



EPILEPSY FOUNDATION

A.B.N. 75 967 571 784

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

**EPILEPSY FOUNDATION
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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DIRECTORY

Registered Address:	587 Canterbury Road Surrey Hills VIC 3127
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Auditor:	Grant Thornton Audit Pty Ltd
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The Board:	
Chairman:	Mr. Joseph Azoulay
Directors:	Mr. Jim Campbell Mr. Andrew Macmillan Dr. Christine Walker Ms. Kate Marshall Prof. Mark Cook Ms. Lynne Gallucci Ms. Christine Edwards

Company Secretary:	Mr. Graeme Shears
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EPILEPSY FOUNDATION

BOARD'S REPORT

The Board of the Epilepsy Foundation submits the Financial Statements of the Company for the financial year ended 30 June 2020.

BOARD MEMBERS

The following persons were Board Members during the whole of the financial year, unless otherwise stated:

	Board	
	A	B
Prof Mark Cook	4	2
Dr Christine Walker	4	3
Mr Jim Campbell	4	4
Ms Kate Marshall	4	2
Mr Joseph Azoulay (Chair)	4	3
Mr Andrew Macmillan	4	3
Ms Lynne Gallucci	4	4
Ms Christine Edwards	4	4
Mr. Graeme Shears (Company Secretary & CEO)	4	4

A - Number of Meetings eligible during the year

B - Number of Meetings attended

CORPORATE INFORMATION

The Epilepsy Foundation is a company limited by guarantee, incorporated and domiciled in Australia.

The registered office of the Epilepsy Foundation is located at 587 Canterbury Road Surrey Hills Vic 3127.

PRINCIPAL ACTIVITIES

The principal activities of the Epilepsy Foundation during the financial year were to enhance the quality of life of people living with epilepsy through information, education, advocacy, support services and research.

SHORT TERM OBJECTIVES

The company's short term objectives are to

- Expand research to understand the needs of people living with epilepsy and develop evidence based best practice support programs.
- Develop, refine and use person and family centered models of service.
- Develop the capability and tools to evaluate program effectiveness; to continuously improve and build the case for support and investment.
- Expand the reach of our services.
- Build a capable workforce to deliver consistent and high quality outcomes.

EPILEPSY FOUNDATION
BOARD'S REPORT (Cont.)

LONG TERM OBJECTIVES

The Company's long term objective is to ensure no one has to go it alone with epilepsy in Australia.

STRATEGY FOR ACHIEVING SHORT AND LONG-TERM OBJECTIVES

To achieve these objectives, the Company has adopted the following strategies:

- Undertake research into the impacts of epilepsy on people's lives
- Develop better practice programs in the areas important to people living with epilepsy
- Build community understanding and support.
- Ensure programs are available to all who need them.

SIGNIFICANT CHANGES

On 18 March 2020 in response to the COVID-19 outbreak in Australia, the Governor-General declared that a human biosecurity emergency (pandemic) existed. Epilepsy Foundation has enacted appropriate elements of its Business Continuity Plan and its COVID-19 Pandemic Plan and continues to follow relevant Commonwealth and State Government directions.

Epilepsy Foundation's risk management framework has continued to operate effectively in the context of this matter.

OPERATING RESULT

The profit from ordinary activities for the year amounted to \$177,787 (2019: profit from ordinary activities of \$298,512).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration has been received for the year ended 30 June 2020 and can be found on page 9 of this Financial Report.

MEMBERS GUARANTEE

The Epilepsy Foundation is a company limited by guarantee. In the event of and for the purpose of, the winding up of the company, the amount capable of being called up from each member and any person or association who has ceased to be a member in the year prior to the winding up is limited to \$1, subject to the provision of the company's constitution.

