

Report of Operations and Financial Statements 2008–2009

RESPONSIBLE BODIES DECLARATION

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for the Victorian Health Promotion Foundation for the year ending 30 June 2009.



Jane Fenton
Chairman of the Board

Melbourne
9 September 2009

1. ESTABLISHMENT OF THE VICTORIAN HEALTH PROMOTION FOUNDATION

The Victorian Health Promotion Foundation was established by the *Tobacco Act* 1987 No. 81 (the Act). The responsible Minister is the Minister for Health, the Hon Daniel Andrews MLA.

2. OBJECTS

The objects of the Foundation, as set out in the Act, are:

- a. to fund activity related to the promotion of good health, safety or the prevention and early detection of disease; and
- b. to increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture; and
- c. to encourage healthy lifestyles in the community and support activities involving participation in healthy pursuits; and
- d. to fund research and development activities in support of these objects.

3. FUNCTIONS

The functions of the Foundation, as set out in the Act, are:

- a. to promote its objects;
- b. to make grants from the Health Promotion Fund for activities, facilities, projects or research programs in furtherance of the objects of the Foundation;
- c. to provide sponsorships for sporting or cultural activities;
- d. to keep statistics and other records relating to the achievement of the objects of the Foundation;
- e. to provide advice to the Minister on matters related to its objects referred by the Minister to the Foundation and generally in relation to the achievement of its objects;
- f. to make loans or otherwise provide financial accommodation for activities, facilities, projects or research programs in furtherance of the objects of the Foundation;
- g. to consult regularly with relevant Government Departments and agencies and to liaise with persons and organisations affected by the operation of this Act; and
- h. to perform such other functions as are conferred on the Foundation by this or any other Act.

The Foundation performs and manages these functions by:

- a. developing a strategic plan, including concept, context and operations;
- b. initiating, facilitating and organising the development of projects and programs to fulfil the strategic plan;
- c. ensuring an excellent standard of project management for all project and program grants paid by the Foundation;
- d. developing systems to evaluate the impacts and outcomes of grants; and
- e. ensuring that such knowledge is transferred to the wider community.

4. POWERS

As set out in the Act, the Foundation has power to do all things necessary to be done in the performance of its functions or achievement of its objects.

In addition to its other powers the Foundation has power, following consultation with the Minister, to make grants from the Health Promotion Fund for the relief of loss suffered as a result of the application of this Act to anything existing at or before the date of enactment of this Act where special circumstances warrant assistance of that kind.

5. NATURE AND RANGE OF SERVICES

The Foundation provides health promotion services within Victoria in accordance with the objects set out in the Act.

6. BOARD AND EXECUTIVES

a. Members of the Board of Governance 1 July 2008–30 June 2009

Ms Gillian Brewster
Ms Sally Cockburn
Ms Sue Cormack
Mr Hugh Delahunty MLA
Mr Richard Dalla Riva MLC
Ms Mei Ling Doery
Ms Jane Fenton (*Chairperson*)
Mr Lindsay Gaze
Mr Peter Gordon
Professor David Hill
Ms Belinda Jakiel
Ms Kirstie Marshall MLA
Ms Jerrill Rechter
Professor Richard Smallwood

b. Audit Committee (All independent members)

Mr Hugh Delahunty MLA
Mr Richard Dalla Riva MLC
Ms Jane Fenton
Ms Sally Freeman
Mr John Hayes (*Chairperson*)
Ms Kirstie Marshall MLA
Ms Carol Pagnon

c. Finance and Human Resources Committee

Ms Suzette Corr
Ms Jane Fenton (*Chairperson*)
Mr Peter Gordon
Mr John Hayes
Mr Leigh Johns
Mr David Saunders

d. Chief Executive Officer

Mr Todd Harper

e. Senior Officers as at 30 June 2009

Mr C Barry, Executive Manager, Corporate Support
Mr M Divens, Chief Finance and Accounting Officer
Mr J Fitzgerald, Executive Manager, Knowledge and Environments for Health
Ms K Grenfell, Executive Manager, Communications
Ms L Walker, Executive Manager, Participation and Equity for Health

7. WORKFORCE DATA

| | No. | 2009 EFT | No. | 2008 EFT |
|------------------------------------|-----------|--------------|-----------|-------------|
| Staff establishment | 48 | 41.5 | 54 | 45.8 |
| Cost recovery and special projects | 2 | 1.6 | 1 | 0.5 |
| Total | 50 | 43.1* | 55 | 46.3 |

Note: Workforce data represents actual numbers of staff employed at 30 June.

*Four positions were vacant at 30.06.09 totalling 3.9 EFT.

8. APPLICATION OF MERIT AND EQUITY PRINCIPLES

The Foundation is an equal opportunity employer. The Foundation complies with relevant Government guidelines and employment principles.

9. FINANCIAL INFORMATION

a. Summary of Financial Results

| | 2009 \$000 | 2008 \$000 | 2007 \$000 | 2006 \$000 | 2005 \$000 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| INCOME | | | | | |
| Appropriation | 31,744 | 30,850 | 29,984 | 29,138 | 28,427 |
| Investment | 492 | 708 | 480 | 476 | 459 |
| Other | 2,816 | 1,143 | 754 | 1,404 | 864 |
| Total Income | 35,052 | 32,701 | 31,218 | 31,018 | 29,750 |
| EXPENDITURE | | | | | |
| Grants and Associated Expenses | 29,290 | 24,632 | 25,223 | 26,072 | 24,178 |
| Business Projects Expenses | 223 | 106 | 583 | 774 | 422 |
| Operating | 6,325 | 5,458 | 5,746 | 4,781 | 4,280 |
| Total Expenditure | 35,838 | 30,196 | 31,551 | 31,627 | 28,880 |
| Net Result | (786) | 2,532 | (333) | (609) | 870 |

b. Balance Sheet Summary

| | 2009 \$000 | 2008 \$000 |
|--------------------------|---------------|---------------|
| Current Assets | 7,236 | 6,145 |
| Non-Current Assets | 820 | 813 |
| Total Assets | 8,056 | 6,958 |
| Current Liabilities | 4,407 | 2,499 |
| Non-Current Liabilities | 48 | 72 |
| Total Liabilities | 4,455 | 2,571 |
| Net assets | 3,601 | 4,387 |
| Total Equity | 3,601 | 4,387 |

