

Neurological Foundation of New Zealand

Annual report
for the year ended 31 March 2019

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Foundation directory

Mission Statement	To alleviate suffering from diseases and disorders of the brain and nervous system through research and education.
Registered Office	66 Grafton Road, Auckland
Council Members	Barry Snow Baden John Ewart Cathy Maree Stinear Deborah Peters Tony Offen James Hellaby Timothy Anderson Wayne Boyd
Chief Executive	Richard Easton (Appointed September 2017)
Accountant	Balanced Chartered Accountants
Auditor	Deloitte Limited

Statement of comprehensive revenue and expense

for the year ended 31 March 2019
in New Zealand Dollars

	Note	2019	2018
Revenue from supporters	1	7,155,037	10,005,240
Investment Income	8	3,074,287	2,445,962
Total Revenue		10,229,324	12,451,202
Administrative expenses	2	(1,120,229)	(1,173,843)
Education and Information expenses	2	(416,662)	(270,030)
Fundraising expenses	2	(872,019)	(465,646)
Promotion expenses	2	(307,319)	(180,726)
Other expenses	2	(148,395)	(131,562)
Total Operating Expenditure		(2,864,624)	(2,221,807)
Surplus before grant distributions		7,364,700	10,229,395
Appropriation to research grant fund in the year	5	(6,062,605)	(4,334,704)
Surplus for the period		1,302,095	5,894,691
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		1,302,095	5,894,691

This statement is to be read in conjunction with the notes to the financial statements.

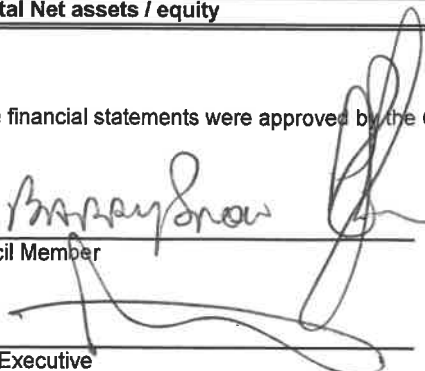
Statement of financial position

as at 31 March 2019
in New Zealand Dollars

	Note	2019	2018
Assets			
Cash and cash equivalents		8,140,201	845,268
Term deposits	8	44,855,887	41,730,045
Receivables from exchange transactions		779,573	579,050
Prepayments		22,525	-
Goods and services tax receivable		164,505	90,867
Investments	8	19,050,057	25,716,040
Total current assets		73,012,748	68,961,270
Property, plant and equipment	7	1,730,542	1,773,262
Total non-current assets		1,730,542	1,773,262
Total assets		74,743,290	70,734,532
Current Liabilities			
Payables under exchange transactions		231,610	182,993
Employee entitlement liability	3	46,741	23,918
Grants and Sponsored Research liability	6	6,475,786	5,335,726
Total current liabilities		6,754,137	5,542,637
Non - Current Liabilities			
Grants and Sponsored Research liability	5	2,568,610	1,072,450
Total non - current liabilities		2,568,610	1,072,450
Total liabilities		9,322,747	6,615,087
Net assets / equity			
Research Grant Fund	5	-	-
Capital Maintenance Fund		63,000,000	36,330,735
Hackett Fund		779,145	471,698
Auckland Chair of Clinical Neurology Fund		3,392,585	3,392,585
Accumulated funds		(1,751,187)	23,924,427
Total Net assets / equity		65,420,543	64,119,445

These financial statements were approved by the Council on 5 July 2019


Council Member


Chief Executive

This statement is to be read in conjunction with the notes to the financial statements.

Statement of changes in net assets / equity

for the year ended 31 March 2019
in New Zealand Dollars

	Capital Maintenance Fund	Hackett Fund	Chair of Clinical Neurology Fund	Accumulated revenue and expense	Total equity
Balance at 1 April 2017	36,330,735	471,698	3,392,585	18,029,736	58,224,754
Total comprehensive revenue and expense for the year				5,894,691	5,894,691
Transfers - special purposes reserves	-	-	-	-	-
Balance at 31 March 2018	36,330,735	471,698	3,392,585	23,924,427	64,119,445
Balance at 1 April 2018	36,330,735	471,698	3,392,585	23,924,427	64,119,445
Total comprehensive revenue and expense for the year				1,302,095	1,302,095
Transfers - special purposes reserves	26,669,265	307,447	-	(26,977,709)	(997)
Balance at 31 March 2019	63,000,000	779,145	3,392,585	(1,751,187)	65,420,543

This statement is to be read in conjunction with the notes to the financial statements.

