of FARE on 1 July 2013. He practices as an equity lawyer with Hall & Wilcox in Melbourne, and is recognized as one of Australia's leading superannuation lawyers. He is Chair of Equipsuper, a profit for member superannuation fund with assets of $16b. He is also a Director of Qualitas Securities Pty Ltd and the Australian Financial Complaints Authority. He has a long association with the philanthropic sector, and is Chair of the Sir Andrew Fairley Foundation and Deputy Chair of the Mornington Peninsula Foundation. He sits on a number of Family Boards as an Independent Director and is the Consul-General for Finland in Victoria.
Special Responsibilities	Andrew is Chair of the Investment Committee. He serves on the Finance, Audit and Risk Management and the Funding Development and Governance and Remuneration Committees.

Directors' Report

For the Year Ended 30 June 2019

Information on directors

Mr Johnathan (Jono) Nicholas	Deputy Chair of the Board
Qualifications	BA (Hons) MPH
Experience	Jono was appointed as a Director of FARE on 19 October 2011. Jono is the managing Director of the Wellbeing Outfit, a consulting firm specialising in mental health and wellbeing. He founded the Wellbeing Outfit after stepping down as CEO of ReachOut Australia in 2018 after 10 years in the role. Jono is also a Director of Future Generation Global and an Executive Consultant at EY specialising in mental health. Jono holds an Honours Degree in Psychology and a Master of Public Health. He was a founding staff member of ReachOut Australia in 1997 and served the organisation for 20 years.
Special Responsibilities	Jono is the Chair of the Governance & Remuneration Committee. He also serves on the Funding Development Committee.

Ms Teresa Dyson	Director
Qualifications	LLB (Hons), BA, MTax, MAppFin, GAICD
Experience	Teresa Dyson was appointed a Director of FARE on 23 February 2017. She is a non-executive Director, following a career in law, with more than 20 years' experience advising governments and the private and not-for-profit sectors on complex business and governance issues, strategic decision-making, mergers and acquisitions, financing transactions, and social infrastructure. Teresa is formerly a partner of Ashurst Lawyers and Deloitte Australia. She was named Lawyer of the Year in 2011 by the Women Lawyers Association of Queensland. Teresa is also Director of Energy Queensland, Seven West Media Ltd, Genex Power Ltd, Consolidated Tin Mines Ltd, Power & Water Corporation and Energy Super. She is a member of the Gold Coast Hospital & Health Services Board, and is also a member of the Foreign Investment Review Board, the Takeovers Panel and the National Housing Finance & Investment Corporation.
Special Responsibilities	Teresa is the Chair of the Finance, Audit and Risk Management Committee and serves on the Investment Committee.

Directors' Report

For the Year Ended 30 June 2019

Information on directors

Mr Tony Walker	Director
Qualifications	BA (Politics/International Relations)
Experience	Tony was appointed as a Director of FARE on 25 October 2013. He is the Global Perspective columnist for The Conversation, a Fairfax columnist, and a Vice Chancellor's Fellow at La Trobe University. Tony is a former International Editor for the Australian Financial Review (AFR), Political Editor for the AFR and the Washington Correspondent. He has worked variously for the ABC, The Age and the Financial Times of London. His work as a correspondent covered postings in Beijing, the Middle East and North America. He is a dual Walkley Award winner for commentary. Tony co-wrote Behind the myth: Yasser Arafat and the Palestinian revolution (W.H. Allen, 1990) with Andrew Gowers. Tony has recently published The Peter Thomson Five (Melbourne University Press). Tony is also a board member and convener of the C.E.W. Bean Foundation and a Fellow of the Australian Institute of International Affairs. A graduate of The Australian National University, he now resides in Melbourne where he is a Vice Chancellor's Fellow at La Trobe University, a Fairfax columnist and a Board member of The Conversation.
Special Responsibilities	Tony serves on the Governance and Remuneration Committee and the Investment Committee.

