



INCORPORATED AS



AUSTRALIAN
MITOCHONDRIAL
DISEASE FOUNDATION

ABN 84 135 324 391

Annual report for the financial year ended
30 June 2020

Australian Mitochondrial Disease Foundation Limited

Annual report for the financial year ended 30 June 2020

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Directors' Report

The directors of The Australian Mitochondrial Disease Foundation Limited (Mito Foundation) submit herewith the annual financial report of the Foundation for the financial year ended 30 June 2020. The directors report as follows:

Information about the directors and senior management

The names of the directors of the Foundation at the end of the financial year are:

John Christodoulou
Donald Coulthard
Graeme Crampton
Fiona Elmer
Aleksandra Filipovska
Ross Grant
Rick Lee (appointed 17 February 2020)
Douglas Lingard
Sean Murray
Carolyn Sue
David Thorburn
Ross Wall
Glen Watts

The above named directors held office during the whole of the financial year or from the date elected.

Objectives of the Foundation

The Foundation's primary objective is to support sufferers of mitochondrial disease (mito) and their families. It provides assistance with identifying medical specialists, navigating the National Disability Insurance Scheme, information about living with mito on a daily basis and advocating for the mito community as a whole and on an individual basis. The mito community can access this support through the Helpline, information days, teleconferences and face-to-face and online support groups.

The secondary objective is to find effective methods of prevention, diagnosis, treatment and cure of mitochondrial disorders.

- It is estimated that only 10% of people with mito are diagnosed; AMDF has committed to supporting ways to increase diagnosis rates.
- AMDF is working towards establishing five sustainable, connected centres of mito excellence within five years to provide more patients with access to specialist care in their state.
- AMDF is collaborating with international mito organisations to form a worldwide registry of patients to build a global picture of the incidence of mito.
- AMDF is undertaking a concerted campaign to change government legislation to legalise mitochondrial donation and provide families affected by specific types of mito with more reproductive options.

The third objective is to increase awareness and education about this devastating disease.

- AMDF is working to double the rate of awareness of mito within the medical community, and have it included in the GP curriculum at five major Australian universities within five years.
- AMDF raises funds through appeals, grants, community organised events, Stay in Bed Day and The Bloody Long Walk national series, and aims to increase the amount raised by 10% each year.

Australian Mitochondrial Disease Foundation Limited

Directors' Report (continued)

Principal activities

The principal activity of the Foundation is to raise funds through donations. The principal expenditure activities during the year were to support the mitochondrial disease community and fund research projects, directed towards understanding more about mitochondrial medicine in an attempt to find a cure, or at the very least some form of meaningful treatment.

Review of operations

The Foundation's net surplus for the financial year was \$600,258 (2019: \$1,081,691).

A review of the operations of the Foundation during the financial year and the results of those operations found that the Foundation continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

At the year end, Mito Foundation had approved the payment of research grants totalling \$1,725,163 (2019: \$2,794,414).

The impact from the Covid-19 on the Foundation operations is disclosed in Note 12.

Changes in state of affairs

There was no significant change in the state of affairs of the Foundation during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in future financial years.

Future developments

The Foundation expects to maintain the present status and level of operations and hence there are no likely developments in the Foundation's operations.

Dividends

The Foundation is limited by guarantee and is prohibited under its constitution from declaring a dividend.

Indemnification of officers and auditors

During the financial year, the Foundation paid a premium in respect of a contract insuring the directors of the Foundation (as named above), the Foundation secretary, and all executive officers of the Foundation and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Australian Charities and Not-for-profits Commission Act 2012. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Foundation has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Foundation or of any related body corporate against a liability incurred as such by an officer or auditor.

Australian Mitochondrial Disease Foundation Limited

Directors' Report (continued)

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 6 meetings were held.