Statement of cash flows

for the year ended 31 March 2019
in New Zealand Dollars

	Note	2019	2018
Cash flows from operating activities			
Member's fees and subscriptions	1	16,092	24,912
Donations and other revenue from supporters	1	7,138,648	9,880,922
Net GST paid		(58,465)	(13,589)
Payments to grantees		(3,531,915)	(2,298,058)
Payments to suppliers and employees		(2,616,396)	(2,391,102)
Payments for professional services		(41,452)	(111,135)
Net cash inflow from operating activities		906,512	5,091,950
Cash flows from investing activities			
Interest and Dividends received	8	2,560,677	1,725,794
Proceeds from disposal of property, plant and equipment	7	-	-
Proceeds from disposal of investments and term deposits	8	48,408,578	36,451,142
Payments for purchase of property, plant and equipment	7	(20,333)	-
Payments for purchase of investments and term deposits	8	(44,560,501)	(43,830,045)
Net cash inflow/(outflow) from investing activities		6,388,421	(5,653,109)
Cash flows from financing activities			
Net cash inflow/(outflow) from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		7,294,933	(561,159)
Cash and cash equivalents at beginning of year		845,268	1,406,427
Cash and cash equivalents at the end of year		8,140,201	845,268

This statement is to be read in conjunction with the notes to the financial statements.

Significant accounting policies

Reporting Entity

The Neurological Foundation of New Zealand (the 'Foundation') is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013. The Foundation is a charitable organisation incorporated under the Charitable Trusts Act 1957.

The primary activity of the Foundation is funding research, education and information to reduce the level of suffering and premature death from diseases of the brain.

The financial statements of the Foundation are for the year ended 31 March 2019.

Statement of Compliance and Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Not For Profit ("PBE NFP") Reduced Disclosure Regime and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Foundation qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

Basis of measurement

The financial statements are prepared on the historical cost basis, with the exception of certain financial instruments as disclosed in the financial instruments accounting policy.

Presentation and functional currency

The financial statements are presented in New Zealand dollars (\$) which is also the Foundation's functional currency. All numbers presented have been rounded to the nearest dollar, unless otherwise stated.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or note disclosure. No such significant judgements, estimates and assumptions were made during the period.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Comparatives

The comparative financial period presented is 12 months. Comparatives have been reclassified from that reported in the 31 March 2018 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance. The net asset position and net surplus reported in comparatives is consistent with previously authorised financial statements, except as disclosed in the Notes to the financial statements (Note 16).

Significant accounting policies (continued)

Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and other receivables

Trade and other receivables are stated at the estimated realisable value. Bad debts are written off in the year in which they are identified.

Trade and other payables

Trade and other payables are stated at cost.

Financial instruments

Financial instruments comprise investments in shares, bonds, fixed interest securities and managed funds, trade and other receivables, cash and cash equivalents, term deposits, loans and borrowings, and trade and other payables.

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial instruments are recognised initially at fair value plus transaction costs, except for those carried at fair value through surplus or deficit, which are measured at fair value. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Foundation transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Investments in Managed Funds are classified as current assets based on the National Council's expectation that they can be realised within 12 months if required. Purchases or sales of financial assets are recognised and rerecognised using trade date accounting.

Subsequent to initial recognition, financial instruments are measured as described below.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Foundation's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Foundation have the intention and ability to hold them until maturity. The Foundation currently hold bonds designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in the reported surplus or deficit.

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets at fair value through surplus or deficit

A financial instrument is classified as fair value through surplus or deficit if it is held-for-trading or designated at initial recognition.

A financial instrument is subclassified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or, on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or it is a derivative where hedge accounting is not applied. Those fair value through surplus or deficit instruments sub-classified as held-for-trading comprise forward exchange contracts and investment funds managed by New Zealand Asset Management (NZAM), Aspiring Fund and Milford Asset Management.