10. OPERATIONAL OBJECTIVES, SIGNIFICANT ACTIVITIES AND ACHIEVEMENTS

a. Operational Objectives

The Foundation's primary operational objectives for 2008–2009 were:

1. Innovation and building evidence
2. Tackling health inequalities
3. Reducing harm from tobacco and alcohol
4. Creating active communities and promoting healthy eating
5. Promoting mental health and wellbeing

The approaches used by the Foundation to achieve the objectives outlined are by creating healthy public policy and environments, strengthening communities and organisations, promotion participation and skills, and working with partners across sectors.

The key sectors the Foundation collaborated with were:

- Sport and active recreation
- Community
- Local Government
- Health promotion
- Research
- The Arts
- Education

These priorities were consistent with Victorian Government policies and National health priority areas.

Significant activities and achievements in relation to these objectives are set out elsewhere in the Annual Report.

b. Summary of Major Changes

There were no major changes or factors which have affected the achievement of the Foundation's operational objectives for the year.

c. Events Subsequent to Balance Date

There have been no events subsequent to balance date that may have a significant effect on the operation of the Foundation in subsequent years.

d. Consultancies

Thirty-four consultancies were engaged during the year. The total cost of consultancies was \$818,492 (2007–2008: \$798,441). Only one consultancy exceeded \$100,000.

e. Compliance with Legislation

No requests for information were received and no critical incidents arose during the year under the following legislation. To the best of my knowledge the Foundation has complied with this legislation or policy, where relevant.

Audit Act 1994

Equal Opportunity Act 1995

Freedom of Information Act 1982

National Competition Policy

Victorian Industry Participation Policy

Victorian Managed Insurance Authority Act 1996

Building Act 1993

Financial Management Act 1994

Information Privacy Act 2000

Occupational Health and Safety Act 1985

Victorian Industry Protection Act 2003

Whistleblowers Protection Act 2001

f. Occupational Health and Safety

There were no critical occupational health and safety incidents during the year.

g. Other Information

Additional information, as listed in Financial Reporting Direction 22, has been prepared where applicable and is available to the responsible Minister, Members of Parliament and the public on request (subject to the FOI Act).

ATTESTATION ON COMPLIANCE WITH AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

I, Jane Fenton, certify that the Victorian Health Promotion Foundation has recently developed and put in place risk management processes in place consistent with the Australian and New Zealand Risk Management Standard (AS/NZS 4360:2004). Internal control systems were recently upgraded to enable the executive to understand, manage and satisfactorily control risk exposures. The Victorian Health Promotion Foundation risk profile has been critically reviewed by the executive within the last 12 months.



Ms Jane Fenton
Board Member
Chair Person

Melbourne
9 September 2009

DISCLOSURE INDEX

The Annual Report of the Victorian Health Promotion Foundation is prepared in accordance with all relevant Victorian Legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

| LEGISLATION | REQUIREMENT | PG |
|--|--|-----|
| Ministerial Directions | | |
| Report of Operations – FRD Guidance | | |
| Charter and Purpose | | |
| FRD 22B | Manner of establishment and the relevant Ministers | 2 |
| FRD 22B | Objectives, functions, powers and duties | 2 |
| FRD 22B | Nature and range of services provided | 3 |
| Management and Structure | | |
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| Financial and Other Information | | |
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| FRD 22B | Operational and budgetary objectives and performance against objectives | 5 |
| FRD 22B | Statement of merit and equity | 4 |
| FRD 22B | Workforce data disclosures | 4 |
| FRD 22B | Occupational health and safety | 5 |
| FRD 22B | Summary of the financial results for the year | 4 |
| FRD 22B | Significant changes in financial position during the year | 4 |
| FRD 22B | Major changes or factors affecting performance | 5 |
| FRD 22B | Subsequent events | 5 |
| FRD 22B | Application and operation of Freedom of Information Act 1982 | 5 |
| FRD 22B | Compliance with building and maintenance provisions of Building Act 1993 | 5 |
| FRD 25 | Victorian Industry Participation Policy disclosures | 5 |
| FRD 22B | Statement on National Competition Policy | 5 |
| FRD 22B | Application and operation of the Whistleblowers Protection Act 2001 | 5 |
| FRD 22B | Details of consultancies over \$100,000 | 5 |
| FRD 22B | Details of consultancies under \$100,000 | 5 |
| FRD 22B | Statement of availability of other information | 5 |
| FRD 10 | Disclosure index | 7 |
| FRD 11 | Disclosure of ex-gratia payments | n/a |
| FRD 21A | Responsible person and executive officer disclosures | 37 |

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| | Whistleblowers Protection Act 2001 | 5 |
| | Victorian Industry Protection Act 2003 | 5 |
| | Building Act 1993 | 5 |
| | Financial Management Act 1994 | 5 |
| | Audit Act 1994 | 5 |

**BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE
AND ACCOUNTING OFFICER'S DECLARATION**

We certify that the attached Financial Statements for the Victorian Health Promotion Foundation have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Interpretations and other mandatory professional requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report presents fairly the financial transactions during the year ended 30 June 2009 and financial position of the Foundation at 30 June 2009.

We are not aware of any circumstance which would render any particulars included in the Financial Statements to be misleading or inaccurate.

We authorise the attached Financial Statements for issue on this day.

