



Foundation for Alcohol Research & Education

Annual Financial Report

ABN 91 096 854 385

30 June 2018



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Letter from Chair and Chief Executive

FARE is an independent, noisy and effective public-interest body in Australia successfully working to stop the harm caused by alcohol. Through collaborative research, FARE builds on the world's scientific body of knowledge about alcohol and leverages that evidence to advocate public policy and foster programs to reduce the devastation of people's misuse of alcohol.

We have a duty and a responsibility to carefully conserve resources, but at the same time make effective use of these resources to meet our aim to stop the harm caused by alcohol. For a public health promotion charity with 'skin in the game', which does more than simply donate funds to support service delivery, this calls for a new, more ambitious and courageous approach.

Consequently, FARE has become increasingly engaged in identifying how it should realise its vision of 'stopping harm caused by alcohol'. The board is taking a more activist approach towards realising change. This is being executed in a considered fashion with regard to the evolving legislative environment and to the organisation's constitution and resource constraints.

The toll of alcohol harm in Australia is too high. There are nearly 6,000 deaths annually, 160,000 hospitalisations and many other cases of harm. The direct cost to Australian governments is more than \$10 billion a year. Each week there are new research reports pointing to the range of both short- and long-term harm caused by alcohol. During the past year, French research showed the very significant contribution drinking has on the prevalence of dementia, and a study by the World Cancer Research Fund showed strong evidence that the risk of mouth, pharynx, larynx, oesophagus and breast cancers increases with *any* amount of alcohol, and continues to rise with every drink.

One recent study, *Alcohol use and burden for 195 countries and territories, 1990–2016: a systematic analysis for the Global Burden of Disease Study 2016*, funded by the Bill & Melinda Gates Foundation and published in the Lancet, showed there is no safe level of alcohol consumption.

Advocacy

FARE's duty is to continue its advocacy leadership to reinforce a growing body of evidence that exposes the true magnitude of alcohol harm. We are assisted to achieve this both through direct collaboration with the world-class Centre for Alcohol Policy Research (CAPR) at La Trobe University, which FARE supports financially, as well as through relationships with the international alcohol research fraternity.

The translation of this research into strong policy continues to be an organisational strength. In all forums FARE argues strongly for policy responses to meet this growing body of evidence. However, this is a tough policy environment. Corporate vested interests are powerful, the behaviour of politicians repeatedly fall short of community expectations, and merchandising of doubt by the alcohol industry about the science is rampant.

Confronted by this failure of governments to prioritise the health of the community over the interests of the alcohol industry, progress on significant public health policy takes time, but it can be achieved. In a jurisdiction with Australia's heaviest drinkers, Michael Gunner's Northern Territory Government (NTG) is arguably leading the world's most progressive reform agenda on alcohol policy.

FARE's contribution to this agenda has been significant and demonstrates that careful investment in strategic policy development, focused campaigning and strong stakeholder relations can and does deliver results. The vehicle for these reforms was the NTG's commissioning of a comprehensive review of alcohol policies by former FARE director and former Chief Justice Trevor Riley QC.

Significant reform

Riley reported in October 2017, and the government immediately adopted 219 of the 220 recommendations, heralding the prospect of sustained change. Among the most significant recommendations for change were plans to introduce risk-based licencing, a re-write the Liquor Act, and a floor price for alcohol.

Given the magnitude of harm in the Territory, the successful implementation of Riley's reform program will require a long-term commitment from a determined government to see them through. FARE is here to help.

The significance of the NT's reform – the first Australian jurisdiction to introduce a floor price – has reverberated around Australia. It constitutes the first major attack on the problem of cheap booze by any Australian administration since World War II.

However, it has become clear that a fundamental change of policy focus is required, because supply-side interventions (price and availability), while powerful, are met with fierce resistance from vested interests. Demand-side interventions are required.

Alcohol in sport

Forty years ago (1977) a Senate committee chaired by Dr Peter Baume tabled its report *Drug problems in Australia – an intoxicated society?* which acknowledged for the first time that alcohol was the major drug of abuse. Baume said, “We now see the use of leading sports people – for instance, members of the Australian Test Cricket Team – in the promotion and advertising of alcohol. It is perhaps a pity that sportsmen and sportswomen lend their prestige to the promotion of products which, when used to excess, are so demonstrably harmful to so many Australians,” and went on to call for a ban on alcohol advertising in sport.

