The Sax Institute

ABN 68 095 542 886

Full Financial Statements - 30 June 2021

The Sax Institute
Directors' report
30 June 2021

The Directors present their report, together with the financial statements, for the year ended 30 June 2021.

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
- Ms Robin Low (*Appointed 19 November 2020*)
- Mr Christopher Paxton
- Professor David Preen

- Professor Robert Cumming (*Retired 10 May 2021*)
- Professor Stephen Jan (*Retired 10 May 2021*)
- Professor Peter Smith (*Retired 10 May 2021*)
- Professor Johanna Westbrook (*Retired 10 May 2021*)

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.

Key operational matters
New Constitution
A revised Constitution for the Institute was approved at a members special meeting held 27 April 2021 and came into effect on 10 May 2021. The new Constitution provides for a more streamlined approach to the Institute's membership, governance, and board structures.

Information on Directors

Name:	Ian **Olver** AM
Title:	Professor
Qualifications:	MB, MD, PhD
Experience and expertise:	Cancer researcher, Medical oncologist, and Bioethicist. Currently a Professor in the Faculty of Health and Medical Sciences at the University of Adelaide. 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 of 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 Marley Spoon AG. 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 Remuneration and Nomination Committee

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

Name:	Michael **Lambert**
Title:	Mr
Qualifications:	BEc (Hons), MEc, MA (Phil), GAICD
Experience and expertise:	Public finance, corporate finance, government, public policy and health sector. Administrator of the National Health Funding Pool.
Special responsibilities:	Chair, Audit and Risk Management Committee. Member, Remuneration and Nomination Committee.

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 Spoon AG. Current Director on government and not-for-profit entity boards.
Special responsibilities:	Member, Audit and Risk Management Committee

Name:	Christopher **Paxton**
Title:	Mr
Qualifications:	BA (Hons) in Economics (UK), MBA (UK)
Experience and expertise:	Partner, EY Port Jackson Partners
Special responsibilities:	Member, Audit and Risk Management Committee, Remuneration and Nomination 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.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year: Mr Norman Pack (B.Com; MBA; FCPA; GAICD). Mr Pack has been the Company Secretary since July 2016 (resigned effective 31 July 2021) and holds a number of independent trustee directorship roles and has over 36 years of senior finance experience.

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 2021, and the number of meetings attended by each director were:

	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Ian Olver	4	4	-	-	-	-
Selina Redman	4	4	-	-	-	-
Kim Anderson	4	3	-	-	1	1
Kerry Chant *	4	-	-	-	-	-
Robert Cumming	3	1	-	-	-	-
Stephen Jan	3	2	-	-	-	-
Michael Lambert	4	4	4	4	1	1
Robin Low	3	3	3	3	-	-
Christopher Paxton	4	4	4	3	1	1
David Preen	4	4	-	-	-	-
Peter Smith	3	2	-	-	-	-
Johanna Westbrook	3	2	-	-	-	-
Jane Stanton (non-Director)	-	-	4	4	-	-

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.*

The Sax Institute
Directors' report
30 June 2021

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 2021, the collective liability of members was $580 (2020: $570).

This report is made in accordance with a resolution of Directors on this 15th day of September 2021.

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

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The Sax Institute
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	4	15,404,200	16,320,000
Other income	5	858,400	837,100
Expenses			
Project specific costs		(4,962,000)	(5,809,700)
Employee benefits expense		(8,605,500)	(8,689,500)
Depreciation and amortisation expense		(1,296,600)	(1,018,400)
Administration expense		(590,500)	(815,600)
Profit before income tax expense		808,000	823,900
Income tax expense	2	-	-
Profit after income tax expense for the year attributable to the owners of The Sax Institute	20	808,000	823,900
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the Members of The Sax Institute		808,000	823,900

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 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	10,948,500	8,167,600
Trade and other receivables	7	1,668,300	1,338,200
Financial assets at fair value through other comprehensive income	8	50,500	50,400
Other	9	1,866,600	1,463,700
Total current assets		14,533,900	11,019,900
Non-current assets			
Property, plant and equipment	10	1,879,300	2,320,200
Right-of-use assets	11	2,506,500	3,064,300
Other	12	244,200	246,000
Total non-current assets		4,630,000	5,630,500
Total assets		19,163,900	16,650,400
Liabilities			
Current liabilities			
Trade and other payables	13	1,305,400	1,170,900
Lease liabilities	14	627,100	578,600
Employee benefits	15	793,200	632,100
Other	16	10,527,100	8,693,200
Total current liabilities		13,252,800	11,074,800
Non-current liabilities			
Lease liabilities	17	2,043,700	2,559,300
Employee benefits	18	228,800	185,700
Total non-current liabilities		2,272,500	2,745,000
Total liabilities		15,525,300	13,819,800
Net assets		3,638,600	2,830,600
Equity			
Members' funds	20	3,638,600	2,830,600
Total equity		3,638,600	2,830,600