Director Name	19 August 2019	18 November 2019	2 December 2019	17 February 2020	20 April 2020	18 May 2020	Meetings Attended
John Christodoulou	X	-	X	X	X	X	5
Don Coulthard	X	X	X	X	X	X	6
Graeme Crampton	X	-	X	X	X	X	5
Fiona Elmer	X	X	-	X	X	X	5
Aleksandra Filipovska	-	X	-	X	-	X	3
Ross Grant	X	X	-	-	X	-	3
Douglas Lingard	X	X	X	X	X	X	6
Sean Murray	X	X	X	X	X	X	6
Carolyn Sue	X	X	-	X	X	X	5
David Thorburn	-	-	X	X	X	X	4
Ross Wall	X	-	X	X	X	X	5
Glen Watts	X	X	X	X	X	X	6
Rick Lee	n/a*	n/a*	n/a*	n/a*	X	X	2

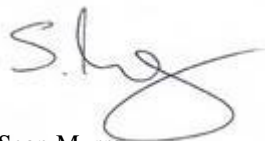
*Rick Lee was appointed on 17 February 2020

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the annual report.

This directors' report is signed in accordance with a resolution of directors.

On behalf of the Directors



Sean Murray
Director
Sydney, 4 February 2021

Board of Directors
Australian Mitochondrial Disease Foundation Limited
3/21, Mary Street
Surry Hills NSW 2010

4 February 2021

Dear Board of Directors

Australian Mitochondrial Disease Foundation Limited

In accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*, I am pleased to provide the following declaration of independence to the directors of Australian Mitochondrial Disease Foundation Limited.

As lead audit partner for the audit of the financial statements of Australian Mitochondrial Disease Foundation Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Alfred Nehama
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Australian Mitochondrial Disease Foundation Limited

Qualified Opinion

We have audited the financial report of Australian Mitochondrial Disease Foundation Limited (the "Entity") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by the directors' as set out on pages 9 to 25. In addition, we have audited the Entity's compliance with specific requirements of the *Charitable Fundraising Act 1991*.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph,

a) the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2, and Division 60 of the ACNC Act;

b) the financial report agrees to the underlying financial records of the Entity, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2020; and

c) monies received by the Entity as a result of fundraising appeals conducted during the year ended 30 June 2020, have been utilised for, and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

We have obtained all the necessary information required in connection with our audit in respect of the financial year ended 30 June 2020.

Basis for Qualified Opinion

Voluntary revenue is a significant source of revenue for Australian Mitochondrial Disease Foundation Limited. Australian Mitochondrial Disease Foundation Limited has determined that it is impracticable to establish control over the collection of donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to voluntary revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the voluntary revenue Australian Mitochondrial Disease Foundation Limited has collected is complete.

Other Information

The directors are responsible for the other information. The other information comprises the directors' 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 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 and for Compliance with the Charitable Fundraising Act 1991

The directors of the Entity are responsible for compliance with the *Charitable Fundraising Act 1991* and the preparation of the financial report that gives a true and fair view, and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act and the *Charitable Fundraising Act 1991* and the needs of the members. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and to enable compliance with the *Charitable Fundraising Act 1991*.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity 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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report and Compliance with Specific Requirements of the Charitable Fundraising Act 1991

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 the Entity complied, in all material respects, with specific requirements of the *Charitable Fundraising Act 1991*, 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.

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

- Identify and assess the risks of non-compliance with the specific requirements of the *Charitable Fundraising Act 1991* and the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in the Entity's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis. Any projection of the evaluation of the compliance procedures to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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



DELOITTE TOUCHE TOHMATSU



Alfred Nehama
Partner
Chartered Accountants
Sydney, 4 February 2021

Australian Mitochondrial Disease Foundation Limited

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and *Charitable Fundraising Act 1991*, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the Foundation.

Signed in accordance with a resolution of the directors made pursuant to S.60.15 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

On behalf of the Directors



Sean Murray
CEO
Sydney, 4 February 2021

Australian Mitochondrial Disease Foundation Limited

Declaration under the Charitable Fundraising Act

I, Sean Murray, Director of the Australian Mitochondrial Disease Foundation Limited declare that in my opinion:

1. The financial statements give a true and fair view of all income and expenditure of the Foundation with respect to the fundraising appeals;
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals.
3. The internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied by the Foundation from any of its fundraising appeals.