The repeated failure by any government to heed those recommendations, has led FARE to establish its national *End Alcohol Advertising in Sport* campaign. The campaign’s purpose is to mobilise the widespread community concern about the inexplicable targeting of children by the alcohol industry through its associations with major sports.

Nine out of 10 Australians want the unfair exemption that allows the display of alcohol ads on television during sports broadcasts to be scrapped. FARE and its partners, including the Country Women’s Association, the colleges of Surgeons and Physicians, and The Uniting Church of Australia, are increasing their calls for change.

Other focus areas

Throughout the year, important work continued on a range of core issues such as Fetal Alcohol Spectrum Disorder and the development of a National Alcohol Strategy. We also achieved significant outcomes, including agreement by the Forum on Food Regulation to move to mandate pregnancy warning labels on all alcohol containers, after seven years of prevarication.

A highlight was the 2017 Global Alcohol Policy Conference in Melbourne. FARE was a joint host and a major contributor to this very successful conference. More than 100 international delegates attended and joined with the large contingent of Australians to participate in a festival of alcohol policy ideas.

Investments

We are pleased to report that FARE’s resilient corporate governance and operational performance continues. This year’s financial statements again show a strong financial position with the corpus value preserved and revenues from other sources increased.

In unpredictable investment markets, the decision was made to diversify the investment portfolio to reduce the overall volatility and minimise the need to drawdown capital in times of stressed financial markets. The outcome has been a more efficient portfolio measured by the return relative to the level of risk.

During the 2017-18 financial year FARE went to market to ensure that its investment management requirements were being met. After testing the market, FARE remained with its current provider, with the board applying an environmental, social and governance screen to its portfolio to enhance the most appropriate way to deliver FARE’s investment solutions.

Deploying these resources for good in this area of preventive health does bring challenges. Agitation by some political actors to curtail the activities of charities engaged in advocacy continues, and poses a threat to FARE’s ability to actively campaign for policy change.

FARE’s submissions to Parliament in defence of its work have been extensively reported in the media and our work mentioned in the final report of the Senate inquiry into political donations. FARE also worked closely with the Community Council of Australia in these efforts to stop the imposition of politically motivated constraints on civil society organisations.

Finally, there were some changes of directors. Mark Addy retired from the Board and we welcomed Queensland University’s Dr Nic Carrah (March 2018) and Curtin University’s Professor Simone Pettigrew (September 2018). Chief Executive Michael Thorn was reappointed for a further period.

We thank the directors and staff for their significant contribution to this year of great achievements, which lead us towards an Australia free from alcohol harm.

Andrew Fairley AM
CHAIR

Michael Thorn
CHIEF EXECUTIVE

Directors' report

The Directors of the Foundation for Alcohol Research and Education Limited (FARE) submit here with the annual report of the company for the financial year ended 30 June 2018 and the auditor's report thereon.

DIRECTORS

The names of each person who has been a director during the year to the date of this report are:

Andrew Fairley AM	Jono Nicholas	Tony Walker	Steve Ella
Kirstie Clements	Nadine Ezard	Teresa Dyson	
Mark Addy (retired 3 November 2017)		Simone Pettigrew (appointed 19 September 2018)	
Nicolas Carah (appointed 23 March 2018)			

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

No significant change in the nature of these activities occurred during the financial year.

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.

Directors' report (continued)

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 2018 was \$32,502,633 (\$32,270,479 in 2017).

INFORMATION ON DIRECTORS

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 Equisuper, a profit for member superannuation fund with assets of \$15.5b. 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. Until recently he was the Chair of the Luke Batty 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 Governance and Remuneration Committees.

Jono Nicholas Deputy Chair

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 business he formed after stepping down as CEO of ReachOut Australia in September 2018 after almost ten years in the role. Jono is also a Director of Mental Health Australia.

Jono holds an Honours Degree in Psychology and a Master of Public Health, and has a background in child psychology and human rights. During his career Jono has provided training to Indonesia on the Convention on the Rights of the Child, and co-authored a report for UNICEF on the situation of children and women living in Cambodia. He was a founding staff member of ReachOut Australia in 1997 and also assisted in establishing ReachOut in the USA and Ireland.

Special responsibilities Jono is the Chair of the Governance & Remuneration Committee. He also serves on the Funding Committee.