Mr Steve Ella	Director
Qualifications	MPhil, GradDip IndigHP
Experience	Steve is an Walbunja Aboriginal man originating from the Yuin Nation on the South Coast of NSW with his cultural links based within the La Perouse Aboriginal community. Steve was appointed as a Director of FARE on 25 October 2013. Steve is the Manager of Nunyara Aboriginal Health Unit for the Central Coast Local Health District. Steve has a 20-year background in Aboriginal Drug and Alcohol work and was inducted into the National Indigenous Drug and Alcohol Honour Roll in 2012 at the National Indigenous Drug Alcohol conference in Fremantle. Steve was awarded the First Peoples award at the Australasian Professional Society on Alcohol and other Drugs (APSAD) conference in Brisbane in 2013. Steve is a member of the NSW Aboriginal Directors and Managers Strategic Leadership Group and previously lectured at Sydney University as an Adjunct lecturer. Steve is a Board member of KARI, the largest Indigenous Out of Home care service in Australia. Steve also has co-authored a handbook for Aboriginal Alcohol and Drug Work. Steve is an Associate Investigator with the Centre of Research Excellence: Indigenous Health and Alcohol Research. He is past executive member of the NSW Drug and Alcohol Network Executive Committee.
Special Responsibilities	Steve serves on the Finance, Audit and Risk Management Committee and the Governance and Remuneration Committee. He is an End Alcohol Advertising in Sport Campaign Champion.

Information on directors

Ms Kirstie Clements	Director
Experience	Kirstie was appointed as a Director of FARE on 30 June 2015. She is author, journalist, speaker and former editor in chief (1999-2012) of Vogue Australia. Her memoir of three decades in fashion publishing, “The Vogue Factor” (MUP) was released in 2013 and has since become an international bestseller. Kirstie has co-authored two illustrated books on fashion, In Vogue Australia: 50 Years of Australian Style (Harper Collins 2009) and The Australian Women’s Weekly Fashion: The First 50 Years (2014) for the National Library of Australia. In 2015, she released her fifth book on style and business etiquette aimed at young people, titled Impressive: How to Have a Stylish Career. Kirstie is currently employed as an editorial consultant to Bauer Media, predominately working on top line marketing, print and online concepts for Myer. She is also the publisher of lifestyle magazine Inprint and co- director of Inprint content agency.
Special Responsibilities	Kirstie is the Chair for the Funding and Campaign Committees and also serves on the Finance, Audit and Risk Management Committee.
Associate Professor Nadine Ezard	Director
Qualifications	FAChAM, PhD, MPH MBBS BA
Experience	Professor Nadine Ezard was appointed a Director of FARE on 22 February 2017. Nadine is the Clinical Director of the Alcohol and Drug Service at St Vincent’s Hospital in Sydney, Director of the National Centre for Clinical Research in Emerging Drugs, and Conjoint Professor at the University of New South Wales Faculty of Medicine. A practicing addiction medicine physician, she is a registered medical practitioner and Fellow of the Australasian Chapter of Addiction Medicine (FAChAM), Royal Australasian College of Physicians (RACP). Her research focuses on building the evidence base for effective interventions for substance use disorders. She has a particular interest in public health and clinical care linkages for reducing alcohol and other drug related harm. She has previously worked for the World Health Organization and the United Nations High Commissioner for Refugees.
Special Responsibilities	Nadine serves on the Finance, Audit and Risk Management Committee.

