



DIRECTORS' REPORT

Your Directors submit their report and the financial statements of The Multiple Sclerosis Society of South Australia and Northern Territory Inc. ("MS Society") for the year ended 30 June 2019.

DIRECTORS

The names of the members of the Board of Directors who serve in a voluntary capacity and are not remunerated, in office during the year and to the date of this report are:

Mr A G Scott (Honorary President)
Mr P Madsen (Honorary Vice President)
Mr A M Hinton (Honorary Treasurer)
Ms C E Hahn (Director)
Mr A N Abbott AM (Director - Resigned)
Ms H Hoppmann (Director - Resigned)
Dr S L Morton (Director - Resigned)
Ms C E Umapathysivam (Director - Resigned)
Mr S D Smith (Director)
Ms J M Churchill (Director)

Mr S D Smith was appointed as Director on 29 October 2018. Ms J M Churchill was appointed as Director on 29 October 2018.

Mr A N Abbott resigned as Director on 23 October 2018. Ms H Hoppmann resigned as Director on 23 October 2018. Dr S L Morton resigned as Director on 17 October 2018. Ms C E Umapathysivam resigned as Director on 23 October 2018.

On 7 August 2019, Mr A G Scott was appointed President, Mr P Madsen was appointed Vice President and Ms Christine Hahn was appointed Executive Director.

DIRECTORS' BENEFITS

No Director has received or become entitled to receive, during or since the financial year, a benefit as a result of a contract made by the MS Society with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, except as noted in the financial statements at Note 13.

PRINCIPAL ACTIVITIES

The principal activities of the MS Society are the provision of member services, education, information and the allocation of funds for research into the cause and subsequent cure for multiple sclerosis.

During the year, the MS Society operated a Disability Employment Service that provided employment related services to people with a disability (including people living with MS).

SIGNIFICANT CHANGES

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

OPERATING RESULTS

The operating surplus for the financial year as a result of the MS Society's activities amounted to \$827,450 (2018 surplus of \$429,955).



FUTURE DEVELOPMENTS

There are no significant future developments identified by the MS Society.

AFTER BALANCE DATE EVENTS

For details about events after balance date, see note 14.

ENVIRONMENTAL ISSUES

The MS Society's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or

INDEMNIFYING OFFICERS OR AUDITORS

The MS Society paid for the insurance premiums of Directors and Officers Liability Insurance policy indemnifying Directors and Officers. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the MS Society.

PROCEEDINGS ON BEHALF OF THE ENTITY

No person has applied for leave of a Court to bring proceedings on behalf of the MS Society or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The MS Society was not a party to any such proceedings during the year.

BENEFITS PAYABLE TO DIRECTORS AND / OR OFFICERS

During the financial year:

- (i) no officer of the MS Society;
- (ii) no firm in which an officer was a member; and
- (iii) no body corporate in which an officer has a substantial interest;

has received or become entitled to receive a benefit as a result of a contract between the officer, firm, or body corporate and the MS Society and no officer has received either directly or indirectly from the MS Society any payment or other benefit of a pecuniary value, except as noted in the financial statements at Note 13.

This report is signed for and on behalf of the Directors in accordance with a resolution of the Board of Directors.

A G Scott

Director

A M Hinton

Director

Dated at Adelaide this 26th day of August 2019.



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
Income	2	14,871,446	13,424,141
Employee benefit expense		(5,473,815)	(5,334,187)
Depreciation & Amortisation Expense		(118,937)	(65,960)
Fundraising Activity Expenses		(6,279,872)	(5,817,327)
MS Research Australia Contributions		(96,804)	(96,990)
Operating Lease Expense		(482,851)	(527,840)
Other Expenses		(1,591,717)	(1,151,882)
Surplus from Operations	3	827,450	429,955
Surplus attributable to Members		827,450	429,955

To be read in conjunction with the accompanying notes.



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019	2018
		\$	\$
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	4,446,875	2,607,605
Trade and Other Receivables	5	459,697	354,147
Other Assets	6	46,105	107,578
Total Current Assets		4,952,677	3,069,330
Non-Current Assets			
Plant and equipment	7	365,793	231,125
Other Financial Assets	8	699,434	275,319
Total Non-Current Assets		1,065,227	506,444
Total Assets		6,017,904	3,575,774
LIABILITIES			
Current Liabilities			
Trade and Other Payables	9	3,610,259	1,965,800
Provisions	10	399,975	416,999
Total Current Liabilities		4,010,234	2,382,799
Non-Current Liabilities			
Provisions	10	48,821	61,575
Total Non-Current Liabilities		48,821	61,575
Total Liabilities		4,059,055	2,444,374
Net Assets		1,958,850	1,131,400
EQUITY			
Retained Earnings		1,958,850	1,131,400
Total Equity		1,958,850	1,131,400

To be read in conjunction with the accompanying notes.