Financial instruments are sub-classified as designated at initial recognition if the group of assets are managed and its performance evaluated on a fair value basis, in accordance with the Foundations documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel. The Members of Council review and approve by resolution the management of investments on a fair value basis as investments are held for allocation to future projects. Those fair value through surplus or deficit instruments sub-classified as designated at initial recognition comprise investment funds managed by Trust Management, Mercury Capital Fund 3 and Continuity Capital Private Equity Fund No.4 LP.

Financial instruments classified as fair value through surplus or deficit are subsequently measured at fair value with gains or losses being recognised in surplus or deficit. Fair values are determined by reference to active market transactions.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Foundation has no financial assets designated as available-for-sale financial assets.

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the "available-for-sale reserve" within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in the reported surplus or deficit.

Impairment

All financial assets are assessed for impairment at each reporting date. Where the carrying amount is assessed to be greater than its recoverable amount, the item is written down. The write down is recognised in the Statement of Comprehensive Revenue and Expense.

Provisions

A provision is recognised when the Foundation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market rates and, where appropriate, the risks specific to the liability.

Significant accounting policies (continued)

Foreign currency transactions

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Revenue and Expense.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight line basis over each asset's useful life and charged to the Statement of Comprehensive Revenue and Expense. Where fixed assets are under construction, costs will be capitalised as incurred. Depreciation will only be charged once construction is complete and the asset is in use.

The following estimated useful lives have been used:

Buildings	4-33 Years
Office Equipment	1,67-15 Years
Motor Vehicles	4-5 Years

All Property, plant and equipment are assessed for impairment at each reporting date. Where the carrying amount is assessed to be greater than its recoverable amount, the item is written down. The write down is recognised in the Statement of Comprehensive Revenue and Expense.

Research Grant Fund

The appropriation to the Research Grant Fund represents the fund allocation approved by the Foundation for the year.

Any grants approved by the Foundation Council, but unpaid at balance date, have been accounted for within the classification of liabilities. Future benefits as a result of grants are not able to be quantified with any certainty and therefore have not been recognised in these financial statements.

Capital Maintenance Fund

The appropriation to the Capital Maintenance Fund represents the fund allocation approved by the Foundation for the year to inflation proof and support increases in annual Scientific Advisory Committee Research Grants into the future.

Hackett Fund

This fund represents the money given to the Foundation on the dissolution of the Hackett Trust. The income is to be used for neurosurgical research training in Auckland.

Auckland Chair of Clinical Neurology Fund

The appropriation to the Auckland Chair of Clinical Neurology Fund represents the fund allocation approved by the Foundation for the year.

Income tax

The Foundation has been granted charitable status under the Income Tax Act and is therefore income tax exempt.

Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Significant accounting policies (continued)

Leases

Leases in terms of which the Foundation assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases

Operating leases are not recognised in the Foundation's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Revenue recognition

Revenue from exchange transactions

Membership subscriptions

Revenue is recognised by the Foundation at the point at which cash is received. Membership subscriptions are non-refundable and enable members to attend the Foundation's AGM.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Foundation receives an inflow of resources ((i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow. Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Foundation's non-exchange transaction revenue streams must also be met before revenue is recognised.

Fundraising

The Foundations' fundraising activities involve Direct Mail newsletters four times per year, a Direct Mail household appeal once a year and other ongoing smaller initiatives. Fundraising non-exchange revenue is recognised at the point at which cash is received.

Significant accounting policies (continued)

Revenue recognition (continued)

Grants, Donations, Legacies and bequests

The recognition of non-exchange revenue from Grants, Donations, Legacies and bequests depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Foundation to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied. Stipulations that are 'restrictions' do not specifically require the Foundation to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Expenses

Grants

Grants made by the Foundation to another party are recognised as an expense in the Statement of Comprehensive Revenue and Expense at the point at which the payment is made, or at the point that there is a liability meeting the recognition criteria for liabilities.

Finance income and expenses

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through Surplus or loss, foreign currency gains, and gains on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Foundation's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through Surplus or loss, impairment losses recognised on financial assets (except for trade receivables), and losses on the disposal of available-for-sale financial assets. All borrowing costs are recognised in the Statement of Comprehensive Revenue and Expense using the effective interest method.