Directors' Report

For the Year Ended 30 June 2019

Information on directors

Dr Nicholas Carah	Director
Qualifications	PhD, Grad Cert. (Higher Education), B.Bus (Hons)
Experience	Nicholas' research examines the promotional culture and advertising model of digital media platforms. His work focusses in particular on the emerging forms of alcohol marketing taking place on social media platforms, and how they intersect with everyday drinking cultures and identities. Nicholas has also undertaken research with the social movement and health intervention Hello Sunday Morning to explore and evaluate their use of blogs and digital media in changing drinking culture. He is also a part of the research team for the Queensland government funded evaluation into the Tackling Alcohol Fuelled Violence legislation. At The University of Queensland Nicholas is the Deputy Head of School of the School of Communication and Arts. He is a recipient of a UQ Teaching Fellowship to develop approaches to teaching that blend on-campus and digital modes of learning by working with student partners. His work has been published in Media, Culture & Society, New Media & Society, Television & New Media, Consumption, Markets & Culture, Health, and Critical Public Health.
Special Responsibilities	Nicholas serves on the Investment Committee as well as the Campaign Committee.

Professor Simone Pettigrew	Director
Qualifications	BEc, M.Comm, PhD
Experience	Simone's research focus is in the areas of consumer psychology and health promotion. Her work investigates methods of encouraging individuals to make behavioural changes to improve their health and wellbeing. She has been researching the factors associated with alcohol consumption for almost 25 years, with a particular focus on the socio-cultural factors influencing individuals' decisions to drink. To date she has published around 70 peer-reviewed articles on the topic of alcohol consumption. These publications relate to various aspects of the social norms applying to alcohol consumption, alcohol marketing, and alcohol policy recommendations. Simone's alcohol-related research has been published in a wide range of journals including Addiction, Drug and Alcohol Review, Alcohol and Alcoholism, Addictive Behaviors, Psychology of Addictive Behaviors, Australian and New Zealand Journal of Public Health, BMJ Open, Health Education Research, Substance Use & Misuse, Addiction Research & Theory, and American Journal of Health Promotion.
Special Responsibilities	Simone serves on the Investment Committee as well as the Campaign Committee.

Directors' Report

For the Year Ended 30 June 2019

Information on directors

Mr Mark Textor	Director (appointed 17 June 2019)
Qualifications	BEc
Experience	Together with his business partner, Sir Lynton Crosby AO, Mark has successfully built one of the world's premier market research, campaigns and communications consultancies – the C|T Group (formerly Crosby|Textor). Headquartered in London, with offices in Europe, the Middle East, the United States, New Zealand, Ireland, Hong Kong and Australia, his firm reaches a truly international scope and Mark enjoys unmatched high-level and trusted relationships with corporate and community and political leaders across the globe. Prior to co-founding C|T Group, Mark was Australasian Managing Director and one of the three founding Asia-Pacific team leaders of Wirthlin Worldwide, helping to establish offices in Singapore, Hong Kong, Canberra and Sydney. Mark was mentored by its founder, President Ronald Reagan's pre-eminent Pollster and strategist, Richard B. Wirthlin. Mark has also provided significant assistance to charities focusing on help for the homeless and in numerous campaigns for indigenous groups.
Special Responsibilities	Mark serves on the Campaign Committee.
Michael Thorn	BA, GradDip (Finance)
Experience	Michael previously worked for the federal government as a senior official in the Department of the Prime Minister and Cabinet. He was a project director in the department's strategy and delivery division. Michael has a strong strategic policy background, with extensive experience in strategic social policy development and implementation, most recently in Canberra and previously as a policy director of the Western Australian Department of the Premier and Cabinet from 2001 until 2008. Michael has also worked as a policy and management consultant in the fields of housing, Indigenous affairs, regional economic development and employment, and early in his career was a policy adviser and chief of staff to WA Government Ministers
Sharrin Wells	Company Secretary and Chief Financial Officer
Qualifications	BBus (Acc), CPA, MBA, GIA(Cert)
Experience	Sharrin was appointed Company Secretary of FARE in July 2013. Sharrin has 28 years' experience in all key aspects of commercial business and public and private sector management. Sharrin's career is characterised by a series of demanding roles and projects, seeing her implement ground breaking, innovative solutions. Sharrin has developed a depth of understanding of a wide range of organisations while living and working in remote Aboriginal communities for more than ten years.

Directors' Report

For the Year Ended 30 June 2019

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found on page 10 of the financial report.