Sean Murray
CEO
Sydney, 4 February 2021

Australian Mitochondrial Disease Foundation Limited

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Australian Mitochondrial Disease Foundation Limited

Statement of Profit and Loss and Other Comprehensive Income for the financial year to 30 June 2020

	Note	2020 \$	2019 \$
Income			
Donations			
Corporate grant revenue		30,102	30,000
Donations received		3,379,702	1,314,781
Everyday Hero and My Cause donations		454	2,084,626
Other Income			
Event registration		1,470,374	1,455,850
Interest		38,306	66,980
Government grants		152,500	-
Total income		5,071,438	4,952,237
Expenses			
Fundraising Outgoings			
Platform outgoings		146,279	168,125
Other outgoings		65,453	41,051
Research Outgoings			
Scholarship payments & research funding		975,457	562,387
Clinical trials		66	75,020
Support Outgoings		66,533	225,894
Education & Event Outgoings		1,818,372	1,772,212
Advocacy Outgoings		148,409	95,792
Administration			
Insurance		8,256	7,096
Rent	2(h)	-	75,555
Salaries and wages		1,109,989	791,225
Contractors		-	6,211
Depreciation of property, plant and equipment		4,372	4,896
Depreciation of right-of-use assets	2(h)	74,374	-
Interest expense	2(h)	892	-
Other expenses		52,728	45,082
Total Expenses		4,471,180	3,870,546
Surplus for the year		600,258	1,081,691
Other comprehensive income		-	-
Total comprehensive income for the year		600,258	1,081,691

Notes to the financial statements are included on pages 16 to 25.

Australian Mitochondrial Disease Foundation Limited

Statement of Financial Position as at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	9(a)	4,807,998	2,196,283
Trade and other receivables		51,534	51,896
Other assets	4	436,901	3,069,637
Total current assets		5,296,433	5,317,816
Non-current assets			
Property Plant and Equipment	5	9,397	10,369
Right-of-use assets	2(h)	18,594	-
Total non-current assets		27,991	10,369
Total assets		5,324,424	5,328,185
LIABILITIES			
Current liabilities			
Trade and other payables		289,518	234,652
Employee provisions		45,462	21,291
Revenue received in advance	2(h)	121,795	-
Lease liabilities	2(h)	25,512	-
Total current liabilities		482,287	255,943
Non-current liabilities			
Employee provisions		36,226	-
Total non-current liabilities		36,226	-
Total liabilities		518,513	255,943
Net assets		4,805,911	5,072,242
Equity			
Contributed Equity	7	1,300	1,200
Retained earnings		4,804,611	5,071,042
Total equity		4,805,911	5,072,242

Notes to the financial statements are included on pages 16 to 25.

Australian Mitochondrial Disease Foundation Limited

Statement of Changes in Equity for the financial year ended 30 June 2020

	Note	Issued capital \$	Retained earnings \$	Total \$
Balance at 1 July 2018		1,200	3,989,351	3,990,551
Total comprehensive income for the year		-	1,081,691	1,081,691
Contributions to equity for the year		-	-	-
Balance as at 30 June 2019	7	1,200	5,071,042	5,072,242
Balance at 1 July 2019		1,200	5,071,042	5,072,242
Impact from first adoption of AASB 15 "Revenue from contracts with customers"	2(h)	-	(866,689)	(866,689)
Balance at 1 July 2019 - restated		1,200	4,204,353	4,205,553
Total comprehensive profit for the year		-	600,258	600,258
Contributions to equity for the year		100	-	100
Balance at 30 June 2020	7	1,300	4,804,611	4,805,911

Notes to the financial statements are included on pages 16 to 25.