**EPILEPSY FOUNDATION
BOARD'S REPORT (Cont.)**

SUB-COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

	Finance Audit & Risk Management	
	A	B
Subcommittee Members		
Mr Jim Campbell (Chair)	7	7
Mr Joseph Azoulay	1	1
Ms Lynne Gallucci	7	7
Meeting Attendees		
Mr. Graeme Shears (Company Secretary & CEO)	7	7
Mr Dennis Clark (External)	7	5
Mr Brendan Lillywhite (Staff)	6	6
Mr Jason Rajit (Staff)	7	6
Ms Bronwen Kohne (Staff)	7	6
Ms Nicole Coulthard (Staff)	6	6
Ms Helen Smith (Staff)	3	3

A - Number of Meetings eligible
B - Number of Meetings attended

Signed in accordance with a resolution of the Board for and on behalf of the Board by:



Mr. Joseph Azoulay – Chairman



Ms. Lynne Gallucci - Director

Dated at Melbourne, Victoria: 19 October 2020

EPILEPSY FOUNDATION
DIRECTORS' DECLARATION

The Directors have determined that the Epilepsy Foundation's general purpose financial report should be prepared in accordance with the accounting policies described in note 1 to the financial statements.

The Directors of the Epilepsy Foundation declare that:

1. The financial statements and notes, as set out on pages 10 to 28 have been prepared in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* including:
 - a. Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - b. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*.
2. In the Directors' opinion there are reasonable grounds to believe that the Company 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 and is signed by:



Mr. Joseph Azoulay – Chairman



Ms. Lynne Gallucci - Director

Dated at Melbourne, Victoria: 19 October 2020

Independent Auditor's Report

To the Members of Epilepsy Foundation

Report on the audit of the financial report

Opinion

We have audited the financial report of Epilepsy Foundation (the "Company"), which comprises the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Epilepsy 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 Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Company 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Company's board report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure and the ACNC Act, and for such internal control as the Directors 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 Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner – Audit & Assurance

Melbourne, 19 October 2020

Auditor's Independence Declaration

To the Directors of Epilepsy Foundation

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Epilepsy Foundation for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner - Audit & Assurance

Melbourne, 19 October 2020

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EPILEPSY FOUNDATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue and Other Income			
Fundraising			
Donations	2	2,458,201	1,438,069
Non Deductible Gifts		202,492	126,712
Contributions		51,524	73,483
Opportunity Shop Income		867,979	845,211
Grants Income		2,237,098	1,647,410
Interest & Investment Income		59,481	62,506
Service Fees/ Education & Training		366,717	468,769
Sundry Income		254,052	321,959
Merchandise Income		23,237	20,430
Gain on Sale of Fixed Assets		-	1,338
Nett Change in Financial Assets		(27,497)	10,742
Total Revenue from Continuing Operations		6,493,284	5,016,629
Administration Expenses	3	414,751	376,328
Conference and Travel Expenses		42,844	40,797
Depreciation		539,929	186,825
Direct Fundraising Expenses		469,321	460,574
Direct Op Shop Expenses		158,836	129,061
Finance Expenses		19,927	-
Motor Vehicle Expenses		36,433	40,130
Personnel Expenses	4	3,109,932	3,122,159
Property Expenses	5	117,019	362,243
Research Grants		1,406,505	-
Total Expenditure from Continuing Operations		6,315,497	4,718,117
Net Surplus for the Year		177,787	298,512
Total Comprehensive Income/(Deficit) for the Year		177,787	298,512

The statement is to be read in conjunction with the attached notes

EPILEPSY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Assets			
Current Assets			
Cash & Cash Equivalents	12	8,884,660	3,136,578
Trade & Other Receivables	6	305,193	402,670
Inventory		15,529	19,236
Total Current Assets		9,205,382	3,558,484
Non-Current Assets			
Property, Plant & Equipment	7	4,141,795	4,198,230
Right of Use Asset	8	695,557	-
Financial Assets	9	597,359	519,001
Total Non-Current Assets		5,434,711	4,717,231
Total Assets		14,640,093	8,275,715
Liabilities			
Current Liabilities			
Trade Creditors and Accruals	10	958,864	300,090
Contract Liability		6,948,599	2,244,778
Lease Liability	11	306,655	-
Employee Entitlements	13	429,888	340,269
Total Current Liabilities		8,644,006	2,885,137
Non-Current Liabilities			
Employee Entitlements	13	59,599	60,040
Lease Liability	11	428,163	-
Total Non-Current Liabilities		487,762	60,040
Total Liabilities		9,131,768	2,945,177
Net Assets		5,508,325	5,330,538
Funds			
Net Unrealised Gain/(Loss) Reserve		(1,656)	(1,656)
Retained Earnings		5,509,981	5,332,194
Total Funds		5,508,325	5,330,538

