



**National Stroke Foundation
ABN 42 006 173 379**

**Financial Report for the year ended
31 December 2017**



Contents

Corporate information.....	3
Directors' Report.....	4
Auditor's Independence Declaration.....	15
Statement of comprehensive income.....	16
Statement of financial position.....	17
Statement of changes in equity.....	18
Statement of cash flows.....	19
Notes to the financial statements.....	20
Directors' Declaration.....	39
Independent Audit Report.....	40

Corporate information

ABN

42 006 173 379

Directors

Professor James Angus AO	President and Non-executive Director
Professor Amanda Thrift	Non-executive Director representing interests of Research
Ms Irene Trethowan	Vice President and Non-executive Director
Assoc. Professor Bruce Campbell	Non-executive Director representing interests of Clinicians
Ms Jennifer Muller	Non-executive Director representing interests of Consumers
Ms Karen Vernon	Non-executive Director
Ms Sally Bateman	Non-executive Director
Mr Christopher Edwards	Treasurer and Non-executive Director
Mr Andrew Matthews	Appointed Non-executive Director representing interests of consumers on 7 December 2017
Mr Colin Cowell	Resigned as Non-executive Director representing the interests of consumers on 30 September 2017
Ms Dawn Oldham	Retired as Non-executive Director on 28 April 2017
Ms Christina Tonkin	Resigned as Vice President and Non-executive Director on 27 September 2017
Ms Rosemary Cummins	Resigned as Treasurer and Non-executive Director on 5 November 2017

Company secretary

Mr John Buchanan

Registered office

Level 7, 461 Bourke Street
Melbourne, Victoria, 3000

Auditors

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne, Victoria, 3000

Internet

www.strokefoundation.org.au

The National Stroke Foundation is a company limited by guarantee.

Directors' Report

Your Directors present their report for the year ended 31 December 2017.

Directors

The names of the Directors of the Company in office during the year ended 31 December 2017 and until the date of this report are as follows. All Directors, unless otherwise indicated in Corporate Information were in office from the beginning of the financial period until the date of this report.

Names, qualifications, experience and special responsibilities

Professor James Angus AO BSc, PhD, FAA
(President and Non-executive Director)

Professor Angus is an Honorary Professorial Fellow and Professor Emeritus in the Department of Pharmacology and Therapeutics in the Faculty of Medicine, Dentistry and Health Sciences (MDHS), University of Melbourne. In July 2013 he completed a 10 year term as Dean of the Faculty of MDHS at the University of Melbourne. Before becoming Dean, he was Professor and Head of the Department of Pharmacology and Deputy Dean of the Faculty of MDHS. At the University of Melbourne, Professor Angus has been President of the Academic Board (2000-2001), Pro Vice-Chancellor (1999-2001) and member of University Council (1999-2001).

Professor Angus was awarded the Gottschalk Medal of the Australian Academy of Science (1984), is a Fellow of the Academy (FAA) and has been a member of its Council. In 2003 he was awarded Australia's Centenary Medal for contribution to Pharmacology and the Community.

Professor Angus was a First Vice-President of the International Union of Pharmacology (IUPHAR) and was President of the Australasian Society of Clinical and Experimental Pharmacologists and Toxicologists. From 2009-2011 he was President of Medical Deans Australia and New Zealand.

His current roles include Chair, Independent Medical Advisory Board for Medicinal Cannabis, Board Member of the Florey Institute of Neuroscience and Mental Health, Chair, Melbourne University Sport Advisory Board and Director, Jack Brockhoff Foundation.

Professor Angus holds a Bachelor of Science and Doctor of Philosophy from the University of Sydney, and was appointed an officer to The Order of Australia in 2010 for distinguished service to biomedical research, particularly in the fields of pharmacology and cardiovascular disease, as a leading academic and medical educator, and as a contributor to a range of advisory boards and professional organisations both nationally and internationally.

Professor Amanda Thrift BSc (Hons), PhD, PGDipBiostat
(Non-executive Director representing interests of Research and Chair of Research Advisory Committee)

Professor Thrift is Head of the Epidemiology and Prevention Division, Stroke and Ageing Research, Monash University, and is an NHMRC Senior Research Fellow. She is a past President of the Stroke Society of Australasia and sits on numerous national and international advisory groups.

Professor Thrift gained her PhD from Monash University in 1995 in epidemiology in the study of risk factors for intracerebral haemorrhage. She has considerable research expertise in the epidemiology of stroke, having led the influential North East Melbourne Stroke Incidence Study (NEMESIS). This study has provided much of the evidence base for policy decisions around stroke in Australia. Her current portfolio of research include NHMRC funded studies of implementation of secondary prevention of stroke and vascular disease in Australia, and studies of causal factors for vascular disease and hypertension in low and middle income countries.

Directors' Report (continued)

Irene Trethowan BA, LLB (Hons)

(Non-executive Director, Vice President, Chair of the Governance & Nominations Committee)

Ms Irene Trethowan is a non-executive director and a member of the Governance & Nominations and Audit, Finance, Investment & Risk Board sub-committees. Irene has a Bachelor of Arts degree in Diplomacy & World Affairs from Occidental College, Los Angeles, California and an LLB (First Class Honours) from the University of Melbourne. Irene worked for the World Energy Conference, an international organisation based in London, after leaving university. After emigrating to Melbourne and completing her law degree, she commenced work as a lawyer in 1991 at Allens (formerly Arthur Robinson & Hedderwicks) specialising in commercial litigation. She retired from the Allens partnership on 30 June 2013, and remained as a consultant to the firm until 30 June 2015.

Irene is now retired and enjoys spending more time with her family and friends and to pursue other interests.

Associate Professor Bruce Campbell MBBS(Hons), BMedSc, PhD, FRACP

(Non-executive Director representing interests of Clinicians and Chair of Clinical Council)

Associate Professor Campbell is a consultant neurologist and Head of Hyperacute Stroke at the Royal Melbourne Hospital as well as a principal research fellow in the Department of Medicine, Melbourne Brain Centre at the Royal Melbourne Hospital, University of Melbourne.

Associate Professor Campbell holds a Doctor of Philosophy from the University of Melbourne and is a Fellow of the Royal Australasian College of Physicians. Associate Professor Campbell's main research interests include imaging and emergency treatment of stroke, including randomised controlled trials of new treatments.

Ms Jennifer Muller PSM, Dip Rad (Diag), Grad Dip Hlth Ed, MEnv&ComHealth

(Non-executive Director representing interests of Consumers, and Chair of Consumer Council)

Ms Muller is an Adjunct Associate Professor at Queensland University of Technology's School of Public Health & Social Work, as well as a Director of Veritas Health Service Solutions – a consultancy business that aims to assist individual health professionals, groups and organisations to achieve better health outcomes for their clients.

