The Sax Institute

ABN 68 095 542 886

Annual Financial Report

30 June 2022

The Sax Institute is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
The Sax Institute	Level 3/30C Wentworth Street, Glebe NSW 2037

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

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The Sax Institute
Directors' report
30 June 2022

The Directors present their report, together with the financial statements, for the year ended 30 June 2022.

Directors

The following persons were Directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Professor Ian Olver (*Chairperson*)
- Professor Selina Redman (*Chief Executive Officer*)
- Ms Kim Anderson
- Dr Kerry Chant
- Mr Michael Lambert (resigned 10 May 2022)
- Ms Robin Low
- Mr Christopher Paxton (resigned 10 May 2022)
- Professor David Preen
- Dr Lisa Studdert (appointed 1 December 2021)
- Professor David Whiteman (appointed 10 May 2022)

Objectives

Our Mission:
To improve health and wellbeing by driving the use of research in policies, programs and services.

Our Vision:
All Australians enjoy good health and wellbeing thanks to policies, programs and services that reflect the best available evidence and make the best use of resources.

Short and Long-term objectives:
The Sax Institute's strategic plan has two stated objectives. By June 2023, we aim to:

1) **Increase our Impact on Health and Wellbeing and on Services, Polices and Programs.**

We will deliver more effectively on our Mission, by ensuring we are in tune with the needs of our partners, and by developing new programs, assets, and services to deliver greater impact. We will develop better ways to identify, communicate and encourage actions on the implications of research findings to maximise impact.

Specifically, we aim to have increased impact by:
a) Developing stronger foundations for the use of evidence (including an increase in syntheses; policy relevant research; skills in generating and using evidence for policy; collaborations and partnerships);
b) Increasing the use of evidence in policy, programs and services;
c) Increasing our contribution to improving health and wellbeing; and
d) Agreement among our stakeholders that the Institute is making an impact.

2) **Increase our Business Sustainability.**

A strong and stable organisation is also necessary for us to achieve our Mission. We will strengthen our sustainability by increasing our untied funds, to enable us to build our equity, deliver quality outputs and innovate.
We will improve our capability to provide high-quality, sustainable programs, assets, and services.

Specifically, we aim to have increased impact by:

a) Increasing our income;
b) Increasing the diversity of our clients;
c) Increasing the diversity of our programs and services through innovation;
d) Holding corporate costs steady; and
e) Maintaining equity at the target levels.

Performance measures towards achieving our strategy
The following are measures used within the Institute to monitor performance towards achieving its strategic objectives:

- Track and report on instances of impact that arise from our work in public policy, programs or service delivery.

- Expanding the number, size and spread of the partners that the Institute collaborates with.
- Growing both the size and diversity of the Institute's annual revenue, diversifying away from but continuing to complement its traditional funding base of New South Wales and/or health services.
- Increasing its active collaboration with organisations at both a national and international level.
- Continuing to provide demonstrable satisfaction to its stakeholders, as evidenced through for example, surveys; invitations to speak at major national and/or international meetings.

Information on Directors

Name:	Ian **Olver** AM
Title:	Professor
Qualifications:	MB, MD, PhD
Experience and expertise:	the Faculty of Health and Medical Sciences at the University of Adelaide and Professor, Discipline of Medicine University of Notre Dame Australia. His past positions include Director of the Royal Adelaide Hospital Cancer Centre and CEO of Cancer Council Australia. He is past president of the Medical Oncology Group of Australia and the Multinational Association of Supportive Care in Cancer.
Special Responsibilities:	Chair, Board of Directors

Name:	Selina **Redman** AO
Title:	Professor
Qualifications:	BA (Psych), BA (Hons) (Psych), PhD
Experience and expertise:	Expertise in public health, research, and knowledge mobilisation.
Special responsibilities:	Chief Executive Officer