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings	Total Equity
	\$	\$
Balance at 30 June 2017	701,445	701,445
Surplus from Ordinary Activities	<u>429,955</u>	<u>429,955</u>
Balance at 30 June 2018	1,131,400	1,131,400
Surplus from Ordinary Activities	<u>827,450</u>	<u>827,450</u>
Balance at 30 June 2019	<u>1,958,850</u>	<u>1,958,850</u>

To be read in conjunction with the accompanying notes.



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
Cash Flows from Operating Activities			
Receipts from fundraising activities		8,385,797	8,293,254
Receipts from employment services		5,394,165	4,637,478
Operating grant receipts		88,720	259,667
Receipts from NDIS		288,053	-
Other Receipts in the course of the operation		90,987	38,264
Interest Received		29,691	14,185
Donations/Bequests received		490,500	289,659
Cash Payments in the course of operations		(12,365,425)	(14,896,255)
Net Cash (used in) / provided by operating activities		<u>2,402,489</u>	<u>(1,363,748)</u>
Cash Flows from Investing Activities			
Payments for plant and equipment		(253,605)	(119,639)
Proceeds from sale of plant and equipment		14,501	28,390
Proceeds from sale of Launceston Multiple Solutions business		100,000	-
Payments for term deposits		(424,115)	(143,203)
Net Cash Flows used in investing activities		<u>(563,219)</u>	<u>(234,452)</u>
Cash Flows from Financing Activities			
Loan repayments to finance companies		-	(28,684)
Net Cash Flows used in financing activities		<u>-</u>	<u>(28,684)</u>
Net (decrease) / increase in cash held		1,839,270	(1,626,884)
Cash at beginning of the financial year		2,607,605	4,234,489
Cash at end of the financial year	12	<u>4,446,875</u>	<u>2,607,605</u>

To be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Constitution of Multiple Sclerosis Society of South Australia and Northern Territory Inc. (MS Society), the Associations Incorporation Act (1985), the Australian Charities and Not-For-Profits Commission Act 2012 and compliance with mandatory Australian Accounting Standards. The Board has determined that the MS Society is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

A. PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Leasehold improvements and plant and equipment are carried at cost less any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the useful lives of the assets to the MS Society commencing from the time the asset is held ready for use. Leasehold Improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

	2019	2018
Leasehold Improvements	14-50%	14-50%
Plant and Equipment	14-50%	14-50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income and expenditure statement.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. INCOME TAX

The MS Society is exempt from income tax under the current provisions of the Income Tax Assessment Act, and accordingly, no expense has been charged or liability included in the financial statements with respect to income tax.

C. LEASES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

D. IMPAIRMENT OF ASSETS

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

Where it is not possible to estimate the recoverable amount of an individual asset, the MS Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

E. EMPLOYEE BENEFITS

Provision is made for the MS Society's liability for employees' annual leave benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, including related on-costs.

Provision is made for long service leave entitlements estimated to be payable to employees on the basis of statutory and contractual requirements. Long service leave entitlements are recognised after five years of employment and a provision is made for 100% of this cost. Vested entitlements (employees with more than 7 years' service), are classified as current liabilities.

Contributions are made by the MS Society to an employee nominated contribution superannuation fund and are charged as expenses

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held-at-call with banks.

G. INCOME, REVENUE AND OTHER INCOME

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

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

Revenue from fundraising activities is recognised on receipt of funds. At the end of each financial year, an accrual is made for monies owed in respect of outstanding lottery ticket payments.

Revenue based grants are credited to revenue in the same period in which the expenditure to which they relate is charged or on receipt if non-specific.

Funding of Disability Employment Services received from DSS is credited to revenue upon receipt. The service fee portion of this funding can be received in advance of services being rendered to some clients, however there is no obligation for the MS Society to pay back service fees and therefore they are recognised as revenue upon receipt. At the end of each financial year, an accrual is made for services rendered and claimed but not yet paid by DSS.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses in the Income and Expenditure Statement.

Receivables and payables in the Statement of Financial Position are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

I. COMPARATIVES

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

J. ACQUISITION OF ASSETS

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given at the date of acquisition plus costs incidental to the acquisition.

K. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

L. GOING CONCERN

The financial report has been prepared on the going concern basis.

M. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The MS Society will be adopting the new accounting standard on leases from 1 July 2019, using the "modified retrospective" approach for all leases as allowed in the transitional provisions of the standard. The new accounting standard requires all leases to be recognised on the balance sheet, except for short-term leases and leases of low value assets, by recognising a right-of-use asset and a corresponding liability of the leased asset.

Under the modified retrospective approach on initial application the right-of-use asset will be measured at an amount equal to the lease liability. Subsequently, the right-of-use asset will be measured at cost less accumulated depreciation, adjusted for any remeasurement of the lease liability.

On initial application the lease liability will be measured at the present value of the remaining lease payments, discounted using the MS Society's incremental borrowing rate at the date of initial application. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

The MS Society will recognise the lease payments associated with short-term leases and leases of low value assets as an expense on a straight-line basis over the lease term.

The financial effect of adopting this standard:

- In the balance sheet will be the recognition of Right of Use asset and Lease liability of \$1,472,000 as at 1 July 2019.
- In profit and loss for the year ended 30 June 2020 will be the reduction in rent expense by \$435,000, increase in amortisation of \$443,000 and increase in interest expense of \$72,000.



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
NOTE 2 - INCOME	\$	\$
Revenue from ordinary activities		
Revenue from fundraising activities	8,385,797	8,370,037
Employment Assistance Funding	5,443,736	4,424,320
Client Services Revenue	311,719	38,264
Government Grants	89,370	259,667
Donations & Bequests	490,500	289,659
Interest	35,823	13,804
Gain on sale of plant and equipment	14,501	28,390
Gain on sale of Launceston Multiple Solutions business	100,000	-
Total revenue	<u>14,871,446</u>	<u>13,424,141</u>



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

	2019	2018
NOTE 3 - EXPENSES	\$	\$
The following expenses were charged during the year		
Rental Expense on operating lease	482,851	527,840
Depreciation & amortisation expenses	118,937	65,960
Interest Expense	-	-
	<u>601,788</u>	<u>593,800</u>

Auditors Remuneration

Auditing or reviewing the financial accounts	14,900	14,900
Auditing statutory compliance for Lottery Draws	2,640	2,550
	<u>17,540</u>	<u>17,450</u>

	2019	2018
NOTE 4 - CASH AND CASH EQUIVALENTS	\$	\$
Held in accounts in the name of the MS Society	4,446,875	2,607,605
	<u>4,446,875</u>	<u>2,607,605</u>

In 2018, the Game Changer Lottery prizes were paid in June 2018, whereas in the current year, they were paid in July 2019, see Note 9.

	2019	2018
NOTE 5 - TRADE AND OTHER RECEIVABLES	\$	\$
CURRENT		
Trade Debtors	118,551	1,036
Other receivables	341,146	353,111
	<u>459,697</u>	<u>354,147</u>

	2019	2018
NOTE 6 - OTHER ASSETS	\$	\$
CURRENT		
Prepayments	46,105	107,578
	<u>46,105</u>	<u>107,578</u>



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

	2019	2018
NOTE 7 - PLANT AND EQUIPMENT	\$	\$
Leasehold Improvements at cost	631,255	456,788
Accumulated depreciation	(380,843)	(313,115)
Net book value	<u>250,412</u>	<u>143,673</u>
Plant and equipment at cost	387,639	340,710
Accumulated depreciation	(272,258)	(253,258)
Net book value	<u>115,381</u>	<u>87,452</u>
Total plant and equipment at net book value	<u>365,793</u>	<u>231,125</u>

	Leasehold Improvements	Plant and Equipment	Total
Year ended 30 June 2019	\$	\$	\$
Carrying amount at beginning of year	143,673	87,452	231,125
Additions	174,467	79,137	253,605
Depreciation charge for the year	(67,728)	(51,208)	(118,937)
Carrying amount at end of year	<u>250,412</u>	<u>115,381</u>	<u>365,793</u>

	2019	2018
NOTE 8 - OTHER FINANCIAL ASSETS	\$	\$
NON CURRENT		
Bank Deposits	699,434	275,319
	<u>699,434</u>	<u>275,319</u>

Included in Bank Deposits is an amount of \$150,000 in relation to deposits held as security for the lease of premises and will continue to be renewed to secure the leases, see note 11(c).