Prior to her current positions, Ms Muller was a Senior Executive in Queensland Health and led the development and implementation of state-wide population based cancer screening services, including BreastScreen Queensland and the Cervical and Bowel Cancer Screening Programs, clinical information systems, state-wide registers and ensuring equitable access to services for people in rural and remote areas, Aboriginal and Torres Strait Islanders, people from diverse cultures and disadvantaged groups.

Ms Muller holds a Master of Environmental and Community Health from Griffith University, a Graduate Diploma of Health Education from Queensland University of Technology and a Diploma of Radiography (Diagnostic) from NSW University of Technology, and is the recipient of an Australian Public Service Medal Honours Award and an Australia Day Achievement Medallion.

Ms Karen Vernon BA (Hons), LLB, GAICD

(Non-executive Director)

Ms Karen Vernon is a Barrister practising at Francis Burt Chambers in Western Australia. Ms Vernon graduated from the University of Western Australia with a Bachelor of Arts (Honours) in 1990 and a Bachelor of Laws in 1994.

She has practiced law for over 20 years, beginning her career at national law firm Phillips Fox in 1994, before becoming a partner of Metaxas & Vernon in 1999. Ms Vernon worked in London between 2003 and 2004 but returned to Perth when her father suffered a stroke. Ms Vernon worked as a senior legal officer with the

Directors' Report (continued)

Commonwealth DPP in Perth before commencing practice as a barrister in 2005. Her diverse practice areas include commercial litigation, criminal law and industrial relations, and she has represented individual, corporate and national clients across Australia in the High Court, Federal Court, national commissions and all jurisdictions within WA.

Ms Vernon has been a company director and board member of a number of organisations during the last 15 years, and is currently the Chair of the Vincentcare Advisory Board, a charity providing supported accommodation services for the homeless and those with mental health challenges.

Ms Sally Bateman BA, GAICD (Non-executive Director)

Ms Sally Bateman is a senior executive with extensive experience in consumer marketing and digital strategy. During the past decade she has held leadership roles at Penguin Australia, and Penguin Random House Asia Pacific where she was Director of Digital, Marketing & Publicity and led regional strategy and the digital business.

Over the years Sally's initiatives have featured in leading marketing and digital media, and the teams she developed and mentored have won local and international industry, retail and innovation awards. A former Victorian board member of AIMIA, the industry body for interactive content and digital media in Australia, Sally is a passionate advocate for new technology and driving digital innovation in organisations.

Sally hold a Bachelor Arts in Public Relations from RMIT, and is a Graduate of the Australian Institute of Company Directors.

Mr Christopher Edwards FCA, CPA, BSc Econ (Hons), GAICD (Non-executive Director, Treasurer and Chair of Audit, Finance, Investment & Risk Committee)

Mr Chris Edwards is a senior finance executive with both Australian and international experience in CFO roles mostly in the financial services sector with companies including HSBC, Prudential Insurance and Colonial First State. He has also worked in the IT industry and at QANTAS.

In addition to financial responsibilities, Mr Edward's roles have included responsibility for strategic and business planning, risk, internal audit/compliance, property management, investment management, customer service, and IT.

Mr Edwards has focussed on supporting the strategic and commercial operations of organisations by improving transparency of performance, ensuring that business decisions are based on sound analysis, prioritising scarce resources and by identifying risks together with minimising, monitoring and controlling their potential impact.

Mr Edwards holds a BSc(Econ) with Hons from the London School of Economics and trained as a Chartered Accountant with PwC in London, migrating to Sydney on qualifying. Mr Edwards is a member of CPA Australia and a graduate member of the Australian Institute of Directors.

Mr Andrew Matthews FIAA, BCom, MSOD, GAICD (Non-executive Director, representing interests of Consumers)

Mr. Andrew Matthews is an executive leader with experience in finance, actuarial and organisational development. Andrew is currently Chief Actuary of Medibank Private Limited with responsibilities for governance, capital management and pricing. He has more than 25 years' experience in financial services in roles including: as a Partner at Ernst & Young, in a range of leadership roles in actuarial practice across IAG and CGU Insurance, National Mutual, Trowbridge Consulting and the Transport Accident Commission.

Directors' Report (continued)

Mr Matthews passionately believes in connecting the commercial and the humanistic; the contemporary and the indigenous; and the diversity of teams to create an environment for growth. He is a stroke survivor after experiencing a stroke in 2016 and benefitting from the support of The Stroke Foundation.

Mr Matthews holds a BCom from the University of Melbourne, a Master of Science (Organizational Development) from Pepperdine University in California, and Fellow of the Institute of Actuaries Australia. Mr Matthews is a graduate member of the Australian Institute of Company Directors, and holds an accreditation in executive coaching.

Mr Colin Cowell Dip Acc / Bus Mgmt, Cert. Marketing

(Non-executive Director representing interests of Consumers, Co-chair of Consumer Council)

Mr Colin Cowell has over 45 years, developed vast Indigenous communications, media and project management experience consulting to government and private enterprise both nationally and internationally (17 countries) producing multi-award winning campaigns and strategies.

In 2014/15 he survived a series of strokes that required a left Carotid Endarterectomy operation that he is still recovering from. Besides being the national Co-chair of the Consumer Council he is also a local member of the Coffs Harbour Stroke Recovery Group meeting with regional and local stroke survivors and carers twice a month.

After 45 years of working in health and tourism in Alice Springs, Cape York and Bougainville PNG communities the past 10 years has seen him working in Canberra as an Indigenous media and communications advisor to the Federal Department of Health, the National Aboriginal Community Controlled Health Organisation (NACCHO), the Department of Prime Minister and Cabinet-Indigenous Communications, the Australian Indigenous Leadership Centre and the Federal Attorney-General's Department (Assistant Director 2009-2012).

Since 2012 as National Media and Communications Advisor to NACCHO he has managed their social media, a daily Aboriginal Health News Alert, edits the Aboriginal Health Newspaper an insert in the Koori Mail and is also currently the producer of the 20 part television series "Aboriginal Health Aboriginal Hands".

Ms Dawn Oldham BEc (Hons), Grad Dip App Fin & Inv, Grad Dip Fin Planning, GAICD, F Fin

(Non-executive Director)

Ms Dawn Oldham has a background in equity analysis (top rated investment analyst in the consumer sector whilst working for Merrill Lynch and Citigroup) and has owned and operated a successful strategy consulting business across the food, beverage and retail sector and a successful wealth management business. Ms Oldham has also served on many not for profit committees and councils over the past decade.