Directors' report (continued)

Tony Walker	Director
Qualifications	BA (Politics/International Relations)
Experience	<p>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.</p> <p>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 <i>Behind the myth: Yasser Arafat and the Palestinian revolution</i> (W.H. Allen, 1990) with Andrew Gowers. Tony has recently published <i>The Peter Thomson Five</i> (Melbourne University Press).</p> <p>Tony is also a board member and convener of the C.E.W. Bean Foundation. 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 frequent contributor to The Conversation.</p>
Special responsibilities	Tony serves on the Finance, Audit and Risk Management Committee and the Investment Committee.
Steve Ella	Director
Qualifications	MPhil, GradDip IndigHP
Experience	<p>Steve is an Walbunja Aboriginal man originating from the Yuin Nation on the South Coast of NSW. Steve was appointed as a Director of FARE on 25 October 2013.</p> <p>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.</p> <p>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 <i>Aboriginal Alcohol and Drug Work</i>. 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.</p>
Special responsibilities	Steve serves on the Governance and Remuneration Committee and is an <i>End Alcohol Advertising in Sport</i> Campaign Champion.

Directors' report (continued)

Mark Addy	Director (retired 3 November 2017)
Qualifications	BA (Graphic Design)
Experience	<p>Mark was appointed as a Director FARE on 6 March 2014. He is the Head of Design and User Experience at Outware Mobile Sydney.</p> <p>Mark is an advertising creative director for multiple platforms including screen, web, tablet, mobile and branded entertainment.</p> <p>Mark's experience in advertising has included creating campaigns for Australian Defence Recruiting, Schweppes, Heinz, Air New Zealand, Vodafone, Nestle and Mars.</p> <p>Mark is one of Australia's most awarded digital creatives, winning over 40 creative awards in 2012, including 4 Cannes Gold Lions for work on Defence Australia.</p> <p>Born in South Africa, Mark is now a New Zealand citizen, and resides in Sydney.</p>
Special responsibilities	Mark served on the Funding Committee.
Kirstie Clements	Director
Experience	<p>Kirstie was appointed as a Director of FARE on 6 June 2015. She is an author, journalist, speaker, and former editor in chief (1999-2012) of <i>Vogue Australia</i>. Her memoir of three decades in fashion publishing, <i>The Vogue factor</i> (MUP) was released in 2013 and became an international bestseller.</p> <p>Kirstie has co-authored two illustrated books on fashion, <i>In Vogue Australia: 50 years of Australian style</i> (Harper Collins 2009) and <i>The Australian Women's Weekly fashion: The first 50 years</i> (2015) for the National Library of Australia. Kirstie is a director and chief creative officer of <i>porteavie.com</i>, a digital e-commerce website and magazine. She is also a regular columnist for The New Daily news website, Harper's Bazaar Australia and co-publisher of lifestyle magazine <i>Inprint</i>.</p>
Special responsibilities	Kirstie serves on the Finance, Audit and Risk Management Committee and the Funding Committee.

Directors' report (continued)

Teresa Dyson	Director
Qualifications	LLB (Hons), BA, MTax, MAppFin, GAICD
Experience	<p>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.</p> <p>Teresa is formerly a partner of Ashurst Lawyers and Deloitte Australia and is a consultant with McCullough Robertson Lawyers. She was named Lawyer of the Year in 2011 by the Women Lawyers Association of Queensland.</p> <p>Teresa is also Director of Energy Queensland, Seven West Media Ltd, Genex Power Ltd, Power & Water Corporation and Energy Super. She is Deputy Chair of the Gold Coast Hospital & Health Services Board, and is a member of the the Foreign Investment Review Board, the Takeovers Panel and the National Housing Finance & Investment Corporation. She is also on the board of UN Women National Committee or Australia and Opera Queensland Limited.</p>
Special responsibilities	Teresa is the Chair of the Finance, Audit and Risk Management Committee and serves on the Investment Committee.
Nadine Ezard	Director
Qualifications	FACHAM, PhD, MPH MBBS BA
Experience	<p>Associate 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 and Conjoint Associate Professor at the University of New South Wales Faculty of Medicine.</p> <p>Dr Ezard's body of peer-reviewed research focuses on building the evidence base for improved health interventions for marginalised populations. She has a particular interest in public health and clinical care linkages for reducing substance-related harm.</p> <p>She is a registered medical practitioner and Fellow of the Australasian Chapter of Addiction Medicine (FACHAM), Royal Australasian College of Physicians (RACP). She has previously worked for the World Health Organization and the United Nations High Commissioner for Refugees.</p>
Special responsibilities	Nadine serves on the Governance and Remuneration Committee.