Name:	Kim **Anderson**
Title:	Ms
Qualifications:	BA, Post Graduate Diploma in Library and Information Science
Experience and expertise:	Non-Executive Director of ASX listed companies Carsales Ltd, Infomedia Ltd, InvoCare Ltd and Siteminder Ltd. Former Fellow of the University of Sydney Senate, Former Chair Building and Estates Committee, and Former Member of the Audit Risk Management and Investments Committee 2004-2011. Former CEO of Southern Star Entertainment and founder and CEO of Reading Room Inc (bookstr.com).
Special responsibilities:	Chair of People, Culture and Nominations Committee formerly Remuneration and Nomination Committee

Name:	Kerry **Chant** AO PSM
Title:	Dr
Qualifications:	MBBS (Hons), FAFPHM, MHA, MPH
Experience and expertise:	Chief Health Officer and Deputy Secretary, Population and Public Health, NSW Ministry of Health.

Name:	Robin **Low**
Title:	Ms
Qualifications:	BCom, FCA
Experience and expertise:	Expertise in finance, risk and assurance. Ms Low is a former PwC partner and now serves as an independent director of ASX listed companies Appen Limited, AUB Group Limited, IPH Limited and Marley Spoons. Current Director on government and not-for-profit entity boards.
Special responsibilities:	Chairperson, Audit and Risk Management Committee

Name:	David **Preen**
Title:	Professor
Qualifications:	BSc(Hons) PhD
Experience and expertise:	Chair in Public Health at the School of Population and Global Health University of Western Australia.

Name:	Lisa **Studdert**
Title:	Dr
Qualifications:	PhD, MPS
Experience and expertise:	Currently the Deputy CEO at the National Disability Insurance Agency. Former Deputy Secretary at the Federal Department of Health (population health, aged care), and formerly with the Asian Development Bank (Health Specialist).

Name:	David **Whiteman** AM
Title:	Professor
Qualifications:	B Med Sc, MBBS (Hons), PhD, FAHMS, FAPHM
Experience and expertise:	Currently a medical epidemiologist at the QIMR Berghofer Medical Research Institute where he was deputy director from 2016-2021. National Health and Medical Research Council Senior Principal Research Fellow, Fellow of the Australian Academy of Health and Medical Sciences, Fellow of the Australasian Faculty of Public Health Medicine, Honorary Fellow of the Skin Cancer College of Australasia.

Company Secretary
The following person held the position of Company Secretary at the end of the financial year: Ms Melinda Ewell (MCom; CPA. Ms Ewell has been the Company Secretary since September 2021.

Meetings of Directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee		People, Culture and Remuneration Committee	
	A	B	A	B	A	B	A	B
Ian Olver	4	4	4	4	1	1	1	1
Selina Redman	4	4	4	4	1	1	1	1
Kim Anderson	4	3	-	-	1	1	1	1
Kerry Chant *	4	-	-	-	-	-		
Michael Lambert	3	3	3	3	1	1	1	1
Robin Low	4	4	4	4	-	-	-	-
Christopher Paxton	3	3	3	3	1	1	1	1
David Preen	4	2	-	-	-	-	-	-
Lisa Studdert	2	1	-	-	-	-	-	-
David Whiteman	1	1	-	-	-	-	-	-
Jane Stanton (non-Director)	-	-	4	3	-	-	-	-

A – Number of meeting eligible to attend.
B – Number of meetings attended.

** An ongoing exemption was approved by the Board, in consideration of the full-time leadership role that Dr Chant continues to play in the New South Wales Government's response to combatting the Covid-19 pandemic that has emerged across New South Wales.*

Contributions on winding up

The Sax Institute is a not-for-profit unlisted public company limited by guarantee. In the event of and for the purpose of, winding up of the Company, the amount capable of being called up from each member and / or association who ceased to be a member in the year prior to the winding up is limited to $10 for members that are corporations and $10 for all other members, subject to the provisions of the Institute's constitution.

At 30 June 2022, the collective liability of members was $670 (2021: $580).

This report is made in accordance with a resolution of Directors on this 14th day of September 2022.