Ms Oldham is currently the Non-Executive Director of IOOF Investment Management Ltd, IOOF Ltd and Australian Executor Trustees Ltd and a member of the Investment Committee of ANZSOG and provides financial management assistance to private clients.

Dawn Oldham holds a Bachelor of Economics & Commerce (First Class Honours) from Monash University, a Graduate Diploma in Applied Finance & Investment and a Graduate Diploma in Financial Planning and was appointed to the AICD Chair Mentoring Program in late 2015. She is also a Fellow of FINSIA and a Graduate of the Australian Institute of Company Directors.

Ms Christina Tonkin BSc (Hons)

(Non-executive Director, Vice President)

Ms Christina Tonkin is the Managing Director, Loans & Specialised Finance, Institutional Banking at ANZ; and is responsible for strengthening ANZ's market leading positions across specialised lending and loan product. The business is a "centre of excellence" for ANZ activities across the Asia-Pacific region in Project Finance, Export Finance, Asset Finance, Leveraged Finance, Loan Syndications and Loans Agency.

Directors' Report (continued)

Ms Tonkin holds a Bachelor of Science (Honours) from the University of Sydney and has over 25 years' experience in specialised finance and loan syndications, and joined ANZ from Westpac in 2005 where she held several senior roles.

Ms Rosemary Cummins B Pty (Hons), Grad Dip App Fin & Inv, GAICD, F Fin
(Non-executive Director, Treasurer and Chair of Audit, Finance Investment & Risk Committee)

Ms Rosemary Cummins has worked in the financial industry for over 17 years. As an investment equities analyst at Citigroup and UBS, her responsibilities included in-depth financial analysis and modelling of Australian and international healthcare companies and preparation of company performance forecasts and investment recommendations. More recently, she has worked as a consultant to a number of ASX listed companies and financial service organisations, providing investment related advisory services.

Her interest in stroke care and prevention has been long-held, and spans a number of levels. Having commenced her professional career as a physiotherapist, her clinical experience gives her insight into the often complex and differing needs of stroke patients, their families and carers. Subsequent management roles within healthcare provider organisations including the Epworth Hospital, Melbourne, and AMI Group, UK, give her knowledge of the structural and financial aspects of healthcare systems.

Ms Cummins graduated from the University of Queensland with a Bachelor of Physiotherapy (First Class Honours) and was awarded a University Medal. She holds a Graduate Diploma in Applied Finance & Investment and is a Graduate Member of the Australian Institute of Company Directors and Fellow of FINSIA.

Company Secretary

Mr John Buchanan

Mr John Buchanan is a Fellow of The Institute of Chartered Accountants in Australia and New Zealand, a member of CPA Australia, a member of The Taxation Institute of Australia and a Registered Company Auditor.

Directors' Report (continued)

Company overview

The National Stroke Foundation provides stroke services across all regions of Australia.

The business derives its revenue from:

- Donations from the Australian public
- State and federal governments for specific stroke awareness or support programs
- Corporations in the form of donations or funding for specific programs
- Trusts and foundations

The Company is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company. At 31 December 2017 the collective liability of members was \$450 (2016: \$600).

Operating and financial review

The operating result for the 2017 year was a net deficit of \$228,824 (2016: \$1,032,326 deficit). The main reason for the deficit was the decline in government funding and community donations partially offset by cost savings achieved. The Company is actively pursuing strategies to diversify its revenue streams further going forward.

Nature of operations and principle activities

During the financial period the principal activities of the Company were to provide services that aim to prevent stroke and reduce the impact of stroke on the Australian community, including:

- To promote, foster, develop and assist the study of and the acquisition, dissemination and application of knowledge and information concerning the causes, diagnosis, prevention and treatment of stroke;
- To encourage, stimulate and aid research in branches of health and medical science pertaining to stroke;
- To stimulate public interest in and enhance public knowledge of the prevention and treatment of stroke;
- To assist in keeping the health profession in Australia conversant with the latest developments in the field of medical and scientific research and the diagnosis, prevention and treatment of stroke;
- To assist in the development and provision of support and information for stroke survivors and their families and carers; and
- To encourage and assist an international interchange of health professionals, researchers, students and others to exchange ideas for purposes of teaching, research, study and training relating to the above.

There were no significant changes in the nature of these activities during the year.

Objectives

The vision of the National Stroke Foundation is a world free from disability and suffering caused by stroke.

The Stroke Foundation Mission is to Prevent Stroke, Save Lives and Enhance Recovery. During 2017, the Company developed a new five year strategic plan called Strategy 2022 which has five strategic goals:

- Fewer preventable strokes in Australia;
- Ensure all Australians have access to evidence-based stroke treatment;
- Enhance recovery to help Australians live well after stroke;
- Champion research in stroke; and
- Grow our impact and manage our charity effectively and efficiently.

Directors' Report (continued)

To achieve these goals, the organisation has adopted the following strategies:

Fewer preventable strokes in Australia

- Boost the number of people who know their blood pressure and associated stroke risk
- Increase community understanding of atrial fibrillation (AF) and its impact on stroke
- Increase community understanding of personal stroke risk factors

Ensure all Australians have access to evidence-based stroke treatment

- Help more Australians know the F.A.S.T. signs of stroke (Face, Arms, Speech, Time)
- Ensure time critical stroke treatments are nationally accessible and supported by stroke unit care
- Support hospitals to improve adherence to the rehabilitation framework and collaborative goal setting

Enhance recovery to help Australians live well after stroke

- Support hospital staff to improve comprehensive discharge planning for stroke survivors
- Extend stroke resources and support tools to diverse communities
- Improve our engagement with primary health and community sectors

Champion research in stroke

- Advocate for increased stroke research funding
- Increase our funding for and participation in stroke research
- Develop and strengthen our research network partnerships

Grow our impact and manage our charity effectively and efficiently

- Sustainably diversify and grow our funding revenues and increase our profile
- Attract the right people and support them with the systems they need to drive organisational performance
- Strengthen our cultural diversity and build industry, academic and institutional partnerships

In 2017, the National Stroke Foundation delivered the following programs and initiatives:

- FAST, a public awareness campaign which aims to teach people the signs of stroke;
- StrokeSafe community education, which teaches people how to reduce their risk of stroke;
- Health Check Program, incorporating the My Health for Life initiative in Queensland and Australia's Biggest Blood Pressure Check campaign, which raises awareness of risk factors for stroke and diabetes in the community through pharmacy and community health centre checks;
- Stroke Connect, a program to ensure that stroke survivors and their carers are provided with information and supported to access the necessary resources to assist in their best possible recovery and improve the quality of life after stroke. Major activities include:
 - Stroke Connect Followup, where stroke survivors and their carers are connected with, and supported to access the necessary services, resources and information in order to improve the quality of life post stroke;
 - My Stroke Journey (MSJ), which delivers high quality information to stroke survivors, their family members and carers. MSJ is designed to support care planning and the transition from hospital to home. It is complemented by a range of information fact sheets on the impact of stroke and in 2017, a new easy English version of MSJ was introduced;
 - StrokeLine, a telephone and online helpdesk service operated by trained health professionals who provide information and advice on stroke prevention, treatment and recovery;
 - enableme, an online portal that uses adaptive technology to empower stroke survivors, carers and families with the information they need to maximise their recovery and to navigate the journey after stroke; and
 - Stroke Connect Support groups – providing support to stroke survivors in the community via volunteer led groups.
- Stroke EXPERT, a program aimed at healthcare professionals, including:

Directors' Report (continued)

- National Clinical Guidelines – provides a series of evidence based recommendations related to treatment, care and recovery from stroke. In 2017, new clinical guidelines were launched via an online platform;
- National Stroke Acute Standard and the Rehabilitation Framework which aims to improve the quality of acute and rehabilitation health services in Australia by outlining recommended systems, structures, networks, settings and criteria;
- National Audit – presents data central to the understanding of the current acute and rehabilitation services in Australia, reports on areas for improvement and tracks performance over time against best practice clinical guidelines and standards;
- StrokeLink – a team based quality improvement program for hospital staff in Queensland working in stroke which uses audit data to help reduce the gap between evidence and practice; and
- InformMe – A digital 'one stop shop' platform to provide health professionals working in stroke evidenced based information, clinical guidelines, audit and benchmarking data, quality improvement tools and online education modules to promote best practice stroke care in acute and rehabilitation services.
- Research, which provides funding and in-kind support for capacity building grants in stroke research. In 2017, 6 grants were awarded by the Stroke Foundation; and
- Advocacy at federal and state government levels, with the aim of obtaining more funding for research and proven interventions which will ultimately reduce the economic, societal and health burdens of stroke in Australia.

This work was supported by:

- Good governance: ensuring financial sustainability and effective risk management processes, engaging and retaining outstanding people, implementing quality processes and systems, and creating quality infrastructure and environments. In 2017, the Company implemented Salesforce to replace its existing customer relationship management system.
- Communications: working with the media, business, governments, health professionals and the general community to establish two-way flows of information to raise awareness about stroke, show how stroke can be prevented and treated, and demonstrate how life can be made better for stroke survivors and their carers, friends and families.

Strategy and operational risk management

The Board of the National Stroke Foundation is actively involved in the identification and management of enterprise risks within the context of the organisation's risk management framework, and reviews significant changes in organisational risk profile at each Board meeting. The monitoring of risks has been delegated by the Board to the Audit, Finance, Investment & Risk Committee which formally reviews risks at monthly meetings and escalates to the Board when residual risks increase significantly, or when emerging issues exceed organisational risk appetite.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with potential business risks and opportunities. They include the implementation of Board approved operating plans and budget, the Board monitoring of progress against these budgets including financial and non-financial key performance indicators.

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

The Board, together with management, monitor organisational performance through a suite of key performance indicators (KPIs). Management monitor KPIs on a timely basis. Directors receive various financial and non-financial KPIs for review prior to each Board meeting allowing all Directors to monitor the Company's performance.

Directors' Report (continued)

Significant changes in the state of affairs

During the year, the Company restructured its Executive team (which includes key management personnel) in order to improve operational effectiveness by creating a Chief Financial Officer position. In addition, in 2017 the Company undertook a strategic planning process led by the Board involving consultation with key external stakeholders.

Indemnification and insurance of directors and officers

Indemnification

The Company has agreed to indemnify the immediate current and former Directors and the current and the immediate former Company Secretary against all liabilities to another person (other than the Company) that may arise from their position as Directors or Secretary of the Company, except where the liability arises out of a lack of good faith. The agreement stipulates that the Company will meet the full amount of such liabilities, including costs and expenses.

The Company has paid insurance premiums of \$4,820 in respect of Directors and Officers Liability insurance.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

Directors' Report (continued)

Directors' meetings

	Meetings of the Directors and Committees		
	Directors' meetings	Audit, Finance Investment & Risk	Governance & Nominations
Number of meetings held	6	15	9
Number of meetings attended*:			
Professor James Angus AO	6	1	8
Professor Amanda Thrift	5	-	-
Ms Irene Trethowan	6	11	9
Assoc. Professor Bruce Campbell	4	-	-
Ms Jennifer Muller	5	-	1
Ms Karen Vernon	6	3	8
Ms Sally Bateman	5	1	-
Mr Christopher Edwards	6	15	1
Ms Christina Tonkin (eligible 4)	2	-	3
Ms Dawn Oldham (eligible 3)	2	1	-
Ms Rosemary Cummins (eligible 5)	4	13	1
Mr Colin Cowell (eligible 4)	4	-	-
Mr. Andrew Matthews (eligible 0)	-	1	-

* Eligible for all Directors' meetings unless specified

Committee memberships

At the date of this report, the Company had an Audit, Finance, Investment & Risk Committee and a Governance & Nominations Committee.

Finance, Investment & Risk Committee

Mr Christopher Edwards*
 Ms Karen Vernon (eligible 1)
 Mr Andrew Matthews (eligible 1)
 Mr Peter Fekete¹
 Mr Alan Lahiff¹ (eligible 5)

Governance & Nominations Committee

Ms Irene Trethowan*
 Professor James Angus AO
 Ms Karen Vernon
 Ms Christina Tonkin

* Designates the chairperson of the committee

¹ Independent advisors

Ms Rosemary Cummins resigned from the Audit, Finance, Investment & Risk Committee on 5 November 2017. Mr Christopher Edwards was appointed to the Audit, Finance, Investment & Risk Committee on 7 December 2016, and as Chair of FIRC and elected as Treasurer on 7 December 2017.

Directors' Report (continued)

Auditor independence

In addition to audit services, RSM Australia Partners were engaged to perform assurance related procedures in relation to grant acquittals.

The Directors have received the Declaration of Independence from the auditor of National Stroke Foundation Limited, a copy of which follows the Directors' Report.

Signed in accordance with a resolution of the Directors.



Professor James Angus AO
President



Mr Christopher Edwards
Treasurer

Melbourne, 29 March 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of National Stroke Foundation for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian professional accounting bodies; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "R B Miano".