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

Director: .... Director: ....

Dated this ......6th... day of ...December..... 2019

Hardwickes
more than accounting

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

6/12/19

Canberra

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue and Other Income	5	**3,087,300**	4,756,307
Administrative expenses		**(167,339)**	(157,824)
Depreciation and amortisation expense	6(a)	**(12,337)**	(13,469)
Employee benefits expense		**(2,461,634)**	(2,050,062)
Finance costs	6(d)	**(15,573)**	(15,573)
Investment management fees		**(152,264)**	(154,849)
Occupancy expenses		**(172,019)**	(166,737)
Project payments		**(1,668,041)**	(1,687,579)
Profit before income tax		**(1,561,907)**	510,214
Income tax expense		**-**	-
Profit for the year		**(1,561,907)**	510,214
Other comprehensive income			
Fair value movements on investments held at FVOCI		**1,236,805**	-
Other comprehensive income for the year		**1,236,805**	-
Total comprehensive income for the year		**(325,102)**	510,214

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Statement of Financial Position

As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**1,539,190**	1,077,509
Trade and other receivables	8	**581,795**	618,897
TOTAL CURRENT ASSETS		**2,120,985**	1,696,406
NON-CURRENT ASSETS			
Other financial assets	9	**31,617,140**	32,502,633
Property, plant and equipment	10	**17,110**	24,838
TOTAL NON-CURRENT ASSETS		**31,634,250**	32,527,471
TOTAL ASSETS		**33,755,235**	34,223,877
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**254,001**	188,146
Interest-bearing liabilities	12	**2,925**	2,730
Provisions	14	**158,717**	148,258
Other liabilities	13	**39,467**	248,594
TOTAL CURRENT LIABILITIES		**455,110**	587,728
NON-CURRENT LIABILITIES			
Trade and other payables	11	**12,461**	22,430
Provisions	14	**27,561**	28,514
TOTAL NON-CURRENT LIABILITIES		**40,022**	50,944
TOTAL LIABILITIES		**495,132**	638,672
NET ASSETS		**33,260,103**	33,585,205
EQUITY			
Reserves		**2,861,485**	-
Retained earnings		**30,398,618**	33,585,205
TOTAL EQUITY		**33,260,103**	33,585,205

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Note	Retained Earnings $	FVOCI reserve $	Total $
Balance at 1 July 2018		**33,585,205**	**-**	**33,585,205**
Restatement due to AASB 9	2	**(1,624,680)**	**1,624,680**	**-**
Balance at 1 July 2018 restated		**31,960,525**	**1,624,680**	**33,585,205**
(Deficit) for the year		**(1,561,907)**	**-**	**(1,561,907)**
Total other comprehensive income for the period		**-**	**1,236,805**	**1,236,805**
Balance at 30 June 2019		**30,398,618**	**2,861,485**	**33,260,103**

2018

	Retained Earnings $	FVOCI reserve $	Total $
Balance at 1 July 2017	33,074,991	-	33,074,991
Surplus for the year	510,214	-	510,214
Balance at 30 June 2018	33,585,205	-	33,585,205

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		**(4,672,293)**	(4,198,235)
Funding development activities		**21,656**	77,290
Interest received		**239,123**	86,231
Project fund		**827,452**	456,082
Net cash provided by/(used in) operating activities	21	**(3,584,062)**	(3,578,632)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends received		**4,202,617**	3,651,246
Purchase of property, plant and equipment	10(a)	**(4,610)**	-
Management fees		**(152,264)**	(154,849)
Net cash used by investing activities		**4,045,743**	3,496,397
Net increase/(decrease) in cash and cash equivalents held		**461,681**	(82,235)
Cash and cash equivalents at beginning of year		**1,077,509**	1,159,744
Cash and cash equivalents at end of financial year	7	**1,539,190**	1,077,509

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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

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

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.

- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosure have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Measurement of equity instruments

All equity instruments of the Company are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 which allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) in the reporting period which includes the date of application.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the relevant reserve.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 July 2018 are shown below:

	Note	FVOCI reserve $	Retained earnings $	Total $
Reclassify investments FVTPL to FVOCI - equity		1,624,680	(1,624,680)	-
Adjustments to equity as a result of adoption of AASB 9		1,624,680	(1,624,680)	-

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139	Carrying amount under AASB 9
				$	$
Financial assets					
Equity securities		Designated as at FVTPL	FVOCI - equity	30,642,233	30,642,233
Trade and other receivables		Loans and receivables	Amortised cost	10,484	10,484
Cash and cash equivalents		Loans and receivables	Amortised cost	1,077,509	1,077,509
Term deposits		Held to maturity	Amortised cost	1,860,400	1,860,400
Total financial assets				33,590,626	33,590,626
Financial liabilities					
Borrowings		Other financial liabilities	Other financial liabilities	2,730	2,730
Trade payables		Other financial liabilities	Other financial liabilities	175,768	175,768
Total financial liabilities				178,498	178,498

Notes to the table:

(i) Reclassification from FVTPL to FVOCI - equity

Certain equity instruments which were previously measured at FVTPL have been designated at FVOCI - equity since on initial application of AASB 9, these instruments are not held for trading. Related fair value movements of $1,624,680 were transferred from retained earnings to FVOCI reserve on adoption of AASB 9. The fair value movement that would have been recognised in profit or loss for the current year if the assets had not been reclassified is $1,236,805.

(ii) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

3 Summary of Significant Accounting Policies

(a) Income Tax

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

FARE is a Health Promotion Charity operating as a Company Limited by Guarantee and has an exemption from the Commisioner for Taxation and accordingly does not account for Income tax.

(b) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

(c) Revenue and other income

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

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

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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

Donations

Donations and bequests are recognised as revenue when received.

3 Summary of Significant Accounting Policies

(c) Revenue and other income

Rendering of services

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

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

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

(e) Plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

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

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the 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.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Any gain or loss arising from financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired.

The Company‘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 Company 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 account, all other impairment

3 **Summary of Significant Accounting Policies**

(f) **Financial instruments**

Impairment of Financial Assets

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.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

For current year

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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

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

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

Fair value through other comprehensive income

Equity instruments

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

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

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

Financial assets through profit or loss

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

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

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

(g) Impairment of non-financial assets

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

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet

3 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

available for use, the recoverable amount of the asset is estimated.

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

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

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

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

(h) Intangibles

Software

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

(i) 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.

(j) Employee benefits

Short-term employee provision

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

Provision is made for the company’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company’s obligations for short-term employee benefits such as wages salaries are recognised as part of current trade and other payables in the statement of financial position.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of FARE is estimated to be less than the annual benefit for sick leave.

Contributions are made by FARE to complying superannuation funds and are charged as expenses when incurred.

3 Summary of Significant Accounting Policies

(j) Employee benefits

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5 per cent of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(k) Economic dependence

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

FARE has an accumulated pool of funds which it is permitted to use for its continued existence and has established a capital fund to assist in ensuring the long-term sustainability of FARE.

(l) Related party disclosures

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

Terms and conditions:

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

FARE directors of the related parties were not involved in the decision making process of the grants awarded to those organisations. Details of those grants awarded are contained at Note 20.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(l) Related party disclosures

Tenders awarded to organisations that FARE directors are directors and/or employees of are made at arms length and are under the same terms and conditions as all service providers of FARE. FARE directors of the related parties were not involved in the decision making process of the tenders awarded to those organisations.

