

# Neurological Foundation of New Zealand

Annual Performance Report  
for the year ended 31 March 2023

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# Foundation directory

<b>Mission Statement</b>	To alleviate suffering from diseases and disorders of the brain and nervous system through research and education.
<b>Registered Office</b>	66 Grafton Road, Auckland, 1010
<b>Council Members</b>	Ailsa McGregor Barbara Bridger Mike Milsom Lisa Smith Matthew Slater Anna Lissaman Georgina Hunter Simon John Sonja Clapham
<b>Chair</b>	Cathy Maree Stinear
<b>Chief Executive</b>	Richard Andrew Easton
<b>Accountant</b>	Greenhawk Chartered Accountants
<b>Auditor</b>	Deloitte Limited

## Independent Auditor's Report

To the Council Members of Neurological Foundation of New Zealand

### Qualified opinion

We have audited the performance report of Neurological Foundation of New Zealand (the 'Foundation'), which comprise the financial statements on pages 9 to 22, and the statement of service performance on page 6 to 8. The complete set of financial statements comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive revenue and expense, the statement of changes in net assets/equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying performance report presents fairly, in all material respects:

- the financial position of the Foundation as at 31 March 2023, and its financial performance and cash flows for the year then ended; and
- the service performance for the year ended 31 March 2023 in accordance with the Foundation's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR') issued by the New Zealand Accounting Standards Board.

### Basis for qualified opinion

In common with other organizations of a similar nature, control over the revenues from donations and fundraising from the public and annual appeals prior to being banked is limited. It was not practicable to extend our examination of donations beyond the accounting for amounts received as shown by the accounting records of the Foundation, or to determine the effect of the limited control.

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 The Audit of Service Performance Information ('NZ AS 1'). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the performance report section of our report.

We are independent of the Foundation in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor, we have no relationship with or interests in the Foundation.

### Other information

The Council is responsible on behalf of the Foundation for the other information. The other information comprises the information in the Annual Report that accompanies the performance report and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report and consider whether it is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

### Other matter

The corresponding service performance information in the statement of service performance for the year ended 31 March 2022 is unaudited.

### Council's responsibilities for the performance report

The Council is responsible on behalf of the Foundation for:

- the preparation and fair presentation of the financial statements and the statement of service performance in accordance with PBE Standards RDR;
- service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and
- such internal control as the Council determine is necessary to enable the preparation of financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Council is responsible for assessing the Foundation'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 Council either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the performance report**

Our objectives are to obtain reasonable assurance about whether the performance report as a whole are 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 ISAs and ISAs (NZ) 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 these performance report.

A further description of our responsibilities for the audit of the performance report is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>

This description forms part of our auditor's report.

## **Restriction on use**

This report is made solely to the Council Members, as a body, in accordance with Section 13.1 of the Rules and Objects of the Neurological Foundation of New Zealand. Our audit has been undertaken so that we might state to the Council Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council Members as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte Limited*

Bennie Greyling

**Partner**

**for Deloitte Limited**

**Auckland, New Zealand**

11 September 2023

# Statement of service performance

as at 31 March 2023

in New Zealand Dollars

## Our purpose

Be a catalyst to improve the future quality of life for New Zealander's impacted by neurological conditions.

## Our vision

An aspirational organisation, proudly enabling progress by investing in leading neurological research and education.

## Target outcomes to achieve vision and mission

Our target outcomes centre around our investment in the highest quality neurological research opportunities, our provision of an education programme that highlights the impact of neurological conditions and the importance of research. We support the scientific and clinical community in Aotearoa New Zealand through the six objectives below.