Directors' report (continued)

Nicholas Carah	Director (appointed 23 March 2018)
Qualifications	PhD, Grad Cert. (Higher Education), B.Bus (Hons)
Experience	<p>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.</p> <p>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 Co-convenor of the Bachelor of Communication, taking carriage of the Digital Media major. 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.</p> <p>His work has been published in <i>Media, Culture & Society</i>, <i>New Media & Society</i>, <i>Television & New Media</i>, <i>Consumption, Markets & Culture</i>, <i>Health</i>, and <i>Critical Public Health</i>.</p>
Special responsibilities	Nil
Simone Pettigrew	Director (appointed 19 September 2018)
Qualifications	BEC, MComm, PhD
Experience	<p>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.</p> <p>Simone's alcohol-related research has been published in a wide range of journals including <i>Addiction</i>, <i>Drug and Alcohol Review</i>, <i>Alcohol and Alcoholism</i>, <i>Addictive Behaviors</i>, <i>Psychology of Addictive Behaviors</i>, <i>Australian and New Zealand Journal of Public Health</i>, <i>BMJ Open</i>, <i>Health Education Research</i>, <i>Substance Use & Misuse</i>, <i>Addiction Research & Theory</i>, and <i>American Journal of Health Promotion</i>.</p>
Special responsibilities	Nil

Directors' report (continued)

COMPANY SECRETARY

Sharrin Wells	Company Secretary and Chief Financial Officer
Qualifications	BBus (Acc), CPA, MBA, GIA(Cert)
Experience	<p>Sharrin was appointed Company Secretary of FARE in July 2013.</p> <p>Sharrin has 28 years' experience in all key aspects of commercial business and public and private sector management.</p> <p>Sharrin's career is characterised by a series of demanding roles and projects, seeing her implement ground-breaking, innovative solutions.</p> <p>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.</p>
Michael Thorn	Chief Executive
Qualifications	BA, GradDip (Finance)
Experience	<p>Michael was appointed Chief Executive of FARE in January 2011.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Directors' report (continued)

DIRECTORS' MEETINGS

The number of directors' meetings held and number of meetings attended by each director during the financial year are as follows:

	General	Five held	Finance Audit & Risk Management	Four held	Investment	Four held	Governance & Remuneration	Two held
Director name	Number eligible to attend	Attended	Number eligible to attend	Attended	Number eligible to attend	Attended	Number eligible to attend	Attended
Andrew Fairley	2	2	2	2	2	2	2	2
Jono Nicholas	2	2	-	-	-	-	-	-
Tony Walker	2	2	2	2	2	2	2	2
Steve Ella	2	2	-	-	-	-	-	-
Kirstie Clements	2	2	2	2	-	-	-	-
Teresa Dyson	2	2	2	2	2	2	2	2
Nadine Ezard	2	2	-	-	-	-	-	-
Nicholas Carah	2	2	-	-	-	-	-	-
Simone Pettigrew	-	-	-	-	-	-	-	-
Daniele Press (external advisor)	-	-	-	-	2	2	2	2

MEMBERS' GUARANTEE

FARE is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If FARE is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of FARE. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$400 (2017: \$400).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under *The Australian Charities and Not-for-profit Commission Act 2012* is set out on page 13 and forms part of the Directors' report for the financial year ended 30 June 2018.

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

Director



Director



Dated

7th day of December 2018

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 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwicks

Hardwicks
Chartered Accountants



Robert Johnson FCA
Partner

Date: 7 December 2018

Canberra

Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue			
Revenue and other income	2	4,756,307	2,944,941
Expenditure			
Administrative expenses		(99,558)	(107,204)
Investment management fees	3(e)	(154,849)	(157,787)
Depreciation and amortisation expenses	3(a)	(13,469)	(15,715)
Directors' expenses	3(c)	(195,350)	(165,299)
Finance costs	3(d)	(15,573)	(15,573)
Occupancy expenses		(160,478)	(144,387)
Employee benefits expenses		(1,802,346)	(1,673,322)
Project payments		(1,804,470)	(915,025)
Net surplus / (deficit) for the year		510,214	(249,371)
Other comprehensive income		-	-
Total comprehensive surplus / (deficit) for the year		510,214	(249,371)