Ms Jane Fenton
Board Member
Chairperson

Melbourne
9 September 2009

Mr Todd Harper
Accountable Officer
Chief Executive Officer

Melbourne
9 September 2009

Mr Michael Divens
Chief Finance and
Accounting Officer

Melbourne
9 September 2009

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Victorian Health Promotion Foundation

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of the Victorian Health Promotion Foundation which comprises the operating statement, balance sheet, statement of changes in equity and cash flow statement, a statement of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance and accounting officer's declaration, has been audited.

The Members of the Board's Responsibility for the Financial Report

The Members of the Board of the Victorian Health Promotion Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Victorian Health Promotion Foundation for the year ended 30 June 2009. The Members of the Board of the Victorian Health Promotion Foundation are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Victorian Health Promotion Foundation website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Health Promotion Foundation as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
9 September 2009



D D R Pearson
Auditor-General

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$000 | 2008 \$000 |
|---|------|---------------|---------------|
| Revenue from Operating Activities | 2 | 34,560 | 32,000 |
| Revenue from Non-operating Activities | 2 | 492 | 685 |
| Employee Benefits | 3 | (4,070) | (3,467) |
| Other Expenses from Continuing Operations | 3 | (1,909) | (1,786) |
| Grant and Associated Expenditure | 3(a) | (29,290) | (24,632) |
| Business Project Expenses | 3(b) | (223) | (106) |
| Net Result Before Capital and Specific Items | | (440) | 2,694 |
| Net Profit/(Loss) on Disposal of Assets | 2(a) | (3) | 16 |
| Depreciation and Amortisation | 3 | (343) | (178) |
| NET RESULT FOR THE YEAR | | (786) | 2,532 |

This Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2009

| | Note | 2009 \$000 | 2008 \$000 |
|--------------------------------------|------|---------------|---------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 5 | 6,294 | 5,665 |
| Receivables | 6 | 942 | 480 |
| Total Current Assets | | 7,236 | 6,145 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 7 | 241 | 453 |
| Intangible Assets | 8 | 579 | 360 |
| Total Non-Current Assets | | 820 | 813 |
| Total Assets | | 8,056 | 6,958 |
| CURRENT LIABILITIES | | | |
| Payables | 9 | 3,875 | 2,060 |
| Provisions | 10 | 514 | 421 |
| Other Liabilities | | 18 | 18 |
| Total Current Liabilities | | 4,407 | 2,499 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 34 | 40 |
| Other Liabilities | | 14 | 32 |
| Total Non-Current Liabilities | | 48 | 72 |
| Total Liabilities | | 4,455 | 2,571 |
| Net Assets | | 3,601 | 4,387 |
| EQUITY | | | |
| General Purpose Reserve | 11 | 273 | 763 |
| Restricted Specific Purpose Reserve | 11 | 118 | 118 |
| Accumulated Surpluses/(Deficits) | 11 | 3,210 | 3,506 |
| Total Equity | | 3,601 | 4,387 |

This Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$000 | 2008 \$000 |
|---|------|---------------|---------------|
| Total Equity at beginning of financial year | | 4,387 | 1,855 |
| Net result for the year | | (786) | 2,532 |
| Total recognised income and expense for the year | | (786) | 2,532 |
| Total Equity at the end of the financial year | | 3,601 | 4,387 |

This Statement should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009 \$000 | 2008 \$000 |
|--|-----------|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Grants from Government | | 32,894 | 32,134 |
| Interest Received | | 492 | 708 |
| Other Receipts | | 4,490 | 1,138 |
| Payments of grants, suppliers and employees | | (36,895) | (32,733) |
| Net cash inflow/(outflow) from operating activities | 12 | 981 | 1,247 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | - | (67) |
| Proceeds from Sale of Property, Plant and Equipment | | 30 | 43 |
| Payments for Intangible Assets | | (382) | (268) |
| Net cash inflow/(outflow) from investing activities | | (352) | (292) |
| Net increase/(decrease) in cash held | | 629 | 955 |
| Cash and cash equivalents at beginning of period | | 5,665 | 4,710 |
| Cash and cash equivalents at end of period | | 6,294 | 5,665 |

This Statement should be read in conjunction with the accompanying notes.

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NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS) which includes the Australian accounting standards issued by the *Australian Accounting Standards Board (AASB)*, Interpretations and other mandatory professional requirements.

b. Basis of Preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of the AAS's, management is required to make judgements, estimates and assumptions about carrying values of asset and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

c. Reporting Entity

The financial report includes all the controlled activities of the Foundation. The entity is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" entities under the AAS's.

d. Rounding of Amounts

All amounts shown in the financial report are expressed to the nearest \$1,000 unless otherwise stated.

e. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

f. Receivables

Trade Debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to collection exists. Bad debts are written off when identified.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Intangible Assets

In 2009 the Foundation capitalised IT-related development expenses for the new Stakeholder Database Grant Management System and Business Portal. The VicHealth Business Portal project is intended to upgrade the existing Grant Management, Records Management and Stakeholder (Contact) Management systems to a more reliable and extendable IT platform. This will improve data collection, analysis and reporting opportunities by allowing all applicants to apply online, keep contact details up to date and report on results of programs. Internally it will provide a record of activities including payments, correspondence and acquittals. It will also eventually provide single-point access (portal) to the vast amounts of data VicHealth collects from programs, researchers, partners and affiliates for the purposes of understanding and better aligning Health Promotion activities with the needs of the Victorian public.

These costs will be amortised on a straight-line basis over 5 years (the period of the expected benefit). Capitalisation was done in accordance with AASB 138, *Intangible Assets*.

Generally, costs associated with developing software are recognised as an expense when they are incurred. However, costs that can be clearly identified as part of a unique product, which will be controlled by the organisation and which has a benefit exceeding the cost beyond one year are recognised as an asset.

Internally generated assets such as this are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives. The useful life for capitalised software development costs is between 3–5 years.

h. Property, Plant and Equipment

Property, Plant and Equipment are recorded at fair value.

i. Non-Current Assets Classified as Held for Sale

Non-current assets (and disposal) groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group) is expected to be completed within one year from the date of classification.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Depreciation

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost – or valuation – over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services.