On behalf of the Board of Directors

Professor Ian Olver AM	Professor Selina Redman AO
Chair of Board of Directors	Executive Director

WilliamBuck
ACCOUNTANTS & ADVISORS

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Directors of The Sax Institute

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
Accountants & Advisors
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner

Sydney, 14th September 2022

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The Sax Institute
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue	4	14,386,000	15,404,200
Other income	5	36,000	858,400
Expenses			
Project specific costs		(4,169,800)	(4,962,000)
Employee benefits expense		(9,150,800)	(8,605,500)
Depreciation and amortisation expense	6	(1,291,700)	(1,296,600)
Administration expense		(639,600)	(590,500)
Surplus/(deficit) before income tax expense		(829,900)	808,000
Income tax expense	2	-	-
Surplus/(deficit) after income tax expense for the year attributable to the members of The Sax Institute	21	(829,900)	808,000
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of The Sax Institute		(829,900)	808,000

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Sax Institute
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	7	10,213,600	10,948,500
Trade and other receivables	8	1,422,800	1,668,300
Financial assets at fair value through other comprehensive income	9	-	50,500
Other	10	770,100	1,866,600
Total current assets		12,406,500	14,533,900
Non-current assets			
Property, plant and equipment	11	1,632,800	1,879,300
Right-of-use assets	12	1,755,100	2,506,500
Other non-current assets	13	245,100	244,200
Total non-current assets		3,633,000	4,630,000
Total assets		16,039,500	19,163,900
Liabilities			
Current liabilities			
Trade and other payables	14	1,054,700	1,305,400
Lease liabilities	15	681,000	627,100
Employee benefits	16	867,100	793,200
Other current liabilities	17	9,017,100	10,527,100
Total current liabilities		11,619,900	13,252,800
Non-current liabilities			
Lease liabilities	18	1,359,900	2,043,700
Employee benefits	19	251,000	228,800
Total non-current liabilities		1,610,900	2,272,500
Total liabilities		13,230,800	15,525,300
Net assets		2,808,700	3,638,600
Equity			
Retained surpluses	20	2,808,700	3,638,600
Total equity		2,808,700	3,638,600

The above statement of financial position should be read in conjunction with the accompanying notes

The Sax Institute
Statement of changes in equity
For the year ended 30 June 2022

	Retained profits $	Total equity $
Balance at 1 July 2020	2,830,600	2,830,600
Profit after income tax expense for the year	808,000	808,000
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	808,000	808,000
Balance at 30 June 2021	3,638,600	3,638,600

	Retained profits $	Total equity $
Balance at 1 July 2021	3,638,600	3,638,600
Loss after income tax expense for the year	(829,900)	(829,900)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(829,900)	(829,900)
Balance at 30 June 2022	2,808,700	2,808,700

The above statement of changes in equity should be read in conjunction with the accompanying notes

The Sax Institute
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Received from customers		15,638,700	19,050,800
Payments to suppliers and employees		(15,441,800)	(15,442,400)
Donations received		5,000	16,700
Interest received		31,100	29,500
Net cash from operating activities		233,000	3,654,600
Cash flows from investing activities			
Proceeds from available-for-sale investments		-	605,800
Net payments of property, plant and equipment		(293,900)	(136,800)
Purchase of available-for-sale investments		-	(606,000)
Proceeds from redemption of available for sale financial assets	9	50,500	-
Net cash used in investing activities		(243,400)	(137,000)
Cash flows from financing activities			
Repayment of lease liabilities		(724,500)	(736,700)
Net cash used in financing activities		(724,500)	(736,700)
Net increase/(decrease) in cash and cash equivalents		(734,900)	2,780,900
Cash and cash equivalents at the beginning of the financial year		10,948,500	8,167,600
Cash and cash equivalents at the end of the financial year	7	10,213,600	10,948,500

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General Information

The financial statements cover The Sax Institute as an individual entity. The financial statements are presented in Australian dollars, rounded to the nearest 100 dollars, which is The Sax Institute 's functional and presentation currency. The Sax Institute is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on this 14th day of September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2022. The company's assessment of the impact of these new or amended Accounting Standards and interpretations, most relevant to the company, are set out below:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Grant Revenue
Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity, and the amount of the grant can be measured reliably.