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

	2019	2018
NOTE 9 - TRADE AND OTHER PAYABLES	\$	\$
CURRENT		
Trade Creditors	749,304	1,470,468
Accrued expenses/Other payables	2,860,955	495,332
	3,610,259	1,965,800

Included in 2019 accrued expenses is \$2.3 million for the Game Changer Lottery prizes, which were paid in July 2019. In the prior year, payments for the Game Changer Lottery were paid in June, see Note 4.

	2019	2018
NOTE 10 - PROVISIONS	\$	\$
EMPLOYEE BENEFITS		
Annual Leave	252,942	231,555
Long Service Leave	195,854	247,019
Balance at End of Year	448,796	478,574
Allocation of Provisions		
Current	399,975	416,999
Non Current	48,821	61,575
Total Provisions	448,796	478,574



The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019

	2019	2018
NOTE 11 - COMMITMENTS, LEASING COMMITMENTS AND CONTINGENT LIABILITIES	\$	\$

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to the MS Society's head office and Multiple Solutions sites:

Payable - minimum lease payments

Not later than 12 months	535,287	468,172
Between 12 months and 5 years	1,728,276	899,517

Total Operating Lease Commitments	<u>2,263,563</u>	<u>1,367,689</u>
--	-------------------------	-------------------------

(b) Capital Expenditure Commitments

As at 30 June 2019, the MS Society had no capital commitments.

(c) Contingent Liabilities

The MS Society has provided bank deposits of \$150,000 as security for unconditional irrevocable bank guarantees relating to various leased premises, see Note 8.



NOTE 12 - CASH FLOW INFORMATION

(i) RECONCILIATION OF CASH

For the purpose of the statements of cash flows, cash includes cash on hand, cash at bank and bank overdraft. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2019	2018
	\$	\$
Cash and cash equivalents		
Held in accounts in the name of the MS Society		
Cash at bank	4,444,125	2,603,323
Cash on hand	2,750	4,282
	<u>4,446,875</u>	<u>2,607,605</u>

(ii) RECONCILIATION OF SURPLUS FROM ORDINARY ACTIVITIES TO NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES

	2019	2018
	\$	\$
Surplus from ordinary activities	827,450	429,955
Less items classified as investing		
Gain on sale of plant and equipment	(14,501)	(28,390)
Gain on sale of Launceston Multiple Solutions business	(100,000)	-
Add non-cash items		
Depreciation	118,937	65,960
Change in assets and liabilities during the financial period:		
(Increase) / Decrease in receivables	(105,550)	117,646
Decrease / (Increase) in other assets	61,473	(83,299)
Increase / (Decrease) in creditors	1,644,459	(1,855,258)
Decrease in provisions	(29,778)	(10,362)
Net cash (used in) / provided by operating activities	<u>2,402,489</u>	<u>(1,363,748)</u>



NOTE 13 - RELATED PARTY TRANSACTIONS

No director has entered into any contract with the MS Society since the end of the previous financial year except for:

- payment for information technology services of \$41,014 (2018: \$63,216), under normal terms and conditions, to Morton Blacketer Pty Ltd, a business that a related party of Dr S L Morton was a director and shareholder.
- appointment of MS C E Hahn as Interim Chief Executive Officer (CEO), see Note 14(a).

NOTE 14 - EVENTS AFTER THE REPORTING PERIOD

(a) The following changes occurred to the composition of the Board of Directors after the reporting period:

Ms C E Hahn was appointed Interim CEO on 7 August 2019,
Mr A G Scott was appointed Honorary President on 7 August 2019, and
Mr P Madsen was appointed Honorary Vice President on 7 August 2019.

(b) The report was authorised for issue on 26th August 2019 by the Board of Directors.



**The Multiple Sclerosis Society of South Australia and Northern Territory Inc.
Financial Report for the year ended 30 June 2019**

STATEMENT BY BOARD OF DIRECTORS

The Directors have determined that the MS Society is not a reporting entity and this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors declare that, in their opinion:

- a) There are reasonable grounds to believe the registered entity is able to pay all of its debts, as and when they become due and payable; and
- b) The attached financial statements and notes thereto satisfy the requirements of Division 60 of the *Australian Charities and Not-For-Profits Commission Act 2012*, including:
 - i) giving a true and fair view of the financial position and performance of the registered entity in accordance with the accounting policies described in Note 1 to the financial statements; and
 - ii) comply with the Australian Accounting Standards

Signed in accordance with a resolution of the Directors pursuant to regulation 60-15 *Australian Charities and Not-For-Profits Commission Regulation 2013*.

On behalf of the directors

A G Scott

Director

A M Hinton

Director

Dated at Adelaide this 26th day of August 2019.