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,077,509	1,159,744
All other receivables	6	10,484	3,973
Accrued revenue	6	25,100	26,236
Other assets	6	582,336	607,335
Total current assets		1,695,429	1,797,288
Non-current assets			
Financial assets	7	32,502,633	32,270,479
Property, plant and equipment	8	24,838	38,307
Total non-current assets		32,527,471	32,308,786
TOTAL ASSETS		34,222,900	34,106,074
LIABILITIES			
Current liabilities			
Trade and other payables	9	185,737	123,823
Interest-bearing liabilities	10	2,730	5,781
Provisions	11	148,257	48,607
Other liabilities	12	248,594	752,666
Total current liabilities		585,318	930,877
Non-current liabilities			
Trade and other payables	9	22,430	26,584
Provisions	11	29,947	73,622
Total non-current liabilities		52,377	100,206
TOTAL LIABILITIES		637,695	1,031,083
NET ASSETS		33,585,205	33,074,991
EQUITY			
Retained earnings		33,585,205	33,074,991
TOTAL EQUITY		33,585,205	33,074,991

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Retained earnings \$	Total equity \$
2018		
Balance at 1 July 2017	33,074,991	33,074,991
Surplus for the year	510,214	605,022
Balance at 30 June 2018	33,585,205	33,680,013
2017		
Balance at 1 July 2016	33,324,361	33,324,361
Deficit for the year	(249,370)	(249,370)
Balance at 30 June 2017	33,074,991	33,074,991

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Project fund		456,082	944,738
Interest received		86,231	68,379
Funding development activities		77,290	27,165
Net GST receipts		(8,626)	(8,626)
Payments to suppliers		(445,458)	(509,342)
Directors		(195,350)	(165,299)
Employees		(1,744,331)	(1,709,010)
Project payments	17(c)	(1,804,470)	(915,025)
Net cash flows (used in) operating activities	17(b)	(3,578,632)	(2,267,020)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment cash flows		3,651,246	2,371,081
Lease incentive		-	-
Payment for property, plant and equipment	8(b)	-	(27,981)
Management fees		(154,849)	(157,787)
Net cash flows provided by investing activities		3,496,397	2,185,313
Net (decrease)/increase in cash held		(82,235)	(81,707)
Cash and cash equivalents at beginning of year		1,159,744	1,241,451
Cash and cash equivalents at end of year	17(a)	1,077,509	1,159,744

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The financial statements are for the Foundation for Alcohol Research and Education Limited (FARE), a Not For Profit entity, incorporated and domiciled in Australia. FARE is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – in accordance with the Australian Accounting Standards Board and the *Australian Charities and Not-for-profit Commission Act 2012*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals 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 statement have been rounded to the nearest dollar.

Accounting policies

a. Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity 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 state of financial position as a liability until the service has been delivered to the contributor otherwise the grant is recognised as income on receipt.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Donations are recognised as revenue when received.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

b. Inventories

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

c. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

FARE continues to exercise its right to elect the cost model, rather than the valuation model, under AASB 116 (29) in respect of property, plant and equipment.

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets, but excluding leasehold land and properties held for investment purposes, is depreciated on a straight line basis over their estimated useful lives to FARE commencing from the time the asset is held ready for use.

d. Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the lower of fair value and 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.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets are depreciated on a straight line basis over their estimated useful lives or over the term of the lease.

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

e. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (that is trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method* and
- (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

e. Financial instruments (continued)

Classification and subsequent measurement (continued)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Such assets are subsequently measured at fair value.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

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.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

g. Employee benefits

(i) Short-term employee provision

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.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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.

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

Defined contribution superannuation benefits

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.

h. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are included in the statement of Cash Flows on a net basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

j. Income tax

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

k. Intangible Assets

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.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Comparative figures

The comparative figures for 1 July 2017 to 30 June 2018 are shown. Where required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

n. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates:

Impairment – All assets are assessed for indicators of impairment each year. Refer to Note 1 f. No indicators of impairment were identified for the period ended 30 June 2018 (2017: nil).

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.

p. Economic dependency

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.

q. 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 19.

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.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. **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.

Notes to the Financial Statements (continued)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUES AND OTHER INCOME	2018	2017
	\$	\$
a. All other income		
All other revenue	61,062	10,500
Total all other income	61,062	10,500
b. Finance revenue		
Interest income		
Public fund	74	26
Operating/trust accounts	85,021	94,359
Total interest income	85,095	94,385
Investment income		
Dividends and interest	1,764,067	1,745,659
Fair value movement	1,624,680	329,749
Tax imputation credits	459,876	492,864
Total investment income	3,848,623	2,568,272
Total finance revenue	3,994,780	2,673,157
c. Funding development activities		
Donors/gifts/partnerships	71,897	15,077
Merchandise and resources	3,215	1,588
Total funding development activities	75,112	16,665
d. Funding		
Government funding	686,415	229,058
Project payments refunded	-	26,061
Total	686,415	255,119
Total revenues and other income	4,756,307	2,944,941
NOTE 3: EXPENSES	2018	2017
Surplus (Deficit) for the year has been determined after:	\$	\$
a. Depreciation and amortisation		
Computer equipment	8,203	9,067
Furniture and fixtures	-	502
Telephone system	-	109
Other property, plant and equipment	1,026	1,797
Software	4,240	4,240
Total depreciation and amortisation	9(b) 13,469	15,715