The statement is to be read in conjunction with the attached notes

EPILEPSY FOUNDATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Net Unrealised Gain/(Loss) Reserve	Retained Earnings	Total
Balance at 1 July 2018	(1,656)	5,033,682	5,032,026
Transfer to Net Unrealised Gain Reserve	-	-	-
Net Surplus/(Deficit) for the year	-	298,512	298,512
Balance at 30 June 2019	(1,656)	5,332,194	5,330,538
Transfer to Net Unrealised Gain Reserve	-	-	-
Net Surplus for the year	-	177,787	177,787
Balance at 30 June 2020	(1,656)	5,509,981	5,508,325

The statement is to be read in conjunction with the attached notes

EPILEPSY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from:			
Public/Customers		4,688,256	3,336,246
Government Grant		6,554,000	3,219,580
Payments to Suppliers and Employees		(5,002,312)	(4,514,672)
Net Cash flows from operating activities	12	6,239,944	2,041,154
Cash flows from investing activities			
Proceeds from Sale of Property, Plant and Equipment		-	16,920
Proceeds from Disposal of Investments		100,000	-
Interest Received		43,954	22,932
Investment Income Received		34,478	20,912
Purchase of Investments		(205,855)	-
Purchase of Property, Plant and Equipment		(160,128)	(188,092)
Net Cash Flows from investing activities		(187,551)	(127,328)
Cash flows from financing activities			
Lease Payments		(304,311)	-
Net Cash Flows from financing activities		(304,311)	-
Net increase/(decrease) in cash and cash equivalents		5,748,082	1,913,826
Cash and cash equivalents at beginning of year		3,136,578	1,222,752
Cash and cash equivalents at end of the year	12	8,884,660	3,136,578

The statement is to be read in conjunction with the attached notes

EPILEPSY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
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EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Standards did not have any significant impact on the financial performance of the Company. The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 16 LEASES

The company has adopted AASB 9 from 1 July 2019. The adoption of this new Standard has resulted in the Company recognising a right of use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new standard has been applied using the modified retrospective approach with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the Company has also elected to measure the right-to-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under AASB 16 was 4.25%

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

The new standard has been applied using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2019 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 January 2019. This standard did not have a material impact and as such no adjustment was made on opening balance retained earnings at 1 July 2019.

AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, previously in AASB 1004 Contributions. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction related to an asset (such as cash or another asset) received by an entity, gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners.

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

- Contributions by owners;
- Revenue, or a contract liability arising from a contract with a customer;
- A lease liability;
- A financial instrument; or
- A provision.

These related amounts are accounted for in accordance with the applicable Australian Accounting Standard.

BASIS OF PREPARATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-For-Profit Commission Act 2012*. Epilepsy Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

The Financial Statements has also been prepared on an accrual basis and based on historical cost, except for investments, which have been measured at fair value.

The Financial Statement is presented in Australian dollars and all values are rounded to the nearest dollar.

The preparation of the Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Epilepsy Foundation's accounting policies.

The accounting policies adopted in preparing the Financial Statements are consistent with those of previous years, except where otherwise stated. Prior year figures have been adjusted, where appropriate, to ensure consistency with current year figures.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2019 affected any of the amounts recognised in the current period and prospective standards are yet to be assessed.

1.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less any accumulated depreciation, unless otherwise stated. Non-current assets (items over \$1,000) are capitalised and depreciated to write off the cost or revalued amount of each item of plant and equipment, over its expected useful life to the Epilepsy Foundation.