	2023	2022
<b>1 Invest in the best neurological research</b>		
Fund world-class research projects through two funding rounds per annum		
<b>Number of grants awarded by category</b>		
Projects	18	18
Conferences & Training	2	2
Fellowships	6	10
Scholarships	2	3
Studentships	3	3
<b>Total</b>	<b>31</b>	<b>36</b>
<b>Total grant applications received</b>	<b>106</b>	<b>134</b>
<b>% of total grant applications awarded</b>	<b>29%</b>	<b>27%</b>
<b>Value of grants awarded by category</b>		
Projects	\$ 2,257,890	\$ 2,674,836
Conferences & Training	\$ 18,392	\$ 26,725
Fellowships	\$ 1,054,789	\$ 1,912,981
Scholarships	\$ 302,279	\$ 323,879
Studentships	\$ 24,000	\$ 18,000
Other	\$ 806,496	\$ 2,828,090
<b>Total</b>	<b>\$ 4,463,846</b>	<b>\$ 7,784,511</b>
<b>Total grant applications received</b>	<b>\$ 16,426,000</b>	<b>\$ 20,250,000</b>
<b>% of total grant applications awarded</b>	<b>27%</b>	<b>38%</b>

Other research includes allocations to Platforms and Programmes (being Neurological Foundation Human Brain Bank (NFHBB) and Neurological Foundation Chair of Clinical Neurology (NFCCN), write backs of previously years allocated grant funding unused, and other smaller variations.

Grants were awarded against 16 different areas of Research (FY22: 16)

## State of service performance (continued)

	2023	2022
<b>2 Delivery of Education programmes</b>		
Provide an education and events programme that highlights the impact of neurological conditions and the importance of research		
Major Centre Events held	4	7
Registrations	344	685
Online Events held	12	14
Registrations	3,032	1,967
Live Views	1,830	1,229
Post Event Views	3,526	data not available
Publications produced	5	5
Distribution	81,772	94,782

### 3 Demonstrate the trajectory and measurable impact of funded research through regular reporting including impact reporting on NFHBB and NFCCN.

Ensuring reports are received which show the impact of the research undertaken

Reports Received from Researchers	94%	88%
NFHBB & NFCCN Reports received	100%	100%

Detailed annual reports received from Neurological Foundation Human Brain Bank (NFHBB) and Neurological Foundation Chair of Clinical Neurology (NFCCN) show that these platforms are producing around one publication per month each. Outcomes from the NFCCN are directly implemented into stroke patient care and clinical treatment

### 4 Diversify audiences and revenue opportunities through new and developing channels

By creating greater awareness and exposure for research through our website and social media channels

Digital Channel		
Online Engagement - website traffic (views)	151,522	90,000
Media Engagement		
Social Media Posts	230	Data not available
Social media Engagement (views)	5,310	Data not available

## State of service performance (continued)

**2023**                      **2022**

### **5 Build and strengthen relationships with research institutions and other stakeholders in the neurological and research community**

Various Partnerships and Collaborations have taken place over the last year to help the Foundation increase its ability to meet the needs of the community and advance neurological research

Collaborations 7 Data not available

The following collaborations were undertaken

- (1) Co-funded a fellowship with Auckland Medical Research Foundation
- (2) Co-funded a project with Motor Neuron Disease Association NZ
- (3) Supported The Catwalk Spinal Cord Injury Research Trust by reviewing their grant applications by our Scientific & Person Awards Committee (SAC & PAC)
- (4) Collaborated with 7 organisations to setup the first Neuro-Hub within the Health Hub at National Fieldays, Mystery Creek in 2022
- (5) Working with NZ Rugby Foundation and the Neurological Foundation Human Brain Bank (NF HBB) in the University of Auckland on concussion / CTE research opportunities
- (6) Featured items in our Headlines magazine from Stroke NZ, Alzheimers NZ and Dementia NZ linked to research topics in those areas
- (7) Active member of the Neurological Alliance, where 16 neurological related organisations collaborate on better outcomes for those living with neurological conditions

### **6 Ensure sustainability of the Foundations business model financially**

Maximise the funds used to deliver on our purpose, and ensuring the long term funding model in place.

Funds awarded to purpose (Research)	\$ 4,463,846	\$ 7,784,511
Invested Assets	\$ 79,687,671	\$ 83,214,860

While overall spend on Research was down compared to 2022, this was due to 2022 having the 5-year commitment to NFCCN included, and in 2023 there was a significant retrenchment of expired grant funding.