(m) Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (that is unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (that is the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (that is the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(n) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2019, refer to Note 2 for details of the changes due to standards adopted.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(o) New Accounting Standards and Interpretations

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	1 July 2019	AASB 16: - replaces AASB 117 Leases and some lease-related Interpretations - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases - provides new guidance on the application of the definition of lease and on sale and lease back accounting - largely retains the existing lessor accounting requirements in AASB 117 - requires new and different disclosures about leases.	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes: - there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet - the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities - EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses - operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

3 Summary of Significant Accounting Policies

(o) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 1058 Income of Not-for-Profit Entities	1 July 2019	AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as: a) Contributions by owners; b) Revenue, or a contract liability arising from a contract with a customer; c) A lease liability; d) A financial instrument; or e) A provision.	When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 July 2019	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit (NFP) entities into AASB 9 Financial Instruments (2014) and AASB 15 Revenue from Contracts with Customers. This guidance will assist not-for-profit entities in applying those Standards. NFP entities will generally apply AASB 15 where an agreement creates enforceable rights and obligations and includes sufficiently specific promises to transfer goods or services to the customer or third party beneficiaries.	Refer to the section on AASB 1058 above.

3 Summary of Significant Accounting Policies

(o) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	1 July 2019	AASB 15: - replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue.	When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.

4 Critical Accounting Estimates and Judgments

Those charged with governance 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 significant estimates and judgements made have been described below.

Key estimates - impairment

All assets are assessed for indicators of impairment each year. Refer to Note 3(g). No indicators of impairment were identified for the period ended 30 June 2019 (2018: nil).

Key estimates - receivables

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

Key estimates - Provisions for employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Revenue and Other Income

	2019	2018
	$	$
Funding development activities		
- Donors/gifts/partnerships	**21,387**	71,897
- Merchandise and resources	**269**	3,215
- Total funding development activities	**21,656**	75,112
Funding		
- Government funding	**746,123**	686,415
Total funding	**746,123**	686,415
Finance revenue		
Interest income		
- Operating/trusts accounts	**286,697**	85,021
- held to maturity investments	**130**	74
Total interest income	**286,827**	85,095
Investment income		
- Dividend and interest	**1,620,443**	1,764,067
- Fair value movements	**-**	1,624,680
- Tax imputation credits	**335,099**	459,876
- Total investment income	**1,955,542**	3,848,623
Total finance revenue	**2,242,369**	3,933,718
Other revenue		
- Other revenue	**77,152**	61,062
	77,152	61,062
Total Revenue and Other Income	**3,087,300**	4,756,307

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Expenses

(a) Depreciation and amortisation

	Note	2019 $	2018 $
Computer software		**4,240**	4,240
Computer equipment		**7,071**	8,203
Other plant and equipment		**1,026**	1,026
Total	10(a)	**12,337**	13,469

(b) Employee benefits

	2019 $	2018 $
Long service leave accrual	**12,738**	54,419
Workers compensation	**17,459**	11,382
Total	**30,197**	65,801

(c) Directors' expenses

	2019 $	2018 $
Fees	**160,691**	170,810
Other expenses	**-**	24,540
Total	**160,691**	195,350

(d) Finance costs

	2019 $	2018 $
Photocopier - Operating lease	**15,573**	15,573
Total	**15,573**	15,573

(e) Auditor remuneration

	2019 $	2018 $
Audit fees	**14,000**	12,500
Total	**14,000**	12,500

Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Cash and Cash Equivalents

	Note	2019 $	2018 $
Operating funds		**325,481**	205,731
Trust fund		**715**	62,432
Public fund		**33,574**	22,965
Interest fund		**400,122**	750,326
Fundraising fund		**2,337**	1,397
Petty cash		**345**	258
Debit account		**20**	1,248
Business Online Saver – Bank Guarantee		**32,897**	32,897
Merchant accounts		**99**	99
Corporate online account		**90**	156
Paypal		**81**	-
Capital fund		**743,429**	-
	16	**1,539,190**	1,077,509

8 Trade and Other Receivables

	Note	2019 $	2018 $
CURRENT			
Trade receivables	16	**22,235**	10,484
GST receivable		**993**	977
Accrued interest on bank accounts		**72,805**	25,100
Prepayments		**90,168**	61,630
Resources inventory		**60,495**	60,830
Imputation Credits		**335,099**	459,876
Total current trade and other receivables		**581,795**	618,897