Depreciation methods and rates used for each class of depreciable assets are:

	<u>Method</u>	<u>Rate</u>
Furniture & Equipment	Straight Line	20%
Computer Equipment	Straight Line	33%
Motor Vehicles	Straight Line	20%
Leasehold Improvement	Straight Line	7-20%
Building	Straight Line	2%

Depreciation methods and rates of all non-current assets are reviewed on an annual basis. There was no change in the methodology used and rates for the 2020 financial year.

1.2 EMPLOYEE BENEFITS

The calculation of employee entitlements includes all relevant on-costs and employee entitlements are calculated as follows at reporting date.

1.2.1 WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at current pay rates in respect of employees' services up to that date. Sick leave is non-vesting and a liability

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

is recognised only when the amount of sick leave expected to be taken in future periods exceeds the entitlements expected to accrue in those periods.

1.2.2 LONG SERVICE LEAVE

A liability for long service leave is recognised and is measured as the present value of expected future payments (including on-costs) 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.

Expected future payments are discounted using interest rates of national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows. The nominal amount of long service leave expected to be paid in the next financial year is included as a current liability.

1.2.3 SUPERANNUATION

Superannuation Guarantee Levy amounts are paid on behalf of eligible employees. The Epilepsy Foundation have no other commitments with respect to staff retirement benefits.

1.3 TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any allowance for expected credit losses. No interest is charged on trade debtors, with the exception of amounts receivable from related parties when interest is charged at short term money market rates. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivable have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses

1.4 CASH AND CASH EQUIVALENTS

Cash on hand and in banks and short-term deposits are stated at nominal value. For the purpose of the Cash Flow Statement, cash includes cash on hand and cash equivalents, i.e. highly liquid investments with short periods to maturity, which are readily convertible to cash on hand at the Epilepsy Foundation option. Outstanding bank overdrafts when they arise are categorised as current liabilities.

1.5 GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except, where the amount of GST incurred is not recoverable from the Taxation Authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the Taxation Authority is included as part of receivables or payables in the Balance Sheet. The GST component of a receipt or payment is recognised on a gross basis in the Statement of Cash Flows in accordance with Accounting Standard AASB 107 Statement of Cash Flows.

1.6 REVENUE RECOGNITION

(a) Government Grants

Grant funds received by the Company that do not have sufficiently specific and enforceable performance obligations are recognised as income on receipt of the funds. Grant funds received by the Company that have sufficiently specific and enforceable performance obligations, in accordance with AASB 15, are recognised as a contract liability on receipt and are recognised as revenue, over time, as the Company satisfies its performance obligations.

(b) Fundraising and Donations

Fundraising and donation income are recognised when the company gains control of the funds and are only recognised as income when the funds have been provided to further the Entity's objectives for no consideration or where consideration is significantly less than the funds provided and when the funds provided do not give rise to an obligation.

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(c) Bequests

Bequest received by the company that do not have sufficiently specific and enforceable performance obligations are recognised as income on receipt of the funds. Bequests received by the Company that have sufficiently specific and enforceable performance obligations, in accordance with AASB 15, are recognised as a contract liability on receipt and are recognised as revenue, over time, as the Company satisfies its performance obligations.

(d) Other revenue

Other revenue includes rent received, interest received from investments, membership fees and gains from sale of fixed assets. Other revenue is recognised as it is earned.

1.7 TAX

The Epilepsy Foundation, as a registered charitable organisation, is exempt from income tax under Division 50 of *the Income Tax Assessment Act 1997*.

1.8 FINANCIAL INSTRUMENTS

(a) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(b) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVTPL)
All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.
Classifications are determined by both:
 - The entities business model for managing the financial asset
 - The contractual cash flow characteristics of the financial assetsAll income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(c) Subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

(d) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(e) Classification of financial liabilities

The Company's financial liabilities include trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

1.9 LEASES

The company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application would have been recognised in retained earnings at 1 July 2019 had it material.

Impact on Financial Statements

On transition to AASB 16 at 1 July 2019, the company recognised an additional \$900,109 of right of use assets and \$900,109 of lease liabilities.

As a lessee:

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset of the Company. Under AASB 16, the company recognizes right of use assets and lease liabilities for all lease over 12 months. i.e. these leases are on-balance sheet.