The following table indicates the depreciation rates for each asset class:

| <i>Fixed Asset category</i> | <i>Depreciation Rate %</i> | |
|-----------------------------|----------------------------|-------------|
| | <i>2009</i> | <i>2008</i> |
| Office Furniture | 10.0 | 10.0 |
| Fixtures and Fittings | 10.0 | 10.0 |
| Computer Equipment | 33.3 | 33.3 |
| Other Office Equipment | 20.0 | 20.0 |
| Motor Vehicles | 17.5 | 17.5 |

k. Impairment of Assets

All non-current physical assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Operating statement except to the extent that the write-down can be debited to an Asset Revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount of assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

l. Payables

Creditors and accrued expenses

Creditors and accrued expenses represent liabilities for goods and services provided to the Foundation prior to balance date and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. All creditors are payable within one year.

Grants payable

Grants payable represent grant instalments which have been approved for payment during 2008–09. These instalments were unpaid as at 30 June 2009 and have been disclosed as a current liability. The accrued grants are expected to be paid within 3 months.

Grants approved for payment in 2009–2010 and subsequent years have been recognised in the notes to these financial statements as commitments (see Note 14).

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

n. Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another entity or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

o. Functional and Presentation Currency

The presentation currency of the Foundation is the Australian dollar, which has also been identified as the functional currency of the entity.

p. Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

q. Employee Benefits

Wages and Salaries, Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, classified as current liabilities and measured at nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long Service Leave

Current liability – unconditional LSL

(Representing 7 or more years of continuous service) is disclosed as a current liability even where the Foundation does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the Foundation does not expect to settle within 12 months; and
- nominal value – component that the Foundation expects to settle within 12 months.

Non-Current Liability

Conditional LSL (representing less than 7 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

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 Commonwealth Government guaranteed securities in Australia.

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expenses when incurred.

Defined benefit plans

The amount charged to the Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the entity to the superannuation plan in respect of the services of current entity staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Employees of the Foundation are entitled to receive superannuation benefits and the Foundation contributes to both the defined benefit and defined contributions plans. The defined benefit plan provides benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by the Foundation are as follows. Note that this is not the total Superannuation contribution but just the top 3 funds contributed to in the year:

| FUND | CONTRIBUTIONS PAID FOR THE YEAR | |
|---|------------------------------------|---------------|
| | 2009 \$000 | 2008 \$000 |
| DEFINED BENEFIT PLANS | | |
| State Superannuation Fund-revised and new | 3 | 12 |
| DEFINED CONTRIBUTION PLANS | | |
| VicSuper | 171 | 211 |
| Aon Master Trust | 48 | 15 |
| Health Super | 24 | - |
| Hesta | - | 12 |

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation does not recognise any defined benefit liability in respect of the superannuation plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

On-Costs

Employee benefits on-costs (workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are included in the provision for employee benefits.

r. Leases

Expenditure relating to leases deemed to be operating leases is expensed as incurred.

All lease incentives for the agreement of a new or renewed operating lease shall be recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

s. Income Recognition

Revenue is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

t. Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

u. General Reserves

The Foundation participates in many collaborative and co-funded projects where funds are aggregated from multiple sources for the purposes of meeting future financial commitments which often span financial years. The movements in these reserves and the balance at financial year end are reported for the purposes of transparency.

v. Specific Restricted purpose reserve

Funds Held for Restricted Purposes represent funds to be devoted to specific health promotion activities according to the *Tobacco Act 1987* and in accordance with the policies of the Foundation.

In accordance with the *Tobacco Act 1987* the proportion on which the health promotion grant is to be paid is as follows:

| | |
|------------------|-------------------|
| Sporting Bodies | Not less than 30% |
| Health Promotion | Not less than 30% |

w. Net Result Before Capital and Specific Items

The subtotal entitled 'Net result Before Capital and Specific Items' is included in the Operating Statement to enhance the understanding of the financial performance of the Foundation. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x. New Accounting Standards and Interpretations

New standards and interpretations not yet adopted

Certain new Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The Foundation has not, and does not intend to, adopt the following standards early:

| STANDARD/INTERPRETATION | SUMMARY | APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON | IMPACT ON FINANCIAL STATEMENTS |
|---|--|--|--------------------------------------|
| AASB 101 Presentation of financial statements (Revised 2007) AASB2007-8 Amendments to Australian Accounting Standards and Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101 | The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards. The amending standard updates references in various other pronouncements. | Beginning 1 Jan 2009 | Impact expected to be insignificant. |
| AASB 8 Operating Segments | Supersedes AASB114 Segment Reporting | Beginning 1 Jan 2009 | Not applicable. |
| AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038] | An accompanying amending standard, also introduced consequential amendments into other Standards. | Beginning 1 Jan 2009 | Impact expected to be insignificant. |
| AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] | An accompanying amending standard, also introduced consequential amendments into other Standards. | Beginning 1 Jan 2009 | Impact expected to be insignificant. |
| AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038] | A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRS's in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes. | Beginning 1 Jan 2009 | Impact is being evaluated. |

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| STANDARD/INTERPRETATION | SUMMARY | APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON | IMPACT ON FINANCIAL STATEMENTS |
|---|---|--|---|
| AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038] | The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7. The amendments to AASB 7 require enhanced disclosures about fair value measurements and liquidity risk. | Beginning 1 Jan 2009 | Impact is expected to be insignificant. |

y. Change in Accounting Policies

In accordance with Victorian Government Financial Reporting Direction 103D 'Non-Current Physical Assets', the Foundation measures plant and equipment assets at fair value from 1 July 2008. Previously these assets were measured at cost. This change in accounting policy is required to ensure that Victoria's Whole of Government financial report complies with the requirements of AASB1049 *Whole of Government and General Government Sector Financial Reporting*. As this change is the initial application of a policy to revalue assets in accordance with AASB116 *Property, Plant and Equipment* the change, where applicable, is treated as a revaluation in the current year.