Investment Assets have declined due to the overall economic conditions impacting markets, causing the majority of the investments to decline in value

This is the first Statement of Service Performance (SSP) for Neurological Foundation of New Zealand, prepared in compliance with the standard PBS FRS 48. Comparative data is included wherever available.



# Statement of comprehensive revenue and expense

for the year ended 31 March 2023  
in New Zealand Dollars

	Note	2023	2022
<b>Revenue</b>			
Revenue from supporters	1	5,612,698	6,798,521
<b>Total revenue</b>		<b>5,612,698</b>	<b>6,798,521</b>
<b>Less Expenses</b>			
Appropriation to research grant funds in the year	5	(4,463,846)	(7,784,511)
Administrative expenses	2	(1,364,716)	(1,181,725)
Education and engagement expenses	2	(340,682)	(358,021)
Fundraising expenses	2	(560,247)	(533,261)
Awareness expenses	2	(462,919)	(370,156)
Depreciation	2	(104,542)	(107,769)
<b>Total expenses</b>		<b>(7,296,952)</b>	<b>(10,335,443)</b>
<b>Surplus / (loss) before Net finance income/(loss)</b>		<b>(1,684,254)</b>	<b>(3,536,921)</b>
Net finance income/(loss)	8	(2,519,223)	(615,733)
<b>Surplus/(deficit) for the period</b>		<b>(4,203,477)</b>	<b>(4,152,654)</b>
Other comprehensive revenue and expense		-	-
<b>Total comprehensive revenue and expense for the year</b>		<b>(4,203,477)</b>	<b>(4,152,654)</b>

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

# Statement of financial position

as at 31 March 2023  
in New Zealand Dollars

	Note	2023	2022
<b>Assets</b>			
Cash and cash equivalents		732,556	1,459,895
Receivables from exchange transactions		-	7,733
Prepayments		2,254	-
Goods and services tax receivable		218,276	59,750
Investments	8	79,687,671	83,214,860
<b>Total current assets</b>		<b>80,640,757</b>	<b>84,742,238</b>
Property, plant and equipment	7	1,620,389	1,674,202
<b>Total non-current assets</b>		<b>1,620,389</b>	<b>1,674,202</b>
<b>Total assets</b>		<b>82,261,146</b>	<b>86,416,440</b>
<b>Current Liabilities</b>			
Payables under exchange transactions		877,002	237,558
Employee entitlement liability	3	48,819	47,220
Grants and sponsored research liability	6	9,033,787	10,124,214
<b>Total current liabilities</b>		<b>9,959,608</b>	<b>10,408,992</b>
<b>Non - Current Liabilities</b>			
Grants and sponsored research liability	6	3,041,747	2,544,158
<b>Total non - current liabilities</b>		<b>3,041,747</b>	<b>2,544,158</b>
<b>Total liabilities</b>		<b>13,001,355</b>	<b>12,953,150</b>
<b>Net assets / equity</b>			
Research Grant Fund	5	-	-
Capital Maintenance Fund		63,000,000	63,000,000
Hackett Fund		897,490	897,490
Accumulated funds		5,362,324	9,565,800
<b>Total Net assets / equity</b>		<b>69,259,814</b>	<b>73,463,290</b>

Approved for and on behalf of the Council on 8 September 2023.

  
Council Member

  
Chief Executive  
R. EASTON

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 2023  
in New Zealand Dollars

	Note	Capital Maintenance Fund	Hackett Fund	Chair of Clinical Neurology Fund	Accumulated revenue and expense	Total equity
Balance at 1 April 2021		63,000,000	798,312	-	13,825,281	77,623,593
Total comprehensive revenue & expense for the year					(4,152,654)	(4,152,654)
Transfers - special purposes reserves	15	-	99,178	-	(106,826)	(7,648)
<b>Balance at 31 March 2022</b>		<b>63,000,000</b>	<b>897,490</b>	<b>-</b>	<b>9,565,801</b>	<b>73,463,291</b>
Balance at 1 April 2022		63,000,000	897,490	-	9,565,801	73,463,291
Total comprehensive revenue and expense for the year					(4,203,477)	(4,203,477)
Transfers - special purposes reserves	15	-	-	-	-	-
<b>Balance at 31 March 2023</b>		<b>63,000,000</b>	<b>897,490</b>	<b>-</b>	<b>5,362,324</b>	<b>69,259,814</b>