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 2021

	Retained profits $	Total equity $
Balance at 1 July 2019	2,006,700	2,006,700
Profit after income tax expense for the year	823,900	823,900
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	823,900	823,900
Balance at 30 June 2020	2,830,600	2,830,600

	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

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 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Received from grants		19,050,800	16,870,000
Payments to suppliers and employees		(15,442,400)	(18,110,200)
Donations received		16,700	30,000
Interest received		29,500	116,900
Net cash from/(used in) operating activities		3,654,600	(1,093,300)
Cash flows from investing activities			
Proceeds from available-for-sale investments		605,800	3,212,800
Net payments of property, plant and equipment		(136,800)	(2,394,100)
Purchase of available-for-sale investments		(606,000)	(2,692,200)
Net cash used in investing activities		(137,000)	(1,873,500)
Cash flows from financing activities			
Repayment of lease liabilities		(736,700)	(397,700)
Net cash used in financing activities		(736,700)	(397,700)
Net increase/(decrease) in cash and cash equivalents		2,780,900	(3,364,500)
Cash and cash equivalents at the beginning of the financial year		8,167,600	11,532,100
Cash and cash equivalents at the end of the financial year	6	10,948,500	8,167,600

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 15th day of September 2021. 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 2021. 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:

AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
These standards are applicable to annual reporting periods beginning on or after 1 July 2021. AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. Given that the company will be moving from general purpose (RDR) to simplified disclosure financial statements in the future, there is likely to be decreased disclosure. If the company adopts the standards prior to the mandatory application date it will be able to take advantage of certain special transitional disclosure relief relating to comparative information in the first year of adoption.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework.
At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations 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.

Licenced Data, Sub-Studies and Sponsored Questions revenue is recognised 50% on execution of contract with the customer and the remainder on delivery of services. This is reflective of the costs incurred during the process of delivering services to customers at the time of recognising revenue.

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.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents include 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.

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.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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

	2021	**2020**
	$	**$**
Grant Revenue	15,404,200	16,320,000

Note 5. Other income

	2021 $	2020 $
NSW Treasury Corporation fair value realisation	200	4,300
Interest income	29,500	116,800
Donations	16,700	30,000
Government stimulus grant	812,000	686,000
Other income	858,400	837,100

Note 6. Current assets - cash and cash equivalents

	2021 $	2020 $
Cash on hand	-	800
Cash at bank	3,448,100	4,666,400
Cash on deposit	7,500,400	3,500,400
	10,948,500	8,167,600

The short-term bank deposits have a maturity date ranging from 30 to 90 days. The interest earned on these deposits is 0.3 per cent.

Note 7. Current assets - trade and other receivables

	2021 $	2020 $
Trade receivables	1,478,200	1,147,300
Prepayments	188,400	189,200
Deposits	1,700	1,700
	1,668,300	1,338,200

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

	2021 $	2020 $
Available for sale financial assets	50,500	50,400

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 9. Current assets - other

	2021 $	2020 $
Accrued Revenue	1,866,600	1,463,700

Note 10. Non-current assets - property, plant and equipment

	2021 $	2020 $
Leasehold improvements - at cost	999,300	999,300
Less: Accumulated depreciation	(286,500)	(204,300)
	712,800	795,000
Fixtures and fittings - at cost	765,800	765,800
Less: Accumulated depreciation	(151,000)	(42,500)
	614,800	723,300
Computer equipment - at cost	1,995,200	1,938,800
Less: Accumulated depreciation	(1,608,100)	(1,300,800)
	387,100	638,000
Office equipment - at cost	990,700	943,900
Less: Accumulated depreciation	(859,700)	(780,000)
	131,000	163,900
Capital work in progress	33,600	-
	1,879,300	2,320,200

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 2020	795,000	723,300	157,300	638,000	-	2,320,200
Additions	-	-	46,800	56,000	33,600	136,400
Depreciation expense	(82,200)	(108,500)	(79,700)	(306,900)	-	(577,300)
Balance at 30 June 2021	712,800	614,800	131,000	387,100	33,600	1,879,300

Note 11. Non-current assets - right-of-use assets

	2021 $	2020 $
Right-of-use asset	3,629,200	3,468,000
Less: accumulated depreciation	(1,122,700)	(403,700)
	2,506,500	3,064,300