NOTE 2. REVENUE

| | Note | 2009 \$000 | 2008 \$000 |
|--|------|---------------|---------------|
| REVENUE FROM OPERATING ACTIVITIES | | | |
| Government Grants | | | |
| <i>Department of Human Services</i> | | 32,894 | 30,850 |
| <i>Project Grants</i> | | 1,170 | 381 |
| Common Solutions | | 60 | 60 |
| Margins to Mainstream Conference | | 368 | 316 |
| Donations | | - | 107 |
| Other receipts | | 32 | 250 |
| Resources received free of charge | | 36 | 36 |
| Sub-total Revenue from Operating Activities | | 34,560 | 32,000 |
| REVENUE FROM NON-OPERATING ACTIVITIES | | | |
| Interest | | 492 | 708 |
| Other Revenue from non-operating Activities | | - | (23) |
| Sub-total Revenue from Non-operating Activities | | 492 | 685 |
| REVENUE FROM CAPITAL PURPOSE INCOME | | | |
| Net Gain/(Loss) on Disposal of Non-Current Assets | 2(a) | (3) | 16 |
| Sub-Total Revenue from Capital Purpose Income | | | 16 |
| Total Revenue | | 35,049 | 32,701 |

NOTE 2a. NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

| | 2009 \$000 | 2008 \$000 |
|---|---------------|---------------|
| PROCEEDS FROM DISPOSALS OF NON-CURRENT ASSETS | | |
| Motor Vehicles | 26 | 43 |
| Total Proceeds from Disposal of Non-Current Assets | 26 | 43 |
| LESS: WRITTEN DOWN VALUE OF NON-CURRENT ASSETS SOLD | | |
| Motor Vehicles | 29 | 27 |
| Total Written Down Value of Non-Current Assets Sold | 29 | 27 |
| Net Gains/(Losses) on disposal of Non-Current Assets | (3) | 16 |

NOTE 3. EXPENSES

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| EMPLOYEE BENEFITS | | |
| Salaries and Wages | 3,617 | 3,152 |
| WorkCover Premium | 43 | 41 |
| Long Service Leave | 69 | (34) |
| Superannuation | 341 | 308 |
| Total Employee Benefits | 4,070 | 3,467 |
| OTHER EXPENSES FROM CONTINUING OPERATIONS | | |
| Personnel Costs | 620 | 521 |
| Occupancy Costs | 418 | 414 |
| Transport Costs | 58 | 67 |
| Member Fees | 106 | 90 |
| Office Costs | 222 | 211 |
| General Administration | 60 | 91 |
| Information Systems | 321 | 359 |
| External Audit fees | 15 | 12 |
| Internal Audit fees | 89 | 21 |
| Total Other Expenses from Continuing Operations | 1,909 | 1,786 |
| Capital and Specific Expenditure | | |
| Depreciation and Amortisation | 343 | 178 |
| Total Capital and Specific Expenditure | 343 | 178 |
| Total Expenses | 6,322 | 5,431 |

NOTE 3a. GRANTS AND ASSOCIATED EXPENSES

| | 2009 \$000 | 2008 \$000 |
|---------------------------------------|-----------------------------|-----------------------------|
| Active Communities and Healthy Eating | 12,642 | 10,601 |
| Mental Health and Wellbeing | 8,419 | 7,136 |
| Tobacco and Alcohol Control | 5,504 | 5,405 |
| Research, Strategy and Policy | 2,240 | 725 |
| Communications, Marketing and misc | 485 | 765 |
| | 29,290 | 24,632 |

NOTE 3b. BUSINESS PROJECT EXPENSES

| | 2009 \$000 | 2008 \$000 |
|--|-----------------------------|-----------------------------|
| Common Solutions | 223 | 61 |
| ConnectUs | - | 45 |
| Total Business Project Expenses | 223 | 106 |

NOTE 4. DEPRECIATION AND AMORTISATION

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| DEPRECIATION | | |
| Office Equipment | 78 | 8 |
| Office Furniture | 4 | 5 |
| Fixtures and Fittings | 83 | 82 |
| Motor Vehicles | 15 | 26 |
| Total Depreciation | 180 | 121 |
| AMORTISATION | | |
| Intangible | 163 | 57 |
| Total Amortisation | 163 | 57 |
| Total Depreciation and Amortisation | 343 | 178 |

NOTE 5. CASH AND CASH EQUIVALENTS

| | 2009 \$000 | 2008 \$000 |
|----------------------------------|---------------|---------------|
| Cash at Bank | 3,581 | (4,610) |
| Deposits at Call | 1,713 | 3,275 |
| Treasury Corporation of Victoria | 1,000 | 7,000 |
| Total | 6,294 | 5,665 |

NOTE 6. RECEIVABLES

| | 2009 \$000 | 2008 \$000 |
|----------------|---------------|---------------|
| Trade Debtors | 27 | 131 |
| GST Receivable | 915 | 349 |
| Total | 942 | 480 |

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

| | 2009 \$000 | 2008 \$000 |
|------------------------------------|---------------|---------------|
| OFFICE EQUIPMENT | | |
| Office Equipment | 253 | 400 |
| Less Acc'd Depreciation | (226) | (292) |
| Total Office Equipment | 27 | 108 |
| OFFICE FURNITURE | | |
| Office Furniture | 49 | 49 |
| Less Acc'd Depreciation | (39) | (35) |
| Total Office Furniture | 10 | 14 |
| FIXTURES AND FITTINGS | | |
| Fixtures and Fittings | 814 | 819 |
| Less Acc'd Depreciation | (648) | (570) |
| Total Fixtures and Fittings | 166 | 249 |
| MOTOR VEHICLES | | |
| Motor Vehicles | 63 | 121 |
| Less Acc'd Depreciation | (25) | (39) |
| Total Motor Vehicles | 38 | 82 |
| Total | 241 | 453 |