Right to use assets and liabilities

Initial measurement of the right-of-use asset

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right of use asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less and lease incentive received; any initial direct costs incurred by the lessor; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and condition of the lease. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at the date. The lease payments shall be discounted using the interest rate implicit

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the right-of-use asset

After the commencement date, as lessee shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. The right to use asset is depreciated over the lease period.

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Leases classified as operating under AASB 117:

At transition, lease liabilities were measured at present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right of use assets are measured at the carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of the initial application.

1.10 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The board members evaluate estimates and judgments incorporated into the financial statements 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. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.11 INVENTORIES

Inventories comprises goods for distribution as part of the group's charitable activities. Inventories may be purchase or received by way of donation.

Goods held for distribution

Inventories of goods purchased and held for distribution are initially recognised at cost. The cost of bringing each goods to its present location and condition is determined on a first-in, first out basis.

1.12 GOING CONCERN

Epilepsy Foundation notes that, on 18 March 2020 in response to the COVID-19 outbreak in Australia, the Governor-General declared that a human biosecurity emergency (pandemic) existed. Epilepsy Foundation has enacted appropriate elements of its Business Continuity Plan and its COVID-19 Pandemic Plan and continues to follow relevant Commonwealth and State Government directions. Epilepsy Foundation's risk management framework has continued to operate effectively in the context of this matter.

Epilepsy Foundation's board has reviewed forward cash and profitability projections under various conservative scenarios and has concluded that Epilepsy Foundation is and will remain a going concern.

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 2: DONATIONS		
Bequests	279,526	263,918
General Donations	1,094,696	1,158,699
Trusts and Restricted Donations	1,083,979	15,452
	2,458,201	1,438,069
NOTE 3: ADMINISTRATION EXPENSES		
Advertising	18,293	31,931
Bad Debts	17,466	3,491
Bank Charges	2,896	3,706
Computer Related Expenses	222,095	181,030
Postage	12,972	11,510
Photocopying, Printing and Stationery	15,594	19,491
Sundry	94,901	93,981
Telephone	30,534	31,188
	414,751	376,328
NOTE 4: PERSONNEL EXPENSES		
Salaries	2,488,096	2,260,409
Long Service Leave	68,631	46,712
Consultants' Fees	303,249	576,446
Superannuation	226,883	205,004
WorkCover	20,495	32,085
Other Personnel Expenses	2,578	1,503
	3,109,932	3,122,159
NOTE 5: PROPERTY EXPENSES		
Rental	-	269,342
Repairs and Maintenance	23,627	16,172
Utilities	20,713	16,576
Other Property Expenses	72,679	60,153
	117,019	362,243
NOTE 6: RECEIVABLES		
Trade Debtors	88,330	258,006
Provision for Doubtful Debts	(24,689)	(7,678)
	63,641	250,328
Prepayments	31,797	28,097
Sundry Debtors	209,755	124,245
	305,193	402,670

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 7: PROPERTY, PLANT & EQUIPMENT

	Land and Buildings	Computer Equipment	Furniture and Equipment	Motor Vehicle	Total
Cost					
At 1 July 2018	4,649,366	295,928	144,934	253,156	5,343,384
Additions	97,993	84,199	5,900	-	188,092
Disposals	(13,134)	(4,075)	(10,022)	(27,665)	(54,896)
At 30 June 2019	4,734,225	376,052	140,812	225,491	5,476,580
Additions	38,220	83,473	9,598	28,836	160,127
Disposals	-	-	(1,236)	-	(1,236)
At 30 June 2020	4,772,445	459,525	149,174	254,327	5,635,471
Accumulated Depreciation					
At 1 July 2018	609,503	264,035	125,898	125,068	1,124,504
Charge for Year	116,721	21,795	7,130	41,179	186,825
Disposals	(3,650)	(4,075)	(9,578)	(15,676)	(32,979)
At 30 June 2019	722,574	281,755	123,450	150,571	1,278,350
Charge for Year	122,004	53,334	7,494	33,452	216,284
Disposals	-	-	(958)	-	(958)
At 30 June 2020	844,578	335,089	129,986	184,023	1,493,676
Net Carrying Amount					
At 30 June 2019	4,011,651	94,297	17,362	74,920	4,198,230
At 30 June 2020	3,927,867	124,436	19,188	70,304	4,141,795

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 8: RIGHT OF USE ASSET		
Costs	1,019,202	-
Accumulated Amortisation	(323,645)	-
	695,557	-

The company has leases for 9 retail shops around metropolitan Melbourne. With exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. (see note 11).