Australian Mitochondrial Disease Foundation Limited

Statement of Cash Flows for the financial year ended 30 June 2020

	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
Cash flows from operating activities			
Receipts from customers		4,288,240	4,878,121
Payments to suppliers		(4,302,023)	(3,820,209)
Interest received		64,410	61,772
Interest paid		(892)	-
GST refunded		(99,945)	(57,947)
Net cash provided by operating activities	9(b)	<u>(50,210)</u>	<u>1,061,737</u>
Cash flows from investing activities			
Investment in term deposits		2,732,681	(77,259)
Payment for Property Plant & Equipment		(3,400)	(3,665)
Net cash used in investing activities		<u>2,729,281</u>	<u>(80,924)</u>
Cash flows from financing activities			
Contributions by members		100	-
Repayments of lease liabilities		(67,456)	-
		<u>(67,356)</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>2,611,715</u>	<u>980,813</u>
Cash and cash equivalents at the beginning of the financial year		<u>2,196,283</u>	<u>1,215,470</u>
Cash and cash equivalents at the end of the financial year	9(a)	<u>4,807,998</u>	<u>2,196,283</u>

Notes to the financial statements are included on pages 16 to 25.

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

1. General information

The Australian Mitochondrial Disease Foundation Limited (the Foundation) is an entity limited by guarantee, incorporated and operating in Australia.

The Australian Mitochondrial Disease Foundation Limited's registered office and principal place of business is as follows:

Registered office and principal place of business

3/21, Mary Street,
Surry Hills NSW 2010

The principal activity of the Foundation is to raise funds through donations. The principal expenditure activities during the year were to support and fund research projects, directed towards understanding more about mitochondrial medicine in an attempt to find a cure, or at the very least some form of meaningful treatment.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Auditing Standards – Reduced Disclosure Requirements, and complies with other requirements of the law. Accordingly, this 'general purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Charitable Fundraising Acts.

For the purpose of preparing the financial statements the Company is a not-for-profit entity.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Foundation's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue recognition accounting policies are disclosed in the section 2 (h) New Accounting Standards and interpretations.

Donations

Donations and collections are recognised when control passes to the Foundation which is normally on receipt.

Event registration

Revenue from event registration is recorded the day the event takes place. There are no tickets that are valid for more than one event and revenue is therefore recognised at a point in time.

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(a) Revenue (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Foundation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Foundation recognises as expenses for the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Foundation with no future related costs are recognised as other income in profit or loss in the period in which they become receivable.

Interest

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(b) Income tax

The foundation is income tax exempt pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. 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; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

(d) Financial instruments

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(e) Comparative amounts

Where applicable, comparative amounts in the prior year are reclassified to conform with the current year's presentation.

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Foundation assesses whether a contract is or contains a lease, at inception of the contract. The Foundation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Foundation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Foundation uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

(g) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards which are expected to be applicable to the Foundation will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the foundation's financial report:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	1 July 2021	30 June 2022

The Foundation does not consider that implementation of these standards, effective from the financial year beginning 1 July 2020, will materially impact the financial statements.

(h) New Accounting Standards and interpretations

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

In the current year, the Foundation has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers effective for the year commencing 1 July 2019. The Foundation has applied AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

Notes to the financial statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(h) New Accounting Standards and Interpretations (continued)

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers (continued)

The core principle of the new income recognition requirements in AASB 1058 is 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 excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

General impact of application

The Foundation applied the new income requirements to its main revenue/income streams, as listed below:

- Donations
- Income from event registration

Donations

Based on an analysis of the Foundation's underlying arrangements for donations as at 1 July 2019, the Foundation has assessed that the adoption of the new income requirements do not have a significant impact on the amounts recognised in the Foundation's financial statements as the donations do not meet the enforceability and the 'sufficiently specific' criteria under AASB 15 and would therefore be recognised as income once the Foundation controlled the relevant asset (assuming no other related amounts are applicable) under AASB 1058, which is in line with the current income recognition under AASB 1004.

Under AASB 1058, private sector not-for-profit entities will have a policy option to account for donated services at fair value if the fair value can be reliably measured. The Foundation decided not to recognise volunteer services.

Income from event registration

The Foundation receives a registration fee when a person signs up for the event and buys a ticket. Under AASB 15, this fee represents a material right to receive future services (being participation in the event). There are no tickets that are valid for more than one event and revenue is therefore recognised at a point in time.