| | Office Equipment \$000 | Office Furniture \$000 | Fixtures and fittings \$000 | Motor Vehicles \$000 | Total \$000 |
|--------------------------------|------------------------------|------------------------------|-----------------------------------|----------------------------|----------------|
| BALANCE AT 1 JULY 2007 | 69 | 19 | 332 | 115 | 535 |
| Additions and Adjustments | 47 | - | - | 20 | 67 |
| Disposals | - | - | - | (27) | (27) |
| Write-off | - | - | (1) | - | (1) |
| Depreciation | (8) | (5) | (82) | (26) | (121) |
| BALANCE AT 30 JUNE 2008 | 108 | 14 | 249 | 82 | 453 |
| Additions and Adjustments | - | - | - | - | - |
| Disposals | - | - | - | (29) | (29) |
| Write-off | - | - | - | (3) | (3) |
| Depreciation | (78) | (4) | (83) | (15) | (180) |
| BALANCE AT 30 JUNE 2009 | 30 | 10 | 166 | 35 | 241 |

NOTE 8. INTANGIBLE ASSETS

| | Development Costs \$000 |
|--------------------------------|-------------------------------|
| BALANCE AT 1 JULY 2007 | 149 |
| Additions | 268 |
| Disposals | - |
| Impairment Losses | - |
| Amortisation | (57) |
| BALANCE AT 30 JUNE 2008 | 360 |
| Additions | 382 |
| Disposals | - |
| Impairment Losses | - |
| Amortisation | (163) |
| BALANCE AT 30 JUNE 2009 | 579 |

The Foundation has capitalised software development of its new Stakeholder database and Grant Management System and Business Portal in accordance with AASB 138, *Intangible Assets*. The expenditure will be fully amortised over 5 years.

Internally developed software usually involves three stages:

1. Preliminary project stage – costs to be expensed
2. Application Development Stage – costs to be capitalised or expensed
3. Post Implementation/operation stage – costs to be expensed

In accordance with AASB 138, *Intangible Assets*, only costs incurred in the development stage may be capitalised.

In 2008–09 further development costs of \$382,000 were capitalised.

NOTE 9. PAYABLES

| | 2009 \$000 | 2008 \$000 |
|-----------------------------------|---------------|---------------|
| Grant and Other Payables | 2,006 | 17 |
| Grant Payments Accrued | 1,620 | 1,383 |
| Employee Payments Accrued | 238 | 122 |
| General Supplier Payments Accrued | 11 | 538 |
| Total | 3,875 | 2,060 |

NOTE 10. EMPLOYEE BENEFITS

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| CURRENT | | |
| Annual Leave | 219 | 202 |
| Long Service Leave | 295 | 219 |
| Total | 514 | 421 |
| CURRENT EMPLOYEE BENEFITS THAT: | | |
| Expect to be utilised within 12 months | 462 | 399 |
| Expect to be utilised after 12 months | 52 | 22 |
| | 514 | 421 |
| NON-CURRENT | | |
| Long Service Leave | 34 | 40 |
| Total | 34 | 40 |
| MOVEMENT IN EMPLOYEE BENEFITS | | |
| <i>Balance at start of year</i> | 461 | 522 |
| Settlement made during the year | (265) | (373) |
| Provision made during the year | 352 | 312 |
| <i>Balance at end of year</i> | 548 | 461 |

NOTE 11. EQUITY

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| GENERAL PURPOSE RESERVE | | |
| Balance at the beginning of the reporting period | 763 | 133 |
| Transfer to and (from) General Reserve | (490) | 630 |
| Balance at end of the reporting period | 273 | 763 |
| RESTRICTED SPECIFIC PURPOSE RESERVE | | |
| Balance at the beginning of the reporting period | 118 | 424 |
| Transfer to and (from) Restricted Specific Purpose Reserve | - | (306) |
| Balance at end of the reporting period | 118 | 118 |
| Total Reserves | 391 | 881 |
| ACCUMULATED SURPLUSES/(DEFICITS) | | |
| Balance at the beginning of the reporting period | 3,506 | 1,298 |
| Net result for the year | (786) | 2,532 |
| Transfers (to)/from Sports Reserve | - | 306 |
| Transfer (to)/from Common Solutions Reserve | 163 | (289) |
| Transfer (to)/from ConnectUs Reserve | 13 | 45 |
| Transfer (to)/from General Reserve | - | (107) |
| Transfer (to)/from Mental Health and Wellbeing Reserve | 283 | (323) |
| Transfer (to)/from Food For Life Conference Reserve | 31 | 44 |
| Balance at end of the reporting period | 3,210 | 3,506 |
| Total Equity at end of Financial Year | 3,601 | 4,387 |

NOTE 12. RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| NET RESULT FOR THE YEAR | (786) | 2,532 |
| Depreciation and Amortisation | 343 | 178 |
| Impairment of Non Current Assets | - | - |
| Net (Gain)/Loss from Sale of Plant and Equipment | 3 | (16) |
| Other | | (1) |
| Change in operating Assets and Liabilities | | |
| <i>(Increase)/Decrease in Trade Debtors</i> | 104 | (49) |
| <i>(Increase)/Decrease in Other Receivables</i> | (566) | 82 |
| <i>Increase/(Decrease) in Payables</i> | 2,927 | (94) |
| <i>Increase/(Decrease) in Employee Benefits</i> | 86 | (61) |
| <i>Increase/(Decrease) in Other Liabilities</i> | (1,130) | (1,323) |
| Net cash inflow/(outflow) from operating activities | 981 | 1,247 |

NOTE 13. FINANCIAL INSTRUMENTS

a. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

b. Categorisation of financial instruments

| | Note | Category | 2009 \$000 | 2008 \$000 |
|------------------------------|------|--|---------------|---------------|
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 5 | N/A | 6,294 | 5,665 |
| Receivables | 6 | Receivables | 27 | 131 |
| FINANCIAL LIABILITIES | | | | |
| Payables | 9 | Financial Liabilities measured at cost | 3,875 | 2,060 |

The amount of receivables disclosed here exclude statutory receivables (i.e. amounts owing from Victorian Government and GST input tax credit recoverable). Likewise the amount of payables excludes statutory payables (i.e. amounts owing to the Victorian Government and GST payable).