Each lease generally imposes a restriction, that unless there is a contractual right for the company to sublet the asset to another party, the right –of-use asset can only be used by the company. Leases are either non-cancellable or may be cancelled by incurring a substantive termination fee.

The table below describe the nature of the company's leasing activities by type of right-of-use asset recognized on balance sheet:

Right of Use Asset	No. Of Right of Use Asset	Range of remaining Terms	Average remaining Lease Term	No. of leases with extension options	No of leases with variable payment linked to an index	No of leases with termination options
Retail Stores	9	1-5 years	2 Years	6	4	0

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020	Total
		\$	\$
NOTE 9: FINANCIAL ASSETS AND LIABILITIES			
Financial Assets			
<i>Current Assets</i>			
Cash & Cash Equivalents	12	8,884,660	8,884,660
Trade Receivables	6	63,642	63,642
<i>Non-Current Assets</i>			
Financial Assets held at FVTPL		597,359	597,359
Financial Liabilities			
<i>Current Liabilities</i>			
Trade Payables	10	123,326	123,326
2019			
Financial Assets			
<i>Current Assets</i>			
Cash & Cash Equivalents	12	3,136,578	3,136,578
Trade Receivables	6	250,328	250,328
<i>Non-Current Assets</i>			
Financial Assets HELD		519,001	519,001
Financial Liabilities			
<i>Current Liabilities</i>			
Trade Payables	10	152,932	152,932

Financial Assets held at FVTPL

Financial assets at FVTPL include preference share, convertible preference shares and ordinary share of \$597,359 (2019: \$519,001).

		2020	2019
		\$	\$
NOTE 10: TRADE CREDITORS AND ACCRUALS			
Trade Creditors		123,326	152,923
Other Payables		558,925	57,228
Accruals		276,613	89,930
		958,864	300,090

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 11: LEASE LIABILITES		
Current	306,655	-
Non-Current	428,163	-
	734,818	-

The lease liability are secured by the related right-of-use asset (note 8). Future minimum lease payments at 30th of June 2020 are as follows.

	Minimum Lease Payments Due			
	Within 1 Year	1-5 Years	After 5 Years	Total
Lease Payments	331,612	451,682	-	783,294
Finance Charges	(24,957)	(23,519)	-	(48,476)
Net Present Value	306,655	428,163	-	734,818

As described in Note 1.9, the company has adopted AASB 16 Leases for the year ended 30 June 2020. As a result of the new standard being adopted, there is no comparative Right of Use asset or Lease liability for the year ended 30 June 2019 and no operating leases payable for the year ended 30 June 2020.

NOTE 12: CASH FLOWS

(a) Cash at Bank	7,015,623	1,308,252
Cash on Hand	1,446	1,150
Term Deposit	1,867,591	1,827,176
Cash and Cash Equivalents	8,884,660	3,136,578

(b) Reconciliation of Total Comprehensive Income (Deficit) to Net Cash Inflow (Outflow) From Operating Activities:

Operating Result Net Surplus/(Deficit) for the Year	177,787	298,512
Depreciation and Amortisation	539,929	186,825
Loss on Sale of Property, Plant and Equipment	278	4,997
Investment Income Received	(43,954)	(22,932)
Net Movement in Financial Assets	27,497	(10,742)
Lease Payments	304,311	-
Interest Received	(34,478)	(20,912)
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	101,177	(237,224)
(Increase)/Decrease in Other Assets	(1,022,901)	11,497
(Increase)/Decrease in Inventories	3,707	(3,263)
Increase/(Decrease) in Payables	1,393,592	24,446
Increase/(Decrease) in Contract Liabilities	4,703,821	1,803,244
Increase/(Decrease) in Employee Provisions	89,178	6,706
Net Cash Inflow/(Outflow) From Operating Activities	6,239,944	2,041,154