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 3: EXPENSES (continued)	2018	2017
	\$	\$
b. Employee benefits		
Leave accrual	122	(13,490)
Long service leave accrual	54,419	(9,078)
Workers compensation	11,382	8,590
Total employee benefits	65,923	(13,978)
c. Directors' expenses		
Fees	170,810	128,511
Other expenses	24,540	36,788
Total directors' expenses	195,350	165,299
d. Finance costs		
Operating leases		
Photocopier	15,573	15,573
Total finance costs	15,573	15,573
e. Other expenses		
Investment management fees	154,849	157,787
Total other expenses	154,849	157,787
f. Auditor remuneration		
Financial statements audit	12,500	12,500
Total auditor remuneration	12,500	12,500

The auditor of the financial statements is Hardwicks. There were no other services provided by Hardwicks during the financial year.

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Details of key management personnel

Directors

Andrew Fairley AM	Chair of the Board, Chair of the Investment Committee
Jono Nicholas	Deputy Chair of the Board, Chair of the Governance and Remuneration Committee
Teresa Dyson	Chair of the Finance Audit and Risk Management Committee
Tony Walker	Director
Steve Ella	Director
Mark Addy	Director (retired 3 November 2017)
Kirstie Clements	Chair of the Funding Committee.
Nadine Ezard	Director
Nicolas Carah	Director (appointed 23 March 2018)

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Executives

Michael Thorn	Chief Executive Officer
Sharrin Wells	Chief Finance Officer

b. Compensation of key management personnel

	2018	2017
	\$	\$
Short-term employee benefits		
Director fees	156,169	117,425
Executive salaries	383,616	375,905
Total short-term employee benefits	539,785	493,330
Post employment benefits		
Director superannuation	14,640	11,086
Executive superannuation	36,444	35,711
Total post employment benefits	51,084	46,797
Total	590,869	540,127

NOTE 5: CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
These are held as follows:		
Operating funds	205,731	129,273
Trust fund	62,432	39,470
Public fund	22,965	12,047
Interest fund	750,326	611,208
Fundraising fund	1,397	1,417
Ian Webster scholarship fund	-	25,322
Petty cash	258	633
Debit account	1,248	-
Business Online Saver – Bank Guarantee	32,897	32,897
Merchant accounts	99	99
Corporate online account	156	7,378
Term deposits	-	300,000
Total cash and cash equivalents	1,077,509	1,159,744

The effective interest rate on short-term bank deposits was 1.5 per cent (2017: 1 per cent). Term deposits have an average maturity of 87 days. Due to the deposits being at call, they have been deemed to be highly liquid investments.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
NOTE 6: Trade and other receivables			
CURRENT			
Accrued interest on bank accounts		25,100	26,236
All other receivables		10,484	3,973
Imputation credit refunds		459,876	492,864
Prepayments		61,630	52,675
Resources inventory		60,830	61,796
Total trade and other receivables		617,920	637,544

		2018	2017
		\$	\$
NOTE 7: OTHER FINANCIAL ASSETS			
NON-CURRENT			
Financial assets at fair value through profit or loss	(a)	30,642,233	30,270,479
Held-to-maturity financial assets	(b)	1,860,400	2,000,000
Total financial assets		32,502,633	32,270,479

a. Financial assets at fair value through profit or loss

Listed Shares		30,642,233	30,270,479
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Securities in listed corporations are held for trading purposes to generate income through the receipt of dividends and capital gains.

		2018	2017
		\$	\$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			

a. Non leased property, plant and equipment

Computer equipment

Computer equipment at cost		202,491	202,491
Less accumulated depreciation		(188,199)	(179,997)
Total computer equipment		14,291	22,494

Furniture and fixtures

Furniture and fixtures at cost		144,867	144,867
Less accumulated depreciation		(144,867)	(144,867)
Total furniture and fixtures		-	-

Telephone system

Telephone system at cost		19,370	19,370
Less accumulated depreciation		(19,370)	(19,370)
Total telephone system		-	-

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)	2018	2017
	\$	\$
Other property, plant and equipment		
Other property, plant and equipment at cost	19,258	19,258
Less accumulated depreciation	(17,006)	(15,980)
Total other property, plant and equipment	2,252	3,278
Computer software		
Computer software at cost	73,394	73,394
Less accumulated depreciation	(65,100)	(60,859)
Total computer software	8,294	12,535
Total property, plant and equipment	24,838	38,307

b. Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment and intangible assets between the beginning and the end of the current financial year.