NOTE 13. FINANCIAL INSTRUMENTS (CONTINUED)

c. Credit Risk

| 2009 | Weighted Average Interest Rates (%) | Carrying Amount \$000 | Interest Rate Exposure | | | Past Due But Not Impaired | | |
|-------------------------------|-------------------------------------|-----------------------|---------------------------|------------------------------|----------------------------|-------------------------------------|-------------------------|------------------|
| | | | Fixed Interest Rate \$000 | Variable Interest Rate \$000 | Non Interest Bearing \$000 | Not Past Due and Not Impaired \$000 | Less than 1 month \$000 | 1-3 months \$000 |
| FINANCIAL ASSETS | | | | | | | | |
| Cash and cash equivalents | 7.12 | 6,294 | - | 2,713 | 3,581 | 6,294 | - | - |
| Receivables | - | 27 | - | - | 27 | - | 14 | 3 |
| Total Financial Assets | | 6,321 | - | 2,713 | 3,608 | 6,294 | 14 | 3 |
| 2008 | | | | | | | | |
| FINANCIAL ASSETS | | | | | | | | |
| Cash and cash equivalents | 7.38 | 5,665 | - | 10,275 | (4,610) | 5,665 | - | - |
| Receivables | - | 131 | - | - | 131 | 17 | 59 | 14 |
| Total Financial Assets | | 5,796 | - | 10,275 | (4,479) | 5,682 | 59 | 14 |

Credit risk arises when there is the possibility of the Foundation's debtors defaulting on their contractual obligations resulting in financial loss to the Foundation. The Foundation measures credit risk on a fair value basis and monitors risk on a regular basis. Credit risk associated with the Foundation's financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, it is the Foundation's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. In addition, the Foundation does not engage in high-risk hedging for its financial assets and mainly obtains financial assets that are on fixed interest. Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings. Except as otherwise detailed in the above table, the carrying amount of financial assets recorded in the Financial Report, net of any allowances for losses, represents the Foundation's maximum exposure to credit risk without taking account of the value of any collateral obtained. Currently the Foundation does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at the reporting date, there is no evidence to indicate that any of the financial assets are impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. Ageing analysis of receivables excludes the types of statutory receivables (e.g., amounts owing from Victorian Government and GST input tax credit recoverable).

NOTE 13. FINANCIAL INSTRUMENTS (CONTINUED)

d. Liquidity Risk

| | Interest Rate Exposure | | | | Weighted Average Effective Interest Rates (%) | Maturity Dates | | |
|------------------------------------|------------------------|---------------------------|------------------------------|----------------------------|---|-------------------------|------------------|------------------------|
| | Carrying Amount \$000 | Fixed Interest Rate \$000 | Variable Interest Rate \$000 | Non Interest Bearing \$000 | | Less than 1 month \$000 | 1-3 months \$000 | 3 months -1 Year \$000 |
| 2009 | | | | | | | | |
| FINANCIAL LIABILITIES | | | | | | | | |
| Payables | 3,875 | - | - | 3,875 | - | 2,435 | 1,429 | 11 |
| Total Financial Liabilities | 3,875 | - | - | 3,875 | - | 2,435 | 1,429 | 11 |
| 2008 | | | | | | | | |
| FINANCIAL LIABILITIES | | | | | | | | |
| Payables | 2,060 | - | - | 2,060 | - | 122 | 1,932 | 6 |
| Total Financial Liabilities | 2,060 | - | - | 2,060 | - | 122 | 1,932 | 6 |

Liquidity risk arises when the Foundation is unable to meet its financial obligations as they fall due. The Foundation has a policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets and dealing in highly liquid markets. The Foundation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from short-term money market investments. The above table discloses the contractual maturity analysis for the Foundation's financial liabilities.

NOTE 13: FINANCIAL INSTRUMENTS (CONTINUED)

e. Market Risk

| | Carrying Amount \$000 | -2.00% | | Interest Rate Risk +2.00% | |
|------------------------------|--------------------------|-----------------|-----------------|------------------------------|-----------------|
| | | Profit \$000 | Equity \$000 | Profit \$000 | Equity \$000 |
| 2009 | | | | | |
| FINANCIAL ASSETS | | | | | |
| Cash and cash equivalents | 6,294 | (54) | (54) | 54 | 54 |
| Receivables | 27 | - | - | - | - |
| FINANCIAL LIABILITIES | | | | | |
| Payables | 3,875 | - | - | - | - |
| 2008 | | | | | |
| FINANCIAL ASSETS | | | -1.00% | | +1.00% |
| Cash and cash equivalents | 5,665 | (57) | (57) | 57 | 57 |
| Receivables | 131 | - | - | - | - |
| FINANCIAL LIABILITIES | | | | | |
| Payables | 2,060 | - | - | - | - |

The Foundation's exposures to market risk are primarily through interest rate risk with no exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Interest rate risk

Exposure to interest rate risk might arise primarily through the Foundation's interest bearing deposits. Minimisation of risk is achieved by mainly undertaking investments in low-risk and low-interest investments with the Treasury Corporation of Victoria. For financial liabilities, the Foundation mainly undertakes financial liabilities with relatively even maturity profiles.

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Foundation believes the following movements are 'reasonably possible' over the next 12 months:

A parallel shift of +2% and -2% in market interest rates (AUD). The table above discloses the impact on net operating result and equity for each category of financial instrument held by the Foundation at year-end as presented to key management personnel, if the above movements were to occur.

Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Foundation considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

NOTE 14. COMMITMENTS FOR EXPENDITURE

a. Future Grants Commitments

The Foundation has entered into certain agreements for funding of grants for multiple years. The payment of future years' instalments of these grants is dependent on the funded organisations meeting specified accountability requirements and the continued availability of funds from the Government.

Instalments of grants to be paid in future years subject to the funded organisations meeting accountability requirements are:

| | 2009 \$000 | 2008 \$000 |
|---|---------------|---------------|
| Payable within one year | 17,058 | 16,445 |
| Payable later than one year but not later than five years | 17,734 | 22,247 |
| Total | 34,792 | 38,692 |

In addition funding has been promised to the Quit program of \$1.5m to be funded out of reserves over the financial years 2010–11 and 2011–12.

b. Leases

The Foundation has an operating lease of its premises. Lease commitments are as follows:

| | 2009 \$000 | 2008 \$000 |
|---|---------------|---------------|
| Payable within one year | 385 | 303 |
| Payable later than one year but not later than five years | 288 | 532 |
| Payable later than five years | - | - |
| Total | 673 | 835 |

The Foundation relocated its offices to 15 Pelham Street, Carlton in April 2001 and executed a 10-year tenancy lease commencing 1 April 2001. In respect of this lease, the Foundation received certain incentives. In accordance with Australian Accounting Standards and Urgent Issues Group Abstract 3 *Lessee Accounting for Lease Incentives Under a Non-Cancellable Operating Lease* a rent-free period and a lessor contribution towards fit-out costs is being amortised over the 10-year term of the lease.

NOTE 15. CONTINGENT ASSETS AND LIABILITIES

a. Contingent Liabilities

As at 30 June 2009 the Foundation had no legal matters outstanding and is not aware of any other contingent liabilities, other than future grant commitments disclosed in Note 14.

b. Contingent Assets

Contingent Assets as at 30 June 2009 was Nil. (30 June 2008, Nil)

Note 16a. Responsible Persons Disclosures

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

| | Period |
|---|-------------------------|
| RESPONSIBLE MINISTERS | |
| The Honourable Daniel Andrews, MLA, Minister for Health | 01/07/2008 – 30/06/2009 |
| GOVERNING BOARD | |
| Ms Sally Cockburn | 01/07/2008 – 30/06/2009 |
| Ms Sue Cormack | 01/07/2008 – 30/06/2009 |
| Mr Hugh Delahunty | 01/07/2008 – 30/06/2009 |
| Ms Mei Ling Doery | 01/07/2008 – 30/06/2009 |
| Ms Jane Fenton | 01/07/2008 – 30/06/2009 |
| Mr Lindsay Gaze | 01/07/2008 – 30/06/2009 |
| Mr Peter Gordon | 01/07/2008 – 30/06/2009 |
| Professor David Hill | 01/07/2008 – 30/06/2009 |
| Ms Belinda Jakiel | 01/07/2008 – 30/06/2009 |
| Ms Kirstie Marshall | 01/07/2008 – 30/06/2009 |
| Ms Jerrill Rechter | 01/07/2008 – 30/06/2009 |
| Mr Richard Dalla-Riva MLC | 01/07/2008 – 30/06/2009 |
| Professor Richard Smallwood | 01/07/2008 – 30/06/2009 |
| Ms Gillian Brewster | 28/10/2008 – 30/06/2009 |
| ACCOUNTABLE OFFICER | |
| Mr Todd Harper | 01/07/2008 – 30/06/2009 |

NOTE 16a. RESPONSIBLE PERSONS DISCLOSURES (CONTINUED)

Remuneration of Responsible Persons

| Income band | 2009 No. | 2008 No. |
|--|------------------|------------------|
| \$0-\$9,999 | 13 | 13 |
| \$10,000-\$19,999 | 1 | 1 |
| \$190,000-\$199,999 | - | 1 |
| \$200,000-\$209,999 | 1 | - |
| Total Numbers | 15 | 15 |
| Total remuneration received or due and receivable by responsible Persons from the Foundation amounted to: | \$289,687 | \$277,035 |

It should be noted that the three politicians on the Board received no remuneration for their services.

Amounts relating to responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

| Other Transactions (grant payments) of responsible Persons and their related Parties | \$000 | \$000 |
|---|-------|-------|
| Cancer Council of which Professor David Hill is an employee | 4,269 | 5,342 |
| Murdoch Children's Research Institute of which Ms Jane Fenton and Professor Richard Smallwood are Board Members | 105 | 226 |
| Sports Federation of Victoria of which John Howie is chairman | - | 242 |
| Footscray Community Arts Centre of which Ms Jerrill Rechter was an employee in the year | 70 | 36 |

NOTE 16b. EXECUTIVE OFFICER DISCLOSURES

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

| Income band | Total Remuneration | | Base Remuneration | |
|---------------------------|--------------------|------------------|-------------------|------------------|
| | 2009 No. | 2008 No. | 2009 No. | 2008 No. |
| \$10,000 – \$19,999 | - | - | 2 | - |
| \$20,000 – \$29,999 | 1 | - | 1 | - |
| \$30,000 – \$39,999 | 2 | - | 2 | - |
| \$40,000 – \$49,999 | 1 | - | - | - |
| \$70,000 – \$79,999 | 1 | - | 1 | - |
| \$80,000 – \$89,999 | 1 | - | - | - |
| \$90,000 – \$99,999 | - | - | - | 1 |
| \$100,000 – \$109,999 | - | - | - | 1 |
| \$110,000 – \$119,999 | - | 2 | 1 | - |
| \$120,000 – \$129,999 | 1 | 1 | 1 | 2 |
| \$130,000 – \$139,999 | - | 1 | - | - |
| \$140,000 – \$149,999 | 1 | - | - | - |
| Total | 8 | 4 | 8 | 4 |
| Total Remuneration | \$566,470 | \$486,376 | \$441,674 | \$450,630 |

It should be noted that only 4 executives were in post at any one time, the higher number is due to resignations and appointments in the year.



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