R B MIANO
Partner

Dated: 29 March 2018
Melbourne, Victoria

Statement of comprehensive income

For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue from operating activities	5	11,843,123	11,929,719
Core activity costs	5	11,714,204	12,857,597
Gross surplus/(deficit)		128,919	(927,878)
Administration costs		716,701	759,843
Occupancy expenses		472,303	514,400
Depreciation and amortisation		482,247	281,616
Deficit from operating activities		(1,542,332)	(2,483,737)
Other income	5	734,665	875,614
Realised gain/(loss) on investments		110,882	(17,372)
Unrealised gain/(loss) on investments		467,961	593,168
Surplus/(deficit) before income tax expense	5	(228,824)	(1,032,326)
Surplus/(deficit) after income tax expense		(228,824)	(1,032,326)
Other comprehensive income for the year, net of tax		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the entity		(228,824)	(1,032,326)

Under the provisions available under the first-time adoption of AASB 15, the Company has not retrospectively restated prior year balances and consequently the net impact of the adoption of AASB 15 on the opening balance of the current reporting period has been disclosed in the Statement of Changes in Equity. Refer note 2(b) for further details.

Statement of financial position

As at 31 December 2017

	Note	2017 \$	2016 \$
Current assets			
Cash & cash equivalents	16(b)	5,088,160	5,255,423
Trade and other receivables	6	610,882	863,648
Other current financial assets	9	13,362,843	14,102,192
Total current assets		19,061,885	20,221,263
Non-current assets			
Plant & equipment	7	234,309	335,706
Intangible assets	8	2,524,957	1,656,423
Total non-current assets		2,759,266	1,992,129
Total assets		21,821,151	22,213,392
Current liabilities			
Trade and other payables	10	632,398	679,701
Provisions	11	279,253	311,859
Deferred revenue	12	803,306	1,098,360
Other liabilities	13	33,239	33,239
Total current liabilities		1,748,196	2,123,159
Non-current liabilities			
Provisions	11	99,627	99,551
Deferred revenue	12	-	161,738
Other liabilities	13	84,801	118,040
Total non-current liabilities		184,428	379,329
Total liabilities		1,932,624	2,502,488
Net assets		19,888,527	19,710,904
Funds			
General Funds	14	4,888,527	4,710,904
Reserves	15	15,000,000	15,000,000
Total funds		19,888,527	19,710,904

Under the provisions available under the first-time adoption of AASB 15, the Company has not retrospectively restated prior year balances and consequently the net impact of the adoption of AASB 15 on the opening balance of the current reporting period has been disclosed in the Statement of Changes in Equity. Refer note 2(b) for further details.

Statement of changes in equity

For the year ended 31 December 2017

	Reserves \$	General Funds \$	Total \$
At 1 January 2016	-	20,743,230	20,743,230
Surplus/(Deficit) for year	-	(1,032,326)	(1,032,326)
Transfer to/(from) reserves	15,000,000	(15,000,000)	-
Balance at 31 December 2016	15,000,000	4,710,904	19,710,904
Net effect of adoption of AASB15	-	406,447	406,447
At 1 January 2017	15,000,000	5,117,351	20,117,351
Surplus/(Deficit) for year	-	(228,824)	(228,824)
Transfer to/(from) reserves	-	-	-
Balance at 31 December 2017	15,000,000	4,888,527	19,888,527

Under the provisions available under the first-time adoption of AASB 15, the Company has not retrospectively restated prior year balances and consequently the net impact of the adoption of AASB 15 on the opening balance of the current reporting period has been disclosed in the Statement of Changes in Equity. Refer note 2(b) for further details.

Statement of cash flows

For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from ordinary activities (inclusive of GST)		12,333,718	12,418,929
Payments to suppliers and employees (inclusive of GST)		(13,754,879)	(14,935,746)
Interest received		76,861	161,261
Net cash outflows from operating activities	16(a)	(1,344,300)	(2,355,556)
Cash flows from investing activities			
Purchase of investment securities		(6,747,642)	(14,197,935)
Proceeds from sale of investment securities		8,065,834	16,220,187
Purchase of plant and equipment		(5,794)	(152,719)
Purchase of intangible assets		(1,033,537)	(885,721)
Dividends received		587,904	644,175
Interest received		310,273	231,439
Net cash flows from investing activities		1,177,038	1,859,426
Net cash flows from financing activities			
		-	-
Net increase/(decrease) in cash and cash equivalents		(167,263)	(496,130)
Add opening cash and cash equivalents brought forward		5,255,423	5,751,553
Cash and cash equivalents at end of period	16(b)	5,088,160	5,255,423

Notes to the financial statements (continued)

For the year ended 31 December 2017

1. Corporate information

The financial report of the National Stroke Foundation Limited for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 23 March 2017.

National Stroke Foundation Limited is a company limited by guarantee and domiciled in Australia. The financial report is presented in Australian dollars, which is the Company's functional currency.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. Summary of significant accounting policies

Basis of preparation of financial report

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for financial assets which have been measured at fair value. All financial statements should be read in conjunction with the notes.

The financial report is presented in Australian dollars.

(a) Statement of compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference, Title, Application date of standard	Application date for Company and Summary	Impact on Company Financial Report
AASB 9 <i>Financial Instruments</i> 1 January 2018	Application date for the Company 1 January 2018 The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	The Company has not yet determined the extent of the impact on the amendments, if any.
AASB 16 <i>Leases</i> 1 January 2019	Application date for the Company 1 January 2019 The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	This standard requires operating leases which are currently held off balance sheet to be brought onto the balance sheet. Future expected lease payments should be capitalized and brought onto the balance sheet as a right of use asset and also reflect an offsetting liability and amortized together with interest costs over the expected remaining period of the leases. The expected value of such offsetting assets and liabilities at 31 December 2017 is \$2,496,352 and the Company has not brought such assets or liabilities to account.

The Company has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2017:

- AASB 15 'Revenue from Contracts with Customers.'

This standard is applicable to annual reporting periods beginning on or after 1 January 2018, however, the Company has early adopted this accounting standard for this current reporting period. The standard provides a single standard for revenue recognition. The core principle of the standard is that the Company will recognise revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The standard will require:

- contracts to be identified, together with the separate performance obligations based on the relative stand-alone selling price of each distinct service, or estimated if no distinct observable prices exist; and
- recognition of revenue when each performance obligation is satisfied. The performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

Under the standard, the Company shall recognise as an asset the incremental costs of obtaining a contract with a customer where these costs are expected to be recovered.

The retrospective impact of the adoption of AASB 15 on the prior reporting period is an increase in revenue of \$196,389, a decrease in deferred revenue of \$196,389, an increase in donor acquisition costs of \$210,058, a decrease in core activity costs of \$210,058 and an overall increase in net assets of \$406,447.

Under the provisions available under the first-time adoption of AASB 15, the Company has not retrospectively restated prior year balances and consequently the net impact of the adoption of AASB 15 on the opening balance of the current reporting period has been disclosed in the Statement of Changes in Equity.