9 Other Financial Assets

	Note	2019 $	2018 $
NON-CURRENT			
Other financial assets - Credit Suisse		**31,298,940**	30,642,233
Other financial assets - Qualitas Investment		**318,200**	1,860,400
Total	16	**31,617,140**	32,502,633

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Property, plant and equipment

	2019 $	2018 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	-	144,867
Accumulated depreciation	-	(144,867)
Total furniture, fixtures and fittings	-	-
Computer equipment		
At cost	**33,352**	202,491
Accumulated depreciation	**(21,522)**	(188,199)
Total computer equipment	**11,830**	14,292
Computer software		
At cost	**16,960**	73,394
Accumulated depreciation	**(12,906)**	(65,100)
Total computer software	**4,054**	8,294
Telephone system		
At cost	-	19,370
Accumulated depreciation	-	(19,370)
Total telephone system	-	-
Other plant and equipment		
At cost	**4,104**	19,258
Accumulated depreciation	**(2,878)**	(17,006)
Total Other plant and equipment	**1,226**	2,252
Total property, plant and equipment	**17,110**	24,838

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Property, plant and equipment

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

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

	Computer Equipment $	Computer Software $	Other plant and equipment $	Total $
Year ended 30 June 2019				
Balance at the beginning of year	**14,291**	**8,294**	**2,252**	**24,837**
Additions	**4,610**	**-**	**-**	**4,610**
Depreciation expense	**(7,071)**	**(4,240)**	**(1,026)**	**(12,337)**
Balance at the end of the year	**11,830**	**4,054**	**1,226**	**17,110**

	Computer Equipment $	Computer Software $	Other plant and equipment $	Total $
Year ended 30 June 2018				
Balance at the beginning of year	22,494	12,535	3,278	38,307
Depreciation expense	(8,203)	(4,240)	(1,026)	(13,469)
Balance at the end of the year	14,291	8,295	2,252	24,838

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Trade and Other Payables

	Note	2019 $	2018 $
Current			
Trade payables	16	**158,142**	116,951
Accrued expense		**85,890**	56,871
Lease incentive		**9,969**	9,969
Superannuation liability		**-**	4,355
		254,001	188,146

	2019 $	2018 $
Non-Current		
Lease incentive	**12,461**	22,430
	12,461	22,430

12 Interest Bearing Liabilities

	Note	2019 $	2018 $
CURRENT			
Bank credit card		**2,925**	2,730
Total	16	**2,925**	2,730

13 Other Liabilities

	2019 $	2018 $
CURRENT		
Amounts received in advance	**39,467**	248,594
	39,467	248,594

14 Employee Benefits

	2019 $	2018 $
Current liabilities		
Long service leave	**80,814**	67,123
Provision for employee benefits	**77,903**	81,135
	158,717	148,258

14 Employee Benefits

	2019	2018
	$	$
Non-current liabilities		
Provision for employee benefits	**27,561**	28,514
	27,561	28,514
a. Aggregate employee benefit liability	**186,278**	176,772
b. Number of employee benefits	**24**	24

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

The measurement and recognition criteria relating to employee benefits have been included in Note 3 to this report.

15 Capital and Leasing Commitments

(a) Operating Leases

	2019	2018
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**145,339**	141,559
- between one year and five years	**182,113**	327,451
	327,452	469,010

The photocopier lease is a noncancellable lease with a five year term, with rent payable monthly in advance on a fixed monthly instalment for the term of the lease. The equipment is to be returned to the lessee on expiration or termination of the lease.

A property lease was entered into and commenced in October 2016 for a period of five years with an option to renew for a further five years with a rent free period of six months. Rent is payable monthly in advance.

Rental provisions within the new property lease agreement require that the minimum lease payments shall be increased by 3 per cent per annum in October each year commencing October 2017. This increase has been factored into these commitments.