Notes to the financial statements

	Note	2019	2018
1 Revenue from supporters			
Membership subscriptions		16,092	24,912
Donations and fundraising from the public		3,421,524	2,812,345
Legacies		3,230,833	6,681,650
Annual appeal from the public		185,706	143,675
Income from testamentary trusts		97,460	108,230
Income from other trusts		2,130	-
In Memoriams		34,800	35,615
Chair of Clinical Neurology Donations		166,492	198,813
Total Revenue from supporters		7,155,037	10,005,240
2 Operating Expenditure			
<i>Administrative expenses</i>			
Audit Fees		9,450	14,704
Legal, Accounting and Professional Investment Management		103,731	102,899
Leasing Costs - Telephone System		26,946	159,318
Premises Expenses		-	14,092
Salaries and employee benefits		62,516	64,197
Other Administration expenses		514,293	521,111
Total Administrative expenses		403,293	297,522
<i>Education and Information expenses</i>		416,662	270,030
<i>Fundraising expenses</i>			
Salaries and employee benefits		352,706	190,739
Annual Appeal		411,331	204,224
Other Fundraising expenses		107,982	70,683
Total Fundraising expenses		872,019	465,646
<i>Promotion expenses</i>		307,319	180,726
<i>Other expenses</i>			
Research Overheads		85,342	64,019
Depreciation	7	63,053	67,543
Total Other expenses		148,395	131,562
Total Operating Expenditure		2,864,624	2,221,807
3 Employee entitlement liability			
Opening Balance		23,918	151,197
Plus: Additional provisions in the current year		91,800	72,977
Less: Amounts used in the current year		(68,977)	(200,256)
Balance at 31 March		46,741	23,918
4 Post-employment benefits			
Defined contribution plans		21,445	16,258
Total Post-employment benefits		21,445	16,258

The amount recognised as an expense for defined contribution plans relates to KiwiSaver employer contributions.

Notes to the financial statements (continued)

	2019	2018
5 Research Grant Fund		
Opening Balance	-	-
Appropriation from Accumulated Surplus	6,062,605	4,334,704
Less: Grants and Sponsored Research Approved	(6,770,443)	(4,371,887)
Add: Grants Expired	707,838	37,183
Balance at 31 March	<u>-</u>	<u>-</u>

The Scientific Advisory Committee ("SAC") has responsibility for making recommendations to the National Council on the allocation of research grants. The final decision on the allocation of grants lies with the National Council of the Neurological Foundation. Due to the nature of the neurological scientific community in New Zealand it is not unusual for individual members of the SAC and/or Council to also be applicants for grants from the Foundation. In the event of any potential conflict of interest members of the SAC are removed from the decision making process. The Foundation have appropriate policies in place to ensure that any applicants, close research collaborators or any others who perceive they may have a conflict of interest must leave the room during deliberation and voting. A schedule of grants associated with Council and/or SAC members is set out in Note 15.

	2019	2018
6 Grants and sponsored research liability		
Opening Balance	6,408,176	4,473,639
Add: Grants and Sponsored Research Approved	6,770,443	4,334,704
Less: Grants Expired	(707,838)	(37,183)
Less: Grants Distributed	(3,426,385)	(2,362,984)
Balance at 31 March	<u>9,044,396</u>	<u>6,408,176</u>
Current	6,475,786	5,335,726
Non Current	2,568,610	1,072,450
Balance at 31 March	<u>9,044,396</u>	<u>6,408,176</u>

Grants and sponsored research are generally approved for expenditure over a two to three year period. During the current year certain significant grants and sponsored research were approved for expenditure over an extended 5 year period to support a more sustainable funding arrangement to the Neurological Foundation of New Zealand Brain Bank (\$2,211,295) and Chair in Clinical Neurology Fellowship (\$686,977) (2018: Chair in Clinical Neurology (\$1,418,620)).

Grants provided to related parties are detailed in Note 15.