If conditions are attached to the grant that must be satisfied before it is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are met.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the grantor, otherwise the grant is recognised as income on receipt. In instances where the grant revenue exceeds the cost of the economic value provided, the surplus funds are deferred and guidance is sought from the grantor for the application of surplus funds.

Donations
Donations and bequests are recognised as revenue when received.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

Property, plant and equipment
Classes of property, plant and equipment are measured using the cost or revaluation model as specified below. Where the cost model is used, the asset is carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs, and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment that have been contributed at no cost, or for nominal cost, are re-valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation for all property, plant and equipment excluding freehold land is calculated using a reducing balance method from the date that management determines the asset is available for use. The Depreciation rates used for each class of depreciable assets are shown below:

Asset Type	Annual Depreciation Rate %
Furniture fixtures and fittings	5.0 - 7.5
Office equipment	10.0 - 40.0
Computer equipment	33.3
Leasehold improvements	20

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of property, plant and equipment
The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Revenue

	2022 $	2021 $
Revenue	14,386,000	15,404,200

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2022 $	2021 $
Major revenue categories		
Government grants	6,762,900	7,583,000
Partnership and other research grants	2,782,800	3,039,700
Data and licencing fees	1,813,100	1,997,600
Fee for service income	2,902,200	2,759,900
Publication sponsorship and fees	125,000	24,000
Total revenue	14,386,000	15,404,200
Geographical regions		
Australia	14,386,000	15,404,200
Timing of revenue recognition		
Services transferred over time	14,386,000	15,404,200

Note 5. Other income

	2022 $	2021 $
TCorp distributions	(100)	200
Interest income	31,100	29,500
Donations	5,000	16,700
Government stimulus grant	-	812,000
Total Other income	36,000	858,400

Note 6. Expenses

	2022 $	2021 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Depreciation of PPE	540,400	577,500
Depreciation of leases	751,300	719,100
Total depreciation	1,291,700	1,296,600
Finance costs		
Interest and finance charges paid on lease liabilities	94,600	127,300
Audit services		
Audit costs	34,200	34,100
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	7,693,000	7,435,800

Note 7. Current assets - cash and cash equivalents

	2022 $	2021 $
Cash at bank	3,213,200	3,448,100
Cash on deposit	7,000,400	7,500,400
Total cash and cash equivalents	10,213,600	10,948,500

The short-term bank deposits have a maturity date ranging from 30 to 90 days. The interest earned on these deposits is 1.6 per cent.

Note 8. Current assets - trade and other receivables

	2022 $	2021 $
Trade receivables	1,147,000	1,478,200
Less: Provision for doubtful debts	(6,900)	-
	1,140,100	1,478,200
Prepayments	270,000	188,400
Deposits	1,700	1,700
Sundry Receivables	11,000	-
Total trade and other receivables	1,422,800	1,668,300

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Note 9. Current assets - financial assets at fair value through other comprehensive income

	2022 $	2021 $
Available for sale financial assets	-	50,500

Available for sale financial assets comprise of investments in various TCorp funds. There are no fixed returns or fixed maturity dates attached to these investments.

Note 10. Current assets - other

	2022 $	2021 $
Accrued Revenue	770,100	1,866,600

Note 11. Non-current assets - property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	999,300	999,300
Less: Accumulated depreciation	(368,800)	(286,500)
	630,500	712,800
Fixtures and fittings - at cost	765,800	765,800
Less: Accumulated depreciation	(259,500)	(151,000)
	506,300	614,800
Computer equipment - at cost	2,228,400	1,995,200
Less: Accumulated depreciation	(1,882,200)	(1,608,100)
	346,200	387,100
Office equipment - at cost	1,008,800	990,700
Less: Accumulated depreciation	(935,300)	(859,700)
	73,500	131,000
Capital work in progress	76,300	33,600
Total property, plant and equipment	1,632,800	1,879,300

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold Improvements $	Furniture fixture and fittings $	Office equipment $	Computer equipment $	Capital WIP $	Total $
Balance at 1 July 2021	712,800	614,800	131,000	387,100	33,600	1,879,300
Additions	-	-	-	-	293,900	293,900
Transfers in/(out)	-	-	18,000	233,200	(251,200)	-
Depreciation expense	(82,300)	(108,500)	(75,500)	(274,100)	-	(540,400)
Balance at 30 June 2022	630,500	506,300	73,500	346,200	76,300	1,632,800