16 Financial Risk Management

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

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

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

Specific risks

16 Financial Risk Management

- Liquidity risk
- Credit risk
- Market risk - interest rate risk, price risk

Financial instruments used

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

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

		2019	2018
		$	$
Financial assets			
Cash and cash equivalents	7	-	1,077,509
Trade receivables	8	-	10,484
Other financial assets	9	-	32,502,633
Held at amortised cost			
Cash and cash equivalents	7	**1,539,190**	-
Trade and other receivables	8	**22,235**	-
Fair value through Other Comprehensive Income (OCI)			
Other financial assets	9	**31,617,140**	-
Total financial assets		**33,178,565**	33,590,626
Financial liabilities			
Trade payables	11	-	116,951
Bank credit card	12	-	2,730
Financial liabilities at fair value			
Trade payables	11	**158,144**	-
Bank credit card	12	**2,925**	-
Total financial liabilities		**161,069**	119,681

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

16 Financial Risk Management

Objectives, policies and processes

Those charged with governance have overall responsibility for the establishment of Foundation for Alcohol Research & Education Limited's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Foundation for Alcohol Research & Education Limited's activities.

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

Those charged with governance receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

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

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

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

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

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

Credit risk

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

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

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

16 Financial Risk Management

Credit risk

Trade receivables

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

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

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

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

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

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

Market risk

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

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

17 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Foundation for Alcohol Research & Education Limited during the year are as follows:

	2019	2018
	$	$
Short-term employee benefits		
Director fees	**146,750**	156,169
Executive salaries	**392,092**	383,616

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 Key Management Personnel Remuneration

	2019 $	2018 $
Total short-term employee benefits	**538,842**	539,785
Post employment benefits		
Director superannuation	**13,941**	14,640
Executive superannuation	**37,249**	36,444
Total post employment benefits	**51,190**	51,084
Total	**590,032**	590,869

18 Auditors' Remuneration

	2019 $	2018 $
Remuneration of the auditor - Hardwickes Chartered Accountants, for:)		
- auditing or reviewing the financial statements	**14,000**	12,500
Total	**14,000**	12,500

19 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

20 Related Parties

(a) Details of key management personnel

Directors

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

Executive

Michael Thorn	Chief Executive Officer
Sharrin Wells	Chief Finance Officer

Key management personnel - refer to Note 17.

20 Related Parties

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.

21 Cash Flow Information

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

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

	2019	2018
	$	$
(Loss) / Profit for the year	**(1,561,907)**	510,214
Cash flows excluded from profit attributable to operating activities		
- Investment income	**(2,080,319)**	(3,693,773)
- Investment expense	**152,264**	-
Non-cash flows in profit:		
- depreciation	**12,337**	13,469
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**65,640**	(7,348)
- (increase)/decrease in prepayments	**(28,537)**	-
- increase/(decrease) in income in advance	**(209,127)**	(501,061)
- increase/(decrease) in trade and other payables	**56,081**	44,860
- increase/(decrease) in employee benefits	**9,506**	55,006
Cashflows from operations	**(3,584,062)**	(3,578,633)

22 Events after the end of the Reporting Period

The financial report was authorised for issue on by those charged with governance.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

23 Statutory Information

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

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

Responsible Persons' Declaration

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

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person ....

Responsible person ....

Dated this .... day of 2019

Hardwickes
more than accounting

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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Foundation for Alcohol Research & Education Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

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

(i) giving a true and fair view of Foundation for Alcohol Research & Education Limited's financial position as at 30 June 2019 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Responsibilities of Responsible Persons for the Financial Report

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation for Alcohol Research & Education Limited's internal control.

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

- Conclude on the appropriateness of the responsible persons' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Foundation for Alcohol Research & Education Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Foundation for Alcohol Research & Education Limited to cease to continue as a going concern.

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

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

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

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra
Dated this 6th day of December 2019