The Foundation has performed an assessment of its revenue streams and notes that the application of AASB 15 has the following impact on the financial position and/or the financial performance of the Foundation:

- Registration income totalling \$121,795 received during the year and allocated to revenue when received has been reclassified to income in advance as the monies are to be recognised when the performance obligation is met;
- Registration income received in the previous reporting period for the events that were held in the current reporting period (\$866,689) has been recognised within revenue in the current reporting period. Accordingly this resulted in the adjustment to retaining earnings of \$866,689 as at 1 July 2019 without the restatement of comparative information allowed by AASB 15 and AASB 1058.

All future fees from registration will be recognised as a liability upon receipt and then amortised to revenue when the event takes place.

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

2. Significant accounting policies (continued)

(h) New Accounting Standards and Interpretations (continued)

AASB 16 Leases

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. AASB 16 supersedes AASB 117 Leases and the related interpretations and is effective for accounting periods beginning on or after 1 January 2019. The date of initial application of AASB 16 for the Foundation was 1 July 2019.

In accordance with the transition provisions in AASB 16 the new rules have been adopted with the cumulative effect of initially applying the new standard recognised on 1 July 2019. Comparatives for the 2019 financial year have not been restated.

On adoption of AASB 16, the Foundation recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There was no impact to accumulated funds on 1 July 2019.

Applying AASB 16 for all leases in scope the Foundation:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows

The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of \$92,968 and lease liabilities of \$92,968 at 1 July 2019. It also resulted in an increase in depreciation of \$74,374 and finance cost of \$892 for the 12 months period.

3. Members' guarantee

The Foundation is an entity limited by guarantee and the liability of the members is limited. As per the Constitution, every member of the Foundation undertakes to contribute an amount not exceeding \$100 to the property of the Foundation in the event of its being wound up. The number of members at year end was 13 (2019: 12).

4. Other Assets

	2020 \$	2019 \$
<u>Current</u>		
Term deposits	278,460	3,011,141
Security bond	549	549
GST refund due	157,892	57,947
	<u>436,901</u>	<u>3,069,637</u>

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

5. Plant and Equipment

	2020 \$	2019 \$
Office equipment	354	354
Less: Accumulated depreciation	(347)	(344)
Office equipment at written down value	7	10
Computer equipment	12,020	8,621
Less: Accumulated depreciation	(7,018)	(5,037)
Computer equipment at written down value	5,002	3,584
Event equipment	33,776	33,776
Less: Accumulated depreciation	(29,388)	(27,001)
Event equipment at written down value	4,388	6,775
Total property plant and equipment	9,397	10,369

The following depreciation rates have been used in the calculation of depreciation.

Office equipment	37.50%
Computer equipment	18.75% - 37.50%
Event equipment	37.50% - 40.00%

6. Key management personnel compensation

	2020 \$	2019 \$
<u>Current</u> Employee benefits	1,047,074	792,904

Aggregate paid or payable to a director of The Australian Mitochondrial Disease Foundation Limited was \$182,053 (2019: \$177,524).

7. Contributed equity

	2020 \$	2019 \$
Membership shares of \$100	1,300	1,200

8. Auditors remuneration

	2020 \$	2019 \$
Audit of the financial report	18,000	18,000

Deloitte Touche Tohmatsu is the auditor of the Foundation.

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

9. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2020 \$	2019 \$
Cash at bank	4,807,998	2,196,283
	4,807,998	2,196,283

(b) Reconciliation of surplus for the year to net cash flows from operating activities

	2020 \$	2019 \$
Surplus for the year	600,258	1,081,691
Impact from first adoption of AASB 15 "Revenue from contracts with customers"	(866,689)	-
Investments in term deposits	-	77,259
Depreciation charge for the year	4,372	4,896
Depreciation of right-of-use assets	74,374	-
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	362	(12,344)
Other assets	(99,945)	(135,206)
<i>(Decrease)/increase in liabilities:</i>		
Trade and other payables	54,866	40,738
Revenue received in advance	121,795	-
Employee provisions	60,397	4,703
Net cash provided by operating activities	50,210	1,061,737