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 13: EMPLOYEE ENTITLEMENTS		
Annual Leave	174,278	153,153
Long Service Leave	315,209	247,156
	489,487	400,309
Current Liabilities		
Annual Leave	174,278	153,153
Long Service Leave	255,610	187,116
	429,888	340,269
Non-Current Liabilities		
Long Service Leave	59,599	60,040
	59,599	60,040

NOTE 14: COMMITMENTS FOR EXPENDITURE

As at 30 June 2020, The Epilepsy Foundation had no outstanding capital commitments (2019: nil).

NOTE 15: CONTINGENT LIABILITIES

As at 30 June 2020, The Epilepsy Foundation had no contingent liabilities. (2019: nil).

NOTE 16: AUDITOR'S REMUNERATION

For Auditing of the Financial Statements:

Current Year	14,400	14,400
	14,400	14,400

NOTE 17: RELATED PARTY TRANSACTIONS

(a) Directors Remuneration

There was no remuneration received or due and receivable from The Epilepsy Foundation in connection with the management of The Epilepsy Foundation (2019: nil).

(b) Other Transactions:

The Epilepsy Foundation entered into other transactions, which are insignificant in amount, with Directors in their domestic dealings within normal customer terms and conditions not more favourable than those available in similar arm's length dealings.

During the Year Epilepsy Foundation performed administrative service and project related expenses on behalf of related party Epilepsy Australia Limited. The fee charged in relation to these services amounted to \$116,726. (2019:\$295,067).

NOTE 18: ECONOMIC DEPENDENCE

A significant portion of funding for The Epilepsy Foundation is obtained from agencies of the Victorian and Commonwealth Government and public donations.

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19: KEY MANAGEMENT COMPENSATION

There were 3 key management personnel (2019: 3) that have authority for planning, directing and controlling the Company's activities, directly or indirectly (other than directors) during the financial year.

The key management personnel compensation included within employee benefits expense is:

	2020	2019
	\$	\$
Key Management Compensation	406,308	413,260
	<u>406,308</u>	<u>413,260</u>

NOTE 20: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, equity and debt securities, trade receivables and trade payables.

The Company does not have any derivative instruments at 30 June 2020 (2019: nil).

Specific Financial Risk Exposures and Management

Financial Risks

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates is minimal as it relates primarily to the Company's at call deposits as well as listed debt securities. The Company does not currently have any interest bearing liabilities. Cash not required for working capital purposes is deposited into a term deposit account.

Liquidity Risk

The Company manages liquidity risk by monitoring cash flows and ensuring that adequate cash balances are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or security, at reporting date for recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

There are no amounts of collateral held as security at reporting date.

At reporting date, the Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Price risk arises from available-for-sale equity securities. The Company's investment portfolio is actively managed through the Finance Audit & Risk Management Sub-Committee consisting of appointed Board members. The primary goal of the Company's investment strategy is to maximise investment returns. The Sub-Committee seeks to invest for the medium to long term in investment grade securities listed on the Australian Stock Exchange.

EPILEPSY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: OPERATING LEASES

	2020 \$	2019 \$
Non-cancellable operating leases payable as follows		
Within one year	-	300,184
Between one and five years	-	214,839
	<u>-</u>	<u>515,023</u>

The company leases property under operating leases expiring from one to five years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Lease payments are generally increased every year to reflect market rentals or the terms of the lease.

As described in Note 1.9, the company has adopted AASB 16 leases for the year ended 30 June 2020. AS a result of the new standard being adopted, there is no comparative Right of Use asset or Lease liability for the year ended 30 June 2019 and no operating leases payable for the year ended 30 June 2020.

NOTE 22: SUBSEQUENT EVENTS

Other than the ongoing impact of the COVID-19 outbreak as described in Note 1.12, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations, the results of those operations or the state of the affairs of the Company in subsequent financial periods.