7 Property, plant and equipment

	Cost	Depreciation charge	Accumulated depreciation	Carrying amount
Land and Buildings	2,467,766	(51,567)	(766,303)	1,701,463
Motor Vehicles	161,541	(6,189)	(160,510)	1,031
Office Equipment	142,758	(5,297)	(114,710)	28,048
Balance at 31 March 2019	<u>2,772,065</u>	<u>(63,053)</u>	<u>(1,041,523)</u>	<u>1,730,542</u>
Land and Buildings	2,467,766	(54,874)	(714,735)	1,753,031
Motor Vehicles	161,541	(9,589)	(154,321)	7,220
Office Equipment	122,424	(3,080)	(109,413)	13,011
Balance at 31 March 2018	<u>2,751,731</u>	<u>(67,543)</u>	<u>(978,469)</u>	<u>1,773,262</u>

Notes to the financial statements (continued)

7 Property, plant and equipment (continued)

	Cost	Depreciation charge	Accumulated depreciation	Carrying amount
Land and Buildings	2,467,766	(54,934)	(659,861)	1,807,905
Motor Vehicles	203,533	(22,865)	(174,827)	28,706
Office Equipment	120,080	(5,318)	(106,333)	13,747
Balance at 1 April 2017	2,791,379	(83,117)	(941,021)	1,850,358

Rates of useful lives are set out in the Significant accounting policies on Page 12.

8 Investments and Term Deposits

	Income 2019	Carrying Value 2019	Income 2018	Carrying amount 2018
Investments				
Held-to-maturity investments	869,182	11,983,945	1,006,522	18,527,282
Fair value through surplus or deficit investments	593,555	7,066,112	797,418	7,188,758
Balance at 31 March	1,462,737	19,050,057	1,803,940	25,716,040
Term Deposits				
Held-to-maturity investments	1,611,550	44,855,887	642,022	41,730,045
Balance at 31 March	1,611,550	44,855,887	642,022	41,730,045
Total Investments and Term Deposits	3,074,287	63,905,944	2,445,962	67,446,085

Income includes interest income, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through Surplus or deficit and foreign currency gains.

9 Financial instruments classification

	Loans and receivables	Held-for-trading	2019 Held-to-maturity investments	Financial liabilities at amortised cost	Carrying amount
Assets					
Cash and cash equivalents	8,140,201	-	-	-	8,140,201
Term deposits	-	-	44,855,887	-	44,855,887
Trade and other receivables	779,573	-	-	-	779,573
Investments	-	7,066,112	11,983,945	-	19,050,057
Total assets	8,919,774	7,066,112	56,839,832	-	72,825,718
Liabilities					
Trade and other payables	-	-	-	231,610	231,610
Contingent grants and sponsored research	-	-	-	9,044,396	9,044,396
Total liabilities	-	-	-	9,276,006	9,276,006

Notes to the financial statements (continued)

9 Financial instruments classification (continued)

	Loans and receivables	Held-for- trading	2018 Held-to- maturity investments	Financial liabilities at amortised cost	Carrying amount
Assets					
Cash and cash equivalents	845,268	-	-	-	845,268
Term deposits	-	-	41,730,045	-	41,730,045
Trade and other receivables	579,050	-	-	-	579,050
Prepayments	-	-	-	-	-
Investments	-	7,188,758	18,527,282	-	25,716,040
Total assets	1,424,318	7,188,758	60,257,327	-	68,870,403
Liabilities					
Trade and other payables	-	-	-	182,993	182,993
Contingent grants and sponsored research	-	-	-	6,408,176	6,408,176
Total liabilities	-	-	-	6,591,169	6,591,169

Financial assets held-for-trading were designated as such upon initial recognition.

Financial liabilities held-for-trading were designated as such upon initial recognition.

10 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	-	-

11 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2019	2018
Investments	2,336,718	-
Total Capital Commitments	2,336,718	-

Investments include commitments to Mercury Capital Fund 3, Continuity Capital Private Equity Fund No.4 LP and Waterman Private Capital.

12 Contingencies

There are no contingent liabilities at balance date (2018: nil)

13 Subsequent events

There have been no events subsequent to balance date which would materially affect the financial statements (2018: nil)

14 Contingent assets

The Foundation has received bequests that are currently being contested. It is not practicable to predict the outcome of the contesting process and accordingly no income has been accrued for such bequests, and the amounts involved cannot be reliably estimated.