(c) Basis of consolidation

The consolidated financial report comprises the financial statements of the National Stroke Foundation and its subsidiary as at 31 December each year.

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Stroke Care Australia Pty Ltd is the only subsidiary and has not operated during the financial year. Stroke Care Australia Pty Ltd has no assets or liabilities.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash at bank, cash in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company does not have an overdraft facility.

(e) Trade and other receivables

Trade receivables generally have terms of 30-60 days and are recognised initially at fair value and subsequently measured at amortised cost less an allowance for any impairment.

Collectability of trade receivables is reviewed on an ongoing basis.

An allowance for impairment loss is made when there is objective evidence that the debt will not be collectible, including default of payment or where the debtor is experiencing financial difficulties. Individual debts that are known to be uncollectible are written off.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

The cost of purchase comprises the purchase price plus other costs directly attributable to the acquisition.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition or ownership.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(g) Plant and equipment

Plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of individual items of plant and equipment.

Depreciation rates for plant and equipment is over 1 to 10 years, depending on asset classification.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(i) Impairment of assets

Non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable, and also annually at each reporting date. Assets are written down to their recoverable amount when the carrying amount of the asset is greater than the higher of the assets' fair value less costs to sell and value in use.

(j) Intangible assets

Separately acquired intangible assets

On initial recognition, intangible assets acquired separately are measured at cost. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. The estimated useful life and amortisation method are revised at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

Internally generated intangible assets

Development costs represent typical internally generated intangible assets of relevance for the Company. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met:

- the development costs can be measured reliably,
- the technical feasibility of the product has been ascertained and
- Management has the intention and ability to complete the intangible asset and use or sell it.

Internally generated intangible assets primarily relate to internally developed software.

(k) Other financial assets

The Company classifies its investments in the following categories: financial assets at fair value through the profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends upon the purpose for which the investments were acquired. Management determines the classification at initial recognition and re-evaluates this designation at each reporting date.

A financial asset is categorised as a “Financial assets at fair value through profit and loss” if it is acquired principally for the purpose of selling in the short term or if it is so designated by management. The policy of management is to designate a financial asset, if it exists a possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

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

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted.

They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(m) Revenue recognition

Revenue from contracts with customers (i.e. revenue from rendering of services, revenue from donations, revenue from bequests) is recognised in accordance with AASB 15, only when the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the Company can identify each party's rights regarding the goods or services to be transferred;
- the Company can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (ie the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, consideration is only given to the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Company will be entitled may be less than the price stated in the contract if the consideration, is variable because customers may be offered a price concession.

Other revenue sources are measured at the fair value of consideration received or receivable, as follows:

- interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets; and
- dividend revenue is recognised when the Company's right to receive payment of the dividend is established.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Wages, salaries and annual leave

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured using remuneration rates which are expected to be paid when the liability is settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. In determining the present value of expected future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

(o) Income tax and other taxes

Income tax

Due to an exemption granted by the Australian taxation authorities, no provision for income tax is necessary.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the ATO, in which case the GST is recognised as either part of the cost of acquisition of an asset or as part of the expense item; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement 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 are classified as operating cash flows.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal, equitable or constructive) to make a future outflow of economic benefits as a result of past transactions or other past events, it is probable that a future outflow of economic benefits will be required and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Comparative figures

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

Generally, when the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed, however under the provisions available under the first-time adoption of AASB 15, the Company has not retrospectively restated prior year balances and consequently the net impact of the adoption of AASB 15 on the opening balance of the current reporting period has been disclosed in the Statement of Changes in Equity.

Notes to the financial statements (continued)

For the year ended 31 December 2017

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Key estimates – classification and valuation of investments

The Company has classified investment in listed securities as financial assets at fair value through profit and loss. The fair value of listed shares has been determined by reference to published price quotations in an active market.

Notes to the financial statements (continued)

For the year ended 31 December 2017

4. Financial risk management objectives and policies

(a) Financial risk management objective and policies

Interest, liquidity and credit risk arise in the normal course of the Company's operations. The Company's principal financial instruments comprise investments, cash and short term deposits. Other financial instruments include trade receivables and trade payables.

The Company uses different methods to measure and manage different types of risks to which it is exposed, as further outlined below. The Company's management of financial risk is aimed at supporting the delivery of the Company's financial targets while protecting future financial security.

The totals for each category of financial instruments are as follows:

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	16	5,088,160	5,255,423
Trade and other receivables	6	610,882	863,648
Other current financial assets	9	13,362,843	14,102,192
Total financial assets		19,061,885	20,221,263
Financial liabilities			
Trade and other payables	10	632,399	679,701
Total financial liabilities		632,399	679,701

(b) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and cash equivalent assets. The Company has no borrowings.

At balance date the Company had the following mix of financial assets exposed to Australian variable interest rate risk:

	2017		2016	
	Interest rate %	\$	Interest rate %	\$
Cash at bank	0.00 - 2.50	4,824,922	0.00 - 2.50	4,992,185
Deposits at call	2.50 - 3.00	263,238	2.50 - 3.00	263,238
Total exposure		5,088,160		5,255,423

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due.

The liquidity position for the Company is managed to ensure financial commitments are met in a timely manner. Forecasted cash flows are used to calculate a future liquidity position and to maintain suitable liquidity levels.

Notes to the financial statements (continued)

For the year ended 31 December 2017

4. Financial risk management objectives and policies (continued)

The Company's exposure to liquidity risk is low due to the active and regular monitoring of financial performance, approved budgets and future cash flows, coupled with the significant reserves held.

(d) Credit risk

Credit risk is the risk that a contracting party with the Company may not meet its obligations and in turn result in a potential financial loss to the Company.

The carrying amount of financial assets represents the maximum credit exposure. The major trade receivables of the Company are large corporations who hold strong relationships with the Company and Governments. Credit risk is therefore considered low for the majority of the balance. The Company holds no collateral on trade receivables as the Company only deals with creditworthy third parties. Receivable balances are monitored on an ongoing basis and given the low risk profile of customers, the Company's exposure to bad debts is not significant.

(e) Price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through the guidance of external investment advisors. Price risk is minimised via diversification and by placing an agreed upon framework around limits of how the portfolio is allocated. Reports on the equity portfolio are submitted to the Company's senior management and Board of Directors on a regular basis.

At balance date, the Company had the following mix of financial assets exposed to changes in market prices:

	2017		2016	
	Yield		Yield	
	estimate	\$	estimate	\$
ASX listed - Australian securities	0.00 - 7.00	10,644,054	0.00 - 7.00	12,742,409
ASX listed - International securities	0.00 - 7.00	2,705,123	0.00 - 7.00	1,346,117
Managed fund - International securities	0.00 - 7.00	-	-	486,621
Unlisted Australian securities	0.00	13,666	0.00	13,666
Total exposure		<u>13,362,843</u>		<u>14,588,813</u>

Australian securities are traded on the Australian Securities Exchange.