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 12. Non-current assets - other

	2021 $	2020 $
Rental bond	244,200	246,000

Note 13. Current liabilities - trade and other payables

	2021 $	2020 $
Trade payables	499,700	505,100
Payroll liabilities	73,800	77,900
GST payable	294,400	120,000
Accrued expenses	437,500	467,900
	1,305,400	1,170,900

Note 14. Current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	627,100	578,600

Note 15. Current liabilities - employee benefits

	2021 $	2020 $
Annual leave	644,200	512,200
Long service leave	149,000	119,900
	793,200	632,100

Note 16. Current liabilities - other

	2021 $	2020 $
Grants received in advance	10,527,100	8,693,200

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 17. Non-current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	2,043,700	2,559,300

Note 18. Non-current liabilities - employee benefits

	2021 $	2020 $
Long service leave	228,800	185,700

Note 19. Non-current liabilities - other

Disclosures relating to grants received in advance are set out in note 16.

Note 20. Equity - retained surpluses

	2021 $	2020 $
Retained profits at the beginning of the financial year	2,830,600	2,006,700
Profit after income tax expense for the year	808,000	823,900
Retained profits at the end of the financial year	3,638,600	2,830,600

Note 21. Financial risk management

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

The Institute's financial instruments consist mainly of deposits within banks, short-term investments, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

Note 21. Financial risk management (continued)

	2021 $	2020 $
Financial Assets		
Cash and cash equivalents	10,948,500	8,167,600
Other assets and receivables	1,668,300	1,338,200
Available for sale financial assets	50,500	50,400
	12,667,300	9,556,200

	2021	2020
Financial Liabilities		
Trade and other payables	1,305,400	1,170,900

The Institute's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Institute does not speculate in financial assets.

The most significant financial risks to which the Institute is exposed are described below:

Specific risks:
- Interest rate risk
- Credit risk
- Liquidity risk.

The principal categories of financial instrument used by the Institute are:
- Trade receivables
- Cash at bank and short-term deposits
- Trade and other payables.

Objectives, policies and processes
Risk management is carried out by the Board of Directors with recommendations from the Audit and Risk Management Committee. Management has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Institute. These policies and procedures are then recommended by the Audit and Risk Management Committee and tabled at the Board meeting for their approval.

Recommendations by the Audit and Risk Management Committee are presented at Board meetings regarding the implementation of these policies and any risk exposure which the Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Institute is exposed is provided below.

The Institute's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases. the main purpose of non-derivative financial instruments is to raise finance for group operations. The Sax Institute does not have any derivative financial instruments at 30 June 2021.

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Sax Institute has an investment with NSW Treasury, which is a low-risk, at call account and is guaranteed by the Government. At 30 June 2021, the Company has no interest-bearing debt.

Liquidity Risk
The Institute manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate unutilised borrowing facilities are maintained. As at 30 June 2021, the Institute has an overdraft of $Nil (2020: $Nil).

Note 21. Financial risk management (continued)

Credit Risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Institute does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Institute.

Net fair values
Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value estimation
Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Note 22. 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 2021 the number of members was 58 (2020: 57).

Note 23. Key management personnel disclosures

Executive Director Position	
Selina Redman	Chief Executive Officer

Executive Positions	
Martin McNamara	Deputy CEO & Division Head - Research Assets
Adam Creswell	Division Head – Chief Communications Officer
Norman Pack	Chief Operating Officer and Company Secretary
Sian Rudge	Division Head – Evidence for Action
Lucie Rychetnik	Co-Director, The Australian Prevention Partnership Centre
Anna Williamson	Division Head – Innovation

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

Note 24. Contingent liabilities

As at 30 June 2021 the Institute has outstanding $850,000 (2020: 850,000) as a guarantee for an autopay facility and $244,200 (2020: $244,700) as a guarantee provided by the bank for the lease of office space.

Note 25. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 23.

Transactions with related parties
During the year, a total of $6,700 (2020: Nil) 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 cash basis. It is anticipated that adequate funding will be provided to enable the Institute to pay its debts 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 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, 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 2021 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 15th day of September 2021.

On behalf of the Board of Directors

Professor Ian Olver AM
Chair of Board of Directors

Professor Selina Redman AO
Executive Director

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 2021, 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 2021 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards – Reduced Disclosure Regime, 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 directors' report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

ACCOUNTANTS & ADVISORS

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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 in accordance with Australian Accounting Standards – Reduced Disclosure Regime, 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, 15th September, 2021