	Furniture, fixtures and fittings \$	Computer equipment \$	Telephone system \$	Other property, plant and equipment \$	Computer Software \$	Total \$
Year ended 30 June 2018						
Balance at the beginning of year	-	22,494	-	3,278	12,535	38,307
Additions	-	-	-	-	-	-
Depreciation expense		(8,203)		(1,026)	(4,240)	(13,469)
Balance at the end of the year	-	14,291	-	2,252	8,294	24,838
	Furniture, fixtures and fittings \$	Computer equipment \$	Telephone system \$	Other property, plant and equipment \$	Computer software \$	Total \$
Year ended 30 June 2017						
Balance at the beginning of year	502	7,684	109	971	16,774	26,040
Additions	-	23,877	-	4,104	-	27,981
Depreciation expense	(502)	(9,067)	(109)	(1,797)	(4,239)	(15,715)
Balance at the end of the year	-	22,494	-	3,278	12,535	38,307

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 9: TRADE AND OTHER PAYABLES

CURRENT	2018	2017
	\$	\$
Secured liabilities		
Payables	115,976	85,596
Accrued expenses	55,437	24,666
Superannuation liability	4,355	5,043
Lease incentive	9,969	9,969
Paypal clearing account	-	(1,451)
Total	185,737	123,823

NON-CURRENT	2018	2017
	\$	\$
Lease incentive	22,430	26,584
Total	22,430	26,584

NOTE 10: INTEREST BEARING LIABILITIES

CURRENT	2018	2017
	\$	\$
Bank credit card	2,730	5,781
Total current borrowings	2,730	5,781
Total interest bearing liabilities	2,730	5,781

NOTE 11: PROVISIONS

CURRENT	2018	2017
	\$	\$
Employee benefits		
Long service leave	67,123	-
Provision for employee benefits	81,135	48,607
Closing balance	148,257	48,607

NON-CURRENT	2018	2017
	\$	\$
Employee benefits		
Long service leave	29,947	41,217
Provision for employee benefits	-	32,405
Closing balance	29,947	73,622

a. Aggregate employee benefit liability 178,205 122,229

b. Number of employees at year end 24 25

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 1 to this report.

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 12: OTHER LIABILITIES

CURRENT	2018	2017
	\$	\$
Income received in advance	248,594	752,768
Closing balance	248,594	752,768

NOTE 13: PROJECT FUND COMMITMENTS

As at 30 June 2018, FARE is committed to providing a further \$1,549,469 in project funds (\$1,152,666 in 2017). These payments are subject to the terms and conditions of their respective contract. These forward commitments have not been expensed in the Statement of Comprehensive Income as they are contingent upon satisfactory performance of grantees.

NOTE 14: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements:

	2018	2017
	\$	\$
Payable		
— not later than one year	141,559	137,889
— later than one year but not later than five years	327,451	484,583
Total operating lease commitments	469,010	622,472

The photocopier lease is a non-cancellable 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.

NOTE 15: CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2018 FARE had no contingent liabilities or contingent assets that may become payable or receivable.

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to reporting date.

NOTE 17: CASH FLOW INFORMATION

	2018	2017
	\$	\$

a. Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	1,044,612	859,744
Term deposits	32,897	300,000
Total	1,077,509	1,159,744

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

NOTE 17: CASH FLOW INFORMATION (continued)

b. Reconciliation of net cash flows (used in) operating activities with Operating surplus/(deficit) for the year

	2018	2017
	\$	\$
Operating surplus/(deficit) for the year	510,215	(249,371)
Investment (income)	(3,693,773)	(2,410,485)
(Deficit) from trading activities	(3,183,559)	(2,659,856)
Non-cash flows in surplus from ordinary activities		
Depreciation	13,469	15,715
Changes in assets and liabilities		
Decrease/(increase) in receivables	(496)	10,483
Decrease in accrued revenue	1,137	(26,006)
Decrease/(increase) in other assets	(7,989)	(30,133)
Decrease/(increase) GST paid on expenses	(8,626)	(8,626)
Increase/(decrease) in payables	57,517	(157,066)
(Decrease)/increase in employee provisions	55,006	(34,450)
(Decrease)/increase in GST receivable	(976)	-
(Decrease)/increase in payroll liabilities	(501,061)	620,590
(Decrease) in bank credit card	(3,055)	2,329
Net Cash flows (used in) operating activities	(3,578,632)	(2,267,020)
c. Project fund payments	1,804,470	915,025
Total project fund payments	1,804,470	915,025