International securities are traded on the Australian Warrant and Exchange Traded Funds (ETF) Exchange and via an international equity fund. They are predominantly exposed to U.S, U.K and European currency fluctuations. At balance date, approximately 10% of securities held via the ETF Exchange and in international markets include an inbuilt currency hedge to protect the Company against currency risk exposure.

Any increase or decline on Australian or international markets could have an impact on the income or equity attributable to the Company, depending on whether any increase or decline is significant or prolonged.

Notes to the financial statements (continued)

For the year ended 31 December 2017

4. Financial risk management objectives and policies (continued)

(f) Fair value

Due to their short term nature, the fair value of all the financial assets and liabilities held by the Company is assumed to approximate the individual carrying values of those assets and liabilities.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The listed financial assets are based on a level 1 method to determine fair value.

The unlisted financial assets are based on a level 2 method to determine fair value.

There are no other recurring or non-recurring financial assets or liabilities measured at fair value.

Notes to the financial statements (continued)

For the year ended 31 December 2017

5. Surplus/(deficit) from ordinary activities

Surplus/(deficit) from ordinary activities has been determined after:

	2017	2016
	\$	\$
Operating revenue		
Government	2,114,139	2,273,255
Community	7,023,877	6,298,498
Bequests received	1,282,174	1,841,194
Trusts and foundations	734,236	934,286
Corporate	556,110	385,472
Interest	76,861	161,261
Product merchandising	55,726	35,753
Total operating revenue	11,843,123	11,929,719
Core activity expenditure		
Programs and Operations	4,994,132	6,749,913
Income Development	5,294,987	5,135,876
Research	754,200	416,970
Advocacy	670,885	554,838
Total core activity expenditure	11,714,204	12,857,597
Governance and Sustainability	1,671,251	1,555,859
Total expenditure	13,385,455	14,413,456
Deficit from operating activities	(1,542,332)	(2,483,737)
Other income		
Interest income on interest bearing securities	270,801	231,439
Dividend income on equity securities	369,268	418,607
Franking credits earned	94,596	225,568
Total other income	734,665	875,614
Investments under external management	578,843	575,797
Total comprehensive income attributable to members of the entity	(228,824)	(1,032,326)

The following explanations of revenue types and core activity expenditure groups are provided to assist in understanding the deficit from ordinary activities and net surplus.

Revenue

Government revenue is provided by both state and federal governments for specific purposes.

Community revenue includes revenue raised from donations and events where there is no specific requirement for use.

Notes to the financial statements (continued)

For the year ended 31 December 2017

5. Surplus/(deficit) from ordinary activities (continued)

Trusts and foundations revenue represents revenue provided by various trusts or foundations for specific purposes.

Corporate revenue is provided by companies for specific and non-specific purposes.

Core activity expenditure

Programs and Operations expenditure relates to the delivery of nationwide programs. A large number of programs exist to prevent stroke prevalence in the Australian public by educating and informing the community of the risk factors and signs of stroke. Programs also include those that help to improve support services for people and families living with stroke to help improve lives and to improve treatments and access to stroke units. Expenditure largely includes promotional types of expenditure as well as salary and wages.

Income development focuses on fundraising. Expenditure includes salary and wages as well as developmental investment costs for donor acquisition and recruitment as well as a bequest program necessary to support long-term growth and vision of the Company.

Research costs relate to promoting and supporting excellence in stroke related research.

Advocacy is connected to influencing public-policy and resource allocation decisions within political, economic, and social systems and institutions to the benefit of the Australian public and stroke community.

Governance and Sustainability

This non-core activity drives the Company's good governance and strategic planning activities. The focus of this activity is to ensure the Company is efficient, effective and operates with high integrity and process that services stakeholders to a high level of satisfaction. Expenditure includes salary and wages, administration and overhead type costs.

Notes to the financial statements (continued)

For the year ended 31 December 2017

6. Trade and other receivables

	2017	2016
	\$	\$
Trade debtors	26,017	111,141
Provision for impaired debtors	-	-
	<u>26,017</u>	<u>111,141</u>
Other receivables:		
Sundry receivables	409,704	482,158
GST receivable	51,558	139,462
Prepayments	123,603	130,887
	<u>584,865</u>	<u>752,507</u>
Total trade and other receivables	<u>610,882</u>	<u>863,648</u>

Trade receivables are non-interest bearing and are expected to settle within 30-60 days. An allowance for impairment loss is made when there is objective evidence that an individual debt will not be collectible, including default of payment or where the debtor is experiencing financial difficulties.

At 31 December the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days	+ 91 days
2017	26,017	2,243	7	-	23,768
2016	111,141	94,825	10,046	6,160	110

7. Plant and equipment

	2017	2016
	\$	\$
At cost	822,452	816,658
Accumulated depreciation	(588,143)	(480,952)
Net carrying amount	<u>234,309</u>	<u>335,706</u>

Reconciliation of carrying amounts at beginning and end of period:

At 1 January net of accumulated depreciation	335,706	281,218
Disposals	-	-
Additions	5,794	152,719
Depreciation expense	(107,191)	(98,231)
Total written down amount	<u>234,309</u>	<u>335,706</u>

Notes to the financial statements (continued)

For the year ended 31 December 2017

8. Intangible assets

	Licences	Development costs	Donor Acquisition Costs	Total
	\$	\$	\$	\$
Cost				
At 1 January 2016	31,182	966,838		998,020
External additions	19,555	-		19,555
Internally developed additions	-	866,166		866,166
At 31 December 2016	50,737	1,833,004	-	1,883,741
External additions	-	-	1,063,483	1,063,483
Internally developed additions	-	180,108		180,108
At 31 December 2017	50,737	2,013,112	1,063,483	3,127,332
Amortisation				
At 1 January 2016	6,817	37,115		43,933
Amortisation for the year	8,213	175,172		183,385
At 31 December 2016	15,031	212,287	-	227,318
Amortisation for the year	10,147	301,892	63,017	375,057
At 31 December 2017	25,178	514,179	63,017	602,374
Net carrying amount				
At 1 January 2016	24,365	929,723	-	954,087
At 31 December 2016	35,706	1,620,717	-	1,656,423
At 31 December 2017	25,559	1,498,932	1,000,466	2,524,957

Development costs represent internally generated intangible assets of relevance for the Company and primarily relate to internally developed software such as the enableme, InformMe and Salesforce platforms.