Notes to the financial statements (continued)

15 Related Party Transactions

Compensation of key management personnel

Key management personnel of the Foundation who received remuneration from the Foundation is limited to the position of Chief Executive (formally Executive Director). The members of Council do not receive any remuneration from the Foundation. The total remuneration and full-time equivalent ("FTE") of the personnel is presented below:

	2019	2018
Executive Director (1 FTE)	-	163,904
Chief Executive (1 FTE)	179,580	99,639
Total remuneration	179,580	263,543

Included in the total remuneration of key management personnel is an amount of \$nil (2018: \$64,204) for retirement benefits recognising the Executive Director's 23 years of service to the Foundation and an amount of \$nil (2018: \$99,700) for an Interim Executive Director, relating to the period prior to the appointment of the Chief Executive in September

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

The Foundation did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2018: nil).

The Foundation did not provide any loans to key management personnel or their close family members during the year (2018: nil).

Key management personnel did not, except for as disclosed in this note, receive any remuneration or compensation other than in their capacity as key management personal (2018: nil).

Contingent Grants and Sponsored Research

The Foundation, at arms length terms, has provided research grants to research organisations and projects associated with or undertaken by certain members of Council and/or its Scientific Advisory Committee ("SAC"). A reconciliation of opening and closing balances payable with additional grants approved and grants invoiced is presented below:

	Note	2019	2018
Grantee: University of Otago (Principal Investigator: John Reynolds - Member of Council)			
Opening Balance		98,370	192,307
Add: Grant Applications approved		-	-
Less: Grants distributed		(91,655)	(93,937)
Balance at 31 March		6,715	98,370
Grantee: University of Auckland (Principal Investigator: Cathy Stinear - Member of Council and SAC)			
Opening Balance		280,224	161,312
Add: Grant Applications approved		-	178,363
Less: Grants distributed		(48,455)	(59,451)
Balance at 31 March		231,769	280,224
Grantee: University of Otago (Principal Investigator: Timothy Anderson - Member of Council)			
Opening Balance		146,396	146,396
Add: Grant Applications approved		-	-
Less: Grants distributed		-	-
Balance at 31 March		146,396	146,396

Notes to the financial statements (continued)

15 Related Party Transactions (continued)	Note	2019	2018
Grantee: University of Otago (Principal Investigator: Liana Machado - SAC)			
Opening Balance		4,058	18,372
Add: Grant Applications approved		-	-
Less: Grants distributed		(4,058)	(14,314)
Balance at 31 March		<u>4,058</u>	<u>4,058</u>
Grantee: University of Auckland (Principal Investigator: Euan Graham - SAC)			
Opening Balance		7,716	19,826
Add: Grant Applications approved		-	-
Less: Grants distributed		(4,497)	(12,110)
Balance at 31 March		<u>3,219</u>	<u>7,716</u>
Grantee: University of Otago (Principal Investigator: Louise Parr-Brownlie - SAC)			
Opening Balance		-	65,237
Add: Grant Applications approved		-	-
Less: Grants distributed		-	(65,237)
Balance at 31 March		<u>-</u>	<u>-</u>
Grantee: University of Auckland (Principal Investigator: Montgomery - SAC)			
Opening Balance		7,588	11,920
Add: Grant Applications approved		-	-
Less: Grants distributed		(7,588)	(4,332)
Balance at 31 March		<u>7,588</u>	<u>7,588</u>
Total Related Party			
Opening Balance		544,352	615,370
Add: Grant Applications approved		-	178,363
Less: Grants distributed		(156,253)	(249,381)
Balance at 31 March	6	<u>388,099</u>	<u>544,352</u>

16 Prior period error

During the current period it was noted by the Foundation that a 5 year agreement to provide funding to the Chair in Clinical Neurology was agreed but not recognised during the prior financial year. As such, Total comprehensive revenue and expense for the prior year and the resulting grant liability was understated by \$1,418,620.

The error was corrected for current year results and the below table summarises the changes made to the statement of financial position, statement of changes in net assets/equity, and statement of comprehensive revenue and expense for the restated comparatives to correct this error.

	Impact on items in the statement of financial position		Impact on items in the statement of comprehensive revenue and expense
	Grants and Sponsored Research liability	Accumulated funds	Appropriation to research grant fund
Balance reported at 31 March 2018	4,989,556	25,343,047	(2,916,084)
Effect of the prior period error	1,418,620	(1,418,620)	(1,418,620)
Restated balance at 31 March 2018	<u>6,408,176</u>	<u>23,924,427</u>	<u>(4,334,704)</u>