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

10. Subsequent Events

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

11. Contingent Liabilities

In addition to the liabilities listed in the Statement of Financial Position at 30 June 2020, the Mito Foundation management team monitors contingent liabilities - those funds approved by the Mito Foundation for earmarked services projects (programs), and for payment to successful research and medical funding applicants, but not yet paid

	2020 \$	2019 \$
Program Commitments		
Patient Pathways	19,500	-
Patient Empowerment Program	30,000	-
Total Program Commitments	49,500	-
Commitment for approved Mito Foundation Clinical Trial Support Grants	375,000	450,000
Commitment for approved Mito Foundation Incubator Grants	-	373
Commitment for approved Mito Foundation Partnership Grants	220,000	387,490
Commitment for approved Mito Foundation PhD Scholarships	87,393	61,063
Commitment for approved Mito Foundation Project Grants	245,000	483,685
Commitment for approved Mito Foundation Research Fellowship	200,000	375,000
Commitment for approved Mito Foundation Translational Research Grants	217,478	292,478
Commitment for approved Mito Foundation Travel Grants	836	-
Commitment for approved Mito Foundation Clinical Fellowships	329,956	444,325
Commitment for approved Mito Foundation Research Equipment Grants	-	300,000
Total Research & Medical Funding Commitments	1,675,663	2,794,414
Total Contingent Liabilities	1,725,163	2,794,414

12. COVID-19 impact

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The outbreak of COVID-19 and the subsequent quarantine measures and travel restrictions imposed by the Australian Government in early 2020 caused disruption to businesses and economic activity.

This has had a negative impact on the operations of the Foundation. The Foundation had to defer some events since March 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic, however, it has not resulted in significant changes to the research and grant funding. Even though the registration for events has re-opened, the Foundation has not yet been able to resume normal operating levels due to the limits on public gatherings as at the date these financial statements are authorised for issue.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the Directors do not consider the impact of COVID-19 to likely compromise the ability of the Foundation to continue operating for the foreseeable future.

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

13. Additional information required under the Charitable Fundraising Act 1991

- (a) Information and declarations to be furnished under the Charitable Fundraising Act 1991. Details of aggregate gross income and total expenses of fundraising.

	2020 \$	2019 \$
Gross proceeds from fundraising		
Special events and donations	4,880,632	4,885,257
Direct costs of fundraising		
Events Outgoings	(210,401)	(209,175)
Net surplus from fundraising	4,670,231	4,676,082

- (b) Application of funds for charitable purposes

	2020 \$	2019 \$
Net surplus from fundraising	4,670,231	4,676,082
This was applied to the charitable purposes in the following manner:		
Expenditure on services	2,793,895	2,409,619
Expenditure on administration, marketing and indirect costs	1,466,884	1,251,752
Total operating expenditure	4,260,779	3,661,371
Surplus between fundraising and expenditure	409,452	1,014,711
The surplus of \$409,452 (30 June 2019: surplus of \$1,014,711) was increased by income from the following sources:		
Interest received	38,306	66,980
Government grants	152,500	-
Total income from other sources	190,806	66,980
Operating surplus	600,258	1,081,691

Australian Mitochondrial Disease Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2020

13. Additional information required under the Charitable Fundraising Act 1991 (cont)

(c) Comparison of certain monetary figures and percentage

	Fundraising \$	Gross income from fundraising \$	2020 %	2019 %
Fundraising costs as % of gross income	210,401	4,670,231	4	4
	Net Surplus \$	Gross income from fundraising \$	2020 %	2019 %
Net surplus from fundraising as % of gross income from fundraising	4,670,231	4,670,231	96	96
	Total costs of services \$	Total expenditure \$	2020 %	2019 %
Cost of services as % of total expenditure	2,793,895	4,471,180	62	62
	Total costs of services \$	Total income received \$	2020 %	2019 %
Cost of services as % of income received	2,793,895	5,071,438	55	49