9. Financial assets

	2017	2016
	\$	\$
Investments at fair value through profit and loss:		
Quoted equity shares	13,349,177	14,088,526
Unquoted equity shares	13,666	13,666
Total investments at fair value	13,362,843	14,102,192

Quoted equity shares represent securities traded on the Australian Securities Exchange, the Australian Warrant and Exchange Traded Funds (ETF) Exchange and international markets via an international equity fund. At balance date, approximately 10% of securities held via the ETF Exchange and in international markets include an inbuilt currency hedge to protect the Company against currency risk exposure.

Notes to the financial statements (continued)

For the year ended 31 December 2017

10. Trade and other payables (current)

	2017	2016
	\$	\$
Trade payables	377,440	389,669
Other payables	254,958	290,032
Total	632,398	679,701

11. Provisions

	2017	2016
	\$	\$
Employee provisions	378,880	411,410
Current	279,253	311,859
Non-current	99,627	99,551
Total	378,880	411,410

12. Deferred revenue

	2017	2016
	\$	\$
Deferred revenue	803,306	1,260,098
Current	803,306	1,098,360
Non-current	-	161,738
Total	803,306	1,260,098

13. Other liabilities

	2017	2016
	\$	\$
Lease incentive	118,039	151,279
Current	33,238	33,239
Non-current	84,801	118,040
Total	118,039	151,279

Notes to the financial statements (continued)

For the year ended 31 December 2017

14. General funds

	2017	2016
	\$	\$
General funds at beginning of the financial year	5,117,351	20,743,230
Net surplus/(deficit)	(228,824)	(1,032,326)
Transfer to Contingency Fund Reserve	-	(15,000,000)
General funds at end of the financial year	4,888,527	4,710,904
Net effect of adoption of AASB15		406,447
General funds at start of next financial year		5,117,351

Under the provisions available under the first-time adoption of AASB 15, the Company has not retrospectively restated prior year balances and consequently the net impact of the adoption of AASB 15 on the opening balance of the current reporting period has been disclosed in the Statement of Changes in Equity. Refer note 2(b) for further details.

15. Reserves

During 2016, the Board approved a new Reserves Policy designed to ensure the Company retains sufficient financial reserves to safeguard the continuity of its operations and provide a regular income stream to further the Company's mission.

The Reserves Policy has been implemented in conjunction with other governance, risk management and financial policies of the Stroke Foundation. The policy is intended to support the goals and strategies contained in these related policies and in the strategic and operational plans approved by the Board.

(a) Reconciliation of Contingency fund reserve

	2017	2016
	\$	\$
Balance at the beginning of the year	15,000,000	-
Transfer from general funds	-	15,000,000
Balance at the end of the year	15,000,000	15,000,000

(b) Nature and purpose of Contingency fund reserve

The reserve acts specifically as a contingency fund to protect the ongoing operations of the organisation in the event of an unexpected catastrophic event impacting revenue or expense. It also acts as an endowment fund which produces an annual source of revenue (interest, dividends and franking credits) to support and/or invest in the Company's activities.

Notes to the financial statements (continued)

For the year ended 31 December 2017

16. Cash flow statement reconciliation

	2017	2016
	\$	\$
(a) Reconciliation of net cash provided by operating activities to operating surplus		
Net surplus	(228,824)	(1,032,326)
Adjustments for:		
Depreciation of non-current assets	107,191	98,231
Amortisation of intangible assets	375,057	183,385
Change in fair value of quoted shares	(578,843)	(575,796)
Cash dividends included in the calculation of net surplus	(734,665)	(875,614)
AASB15 retrospective impact on deferred revenue	196,389	-
Changes in assets and liabilities:		
Decrease in trade and other receivables	89,256	(143,897)
(Decrease)/increase in current trade and other payables	(47,301)	(181,106)
(Decrease)/increase in provisions	(32,530)	18,190
(Decrease)/increase in deferred revenue	(456,791)	2,100
(Decrease)/increase in other liabilities	(33,239)	151,277
Net cash outflows from operating activities	(1,344,300)	(2,355,556)
(b) Cash and cash equivalents at balance date		
Cash at bank and on hand	3,824,922	4,992,185
Deposits at call	1,263,238	263,238
Closing cash balance	5,088,160	5,255,423

17. Commitments and contingencies

The Company has entered into operating leases on certain office equipment and property for office space as well as capital expenditure.

	2017	2016
	\$	\$
Operating leases		
Within one year	564,285	434,695
After one year but not more than five years	1,932,067	580,274
Total minimum lease payments	2,496,352	1,014,969
Capital expenditure commitments		
Within one year	-	358,100
After one year but not more than five years	-	-
Total minimum capital payments	-	358,100

The Company had no contingent assets or contingent liabilities at the reporting date (2016: nil).

Notes to the financial statements (continued)

For the year ended 31 December 2017

18. Auditor's remuneration

	2017	2016
	\$	\$
Amounts received or due and receivable by RSM Australia Partners for:		
Audit or review of the financial report	20,000	19,000

19. Related party disclosure

The Company has purchased services from a related party on commercial terms.

	2017	2016
	\$	\$
Related party		
Next Telecom Pty Ltd - telecommunication services provided (a company significantly influenced by Mr Ryan O'Hare, resigned 8 December 2016).	25,525	27,252
The Florey Institute of Neuroscience and Mental health - a partner in supporting stroke research and developing infrastructure to collect stroke data (a company significantly influenced by Prof. James Angus AO).	257,787	399,240

20. Key management personnel compensation

Key management personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include the CEO and Divisional Directors of the Company. Directors of the Board operate on a pro bono basis and therefore do not receive any remuneration.

The aggregate compensation made to key management personnel is outlined below.

	2017	2016
	\$	\$
Short-term benefits	805,940	955,081
Post-employment benefits	74,187	85,465
Termination benefits	16,730	63,440
Total	896,857	1,103,986

21. Significant events after balance sheet date

At the date of issue of these consolidated financial statements, the Company is not aware of any events occurring after balance date which will significantly impact the financial position reported at 31 December 2017.

22. Controlled entities

The consolidated financial statements include the financial statements of National Stroke Foundation Limited and all its subsidiaries as listed in the following table.

	Country of Incorporation	Ownership interest	2017	2016
Stroke Care Australia	Australia	100%	100%	100%


Directors' declaration

In accordance with the resolution of the Directors of the National Stroke Foundation, I state that:

- (a) 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
- (b) 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*.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'James Angus', with a large, stylized initial 'J'.

Professor James Angus AO
President
Melbourne, 29 March 2018

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT To the Members of National Stroke Foundation

Opinion

We have audited the financial report of National Stroke Foundation, which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2017 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "R B Miano".

R B MIANO
Partner

Dated: 3 April 2018
Melbourne, Victoria