NOTE 18: CREDIT STAND-BY ARRANGEMENT AND LOAN FACILITIES

FARE has a Mastercard facility amounting to \$70,000 (2017 \$70,000). This may be terminated at any time at the option of the bank. At 30 June 2018 \$3,241 (2017 \$5,785) was outstanding on this facility. Interest rates are variable.

FARE has a bank guarantee as security deposit in favour of the property lessors for an amount of \$32,896.88.

NOTE 19: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	Note	2018	2017
		\$	\$
Cash and cash equivalents	5	1,077,509	1,159,744
Trade and other receivables	6	10,484	3,973
Financial assets at fair value through profit or loss	7(a)	30,642,233	30,270,479
Held-to-maturity investments	7(b)	1,860,400	2,000,000
Total financial assets		33,590,626	33,434,196

Notes to the Financial Statements (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOTE 19: FINANCIAL RISK MANAGEMENT (continued)

Financial liabilities	Note	2018 \$	2017 \$
Financial liabilities at amortised cost:			
– trade and other payables	9	175,768	113,854
– borrowings	10	2,730	5,781
Total financial liabilities		178,498	119,635

Net fair values

For listed available-for-sale financial assets and financial assets at fair value the fair values have been based on closing quoted bid prices at the end of the reporting period.

There are no unlisted available-for-sale financial assets.

Fair values of held-to-maturity investments are based on quoted market prices at the ending of the reporting period.

Sensitivity analysis

The majority of the portfolio is Australian equities with revenue dependent on dividends and share value movements. As at 30 June 2018 if dividends or values move, as illustrated in the table below, with all variables held constant, profit and equity would have been affected as follows:

	Equity (higher/lower)		Profit (higher/lower)	
	2018 \$	2017 \$	2018 \$	2017 \$
+1 per cent movement in Dividends	17,641	17,457	17,641	17,457
-2 per cent movement in Dividends	(35,281)	(34,913)	(35,281)	(34,913)
+1 per cent movement in Share Prices	325,026	322,705	325,026	322,705
-2 per cent movement in Share Prices	(650,053)	(645,410)	(650,053)	(645,410)

NOTE 20: RELATED PARTY DISCLOSURES

The value of Project Fund Approvals to organisations of which FARE directors are directors and/or employees are detailed below:

	2018 \$	2017 \$
Related parties		
Sydney University	-	-
Total Related Party Disclosures	1(p) -	-

These transactions were undertaken on terms equivalent to those that prevail in arm's-length transactions and also see comments under Note 1(p).

END OF AUDITED FINANCIAL STATEMENTS

DIRECTORS' DECLARATION

The directors of FARE declare that:

1. The financial statements and notes, as set out on pages 14 to 32 are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*:
 - a. comply with Australian Accounting Standards and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of FARE.
2. In the directors' opinion there are reasonable grounds to believe that FARE will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors; made pursuant to S60.15 of the *Australian Charities and Not-for-profit Commission Regulations 2012*.

Director



Chair of the FARE Board

Director



Director

Dated this

7th day of December 2018

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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 2018, 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 2018 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.

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.

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**



Robert Johnson FCA

Location FARE Office Deakin ACT 2600

Dated this 7 day of December 2018

CHIEF EXECUTIVE OFFICER'S DECLARATION

The Chief Executive Officer of FARE declares that:

- the financial records of FARE for the financial year ended 30 June 2018 have been properly maintained in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*
- the financial statements, and the notes comply with the Australian Accounting Standards
- the financial statements, and notes give a true and fair view
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made by:

Michael Thorn
Chief Executive Officer



Dated this 7th day of December 2018

CHIEF FINANCE OFFICER'S DECLARATION

The Chief Finance Officer of FARE declares that:

- the financial records of FARE for the financial year ended 30 June 2018 have been properly maintained in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*
- the financial statements, and the notes comply with the Australian Accounting Standards
- the financial statements, and notes give a true and fair view
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made by:

Sharrin Wells

Chief Finance Officer



Dated this 7th day of December 2018