Note 12. Non-current assets - right-of-use assets

	2022 $	2021 $
Right-of-use asset	3,629,200	3,629,200
Less: accumulated depreciation	(1,874,100)	(1,122,700)
Total right-of-use assets	1,755,100	2,506,500

The right of use asset includes a $300,000 make good provision in accordance with the rental agreement of Level 3, 30C Wentworth Street, Glebe. Depreciation is calculated on straight line basis over the initial lease term of five years.

Note 13. Non-current assets - other

	2022 $	2021 $
Rental bond	245,100	244,200

Note 14. Current liabilities - trade and other payables

	2022 $	2021 $
Trade payables	313,300	499,700
Payroll liabilities	75,800	73,800
GST payable	221,100	294,400
Accrued expenses	444,500	437,500
	1,054,700	1,305,400

Note 15. Current liabilities - lease liabilities

	2022 $	2021 $
Lease liability	681,000	627,100

Note 16. Current liabilities - employee benefits

	2022 $	2021 $
Annual leave	654,100	644,200
Long service leave	205,300	149,000
Parental leave	7,700	-
	867,100	793,200

Note 17. Current liabilities – other current liabilities

	2022 $	2021 $
Grants received in advance	9,017,100	10,527,100

If conditions are attached to the grant that must be satisfied before it is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are met.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the grantor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the grantor, otherwise the grant revenue exceeds the cost of the economic value provided, the surplus funds are deferred and guidance is sought from the grantor for the application of surplus funds.

Note 18. Non-current liabilities - lease liabilities

	2022 $	2021 $
Lease liability	1,359,900	2,043,700
Future lease payments		
Future lease payments are due as follows:		
Within one year	681,000	627,100
One to five years	1,359,900	2,043,700
	2,040,900	2,670,800

Note 19. Non-current liabilities - employee benefits

	2022 $	2021 $
Long service leave	251,000	228,800

Note 20. Equity - retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	3,638,600	2,830,600
Profit/(loss) after income tax expense for the year	(829,900)	808,000
Retained earnings at the end of the financial year	2,808,700	3,638,600

Note 21. Members' guarantee

The institute is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Institute is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding and obligations of the institute. At 30 June 2022 the number of members was 67 (2021: 58).

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2022 $	2021 $
Aggregate compensation	1,763,300	1,580,200

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company:

	2022 $	2021 $
Audit services -		
Audit or review of the financial statements	34,150	34,100

Note 24. Contingent liabilities

As at 30 June 2022 the Institute has outstanding $850,000 (2021: 850,000) as a guarantee for an autopay payroll facility and $245,100 (2021: $244,700) as a guarantee provided by the bank for the lease of office space.

Note 25. Related party transactions

Parent entity
The Sax Institute is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
During the year, a total of $5,000 was donated to The Sax Institute by the Directors.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 26. Economic dependency

The Sax Institute is dependent on the NSW Ministry of Health (the 'Ministry') for a significant contribution to fund corporate costs. The Ministry provides funding on a quarterly basis. It is anticipated that adequate funding will be provided to enable the Institute to pay its debts as and when they fall due. Funding agreements are entered into for five year periods with the current agreement in effect from 1 July 2018 to 30 June 2023.

The Sax Institute
Directors' declaration
30 June 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 on this 14th day of September 2022.

On behalf of the Board of Directors

Ian N. Olver

Professor Ian Olver AM
Chair of Board of Directors

Sally Redman

Professor Selina Redman AO
Executive Director

William Buck
ACCOUNTANTS & ADVISORS

The Sax Institute
Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of The Sax Institute (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of The Sax Institute has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

b. complying with Australian Accounting Standards – Simplified Disclosures Regime to the extent described in Note 2, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 needs of the members. The directors 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar8.pdf

This description forms part of our independent auditor's report.

William Buck

William Buck
Accountants & Advisors
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner

Sydney, 14th September, 2022