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 2023

in New Zealand Dollars

	Note	2023	2022
<b>Cash flows from operating activities</b>			
Members' fees and subscriptions	1	538	3,903
Donations and other revenue from supporters	1	5,576,870	6,758,344
Other cash receipts from operating activities		38,499	38,499
Net GST paid		(93,683)	104,403
Payments to grantees		(4,582,877)	(4,660,746)
Payments to suppliers and employees		(2,593,211)	(2,500,115)
Payments for professional services		(10,997)	(59,066)
<b>Net cash inflow from operating activities</b>		<b>(1,664,861)</b>	<b>(314,777)</b>
<b>Cash flows from investing activities</b>			
Interest, Dividends and Distributions received		263,606	1,148,261
Proceeds from disposal of property, plant and equipment		-	1,783
Proceeds from disposal of investments and term deposits		1,308,708	95,386,500
Payments to purchase of property, plant and equipment		(46,118)	(55,346)
Payments for purchase of investments and term deposits		(588,674)	(96,069,948)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>937,522</b>	<b>411,250</b>
<b>Cash flows from financing activities</b>			
<b>Net cash inflow/(outflow) from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(727,339)</b>	<b>96,472</b>
Cash and cash equivalents at beginning of year		1,459,895	1,363,422
<b>Cash and cash equivalents at the end of year</b>		<b>732,556</b>	<b>1,459,895</b>

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 2023.

## **Statement of Compliance and Basis of preparation**

The Foundation's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The Foundation is a public benefit entity for the purpose of financial reporting and complies with the Public Benefit Entity Standards Disclosed Regime ("PBE Standards RDR"), as appropriate for Tier 2 not-for-profit public benefit entities as it does not have public accountability and is not large (i.e. does not have total expenses over \$30 million). Reduced disclosure regime exemptions have been adopted.

## **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.

## **Comparatives**

The comparative financial period presented is 12 months. Comparatives have been reclassified from that reported in the 31 March 2022 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.

## **Significant accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except the Foundation has applied PBE IPSAS 41 (Financial Instruments) and PBE FRS 48 (Service Performance Reporting) for the current year. Application of PBE IPSAS 41 (Financial Instruments) has not had a material impact on the financial statements.

## **Use of estimates and judgements**

### ***Financial statements***

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.

## Significant accounting policies (continued)

### Use of estimates and judgements (continued)

#### **Statement of Service Performance**

In compiling the Statement of Service Performance report, management has made judgements in relation to which outcomes and outputs best reflect the achievement of our performance for the Foundations vision.

The performance measures are designed to be an active tool to evaluate the Foundations performance and inform and update the our stakeholders and the public on activities and impact.

We have chosen items showing delivery of the Foundation's purpose, through both short and long-term outcomes, that underpin the overall performance of the Foundation. By transparently reporting on our investment in the highest quality neurological research opportunities, and our provision of an education programme that highlights the impact of neurological conditions and the importance of research, we are improving the future quality of life for New Zealanders impacted by neurological conditions through these six objectives:

1. Invest in the best neurological research
2. Deliver an education programme to New Zealanders showing the value of, and progress being made, by neurological researchers
3. Demonstrating the trajectory and measurable impact of funding research through regular reporting including impact reporting from the Neurological Foundation Human Brain Bank and Chair of Clinical Neurology
4. Diversify audiences and revenue opportunities through new and developing channels
5. Build and strengthen relationships with research institutions and other stakeholders in the neurology and research community
6. Ensure sustainability of the Foundation's business model financially

Our current focus is reporting on key outputs and intermediate-term outcomes and as monitoring and evaluation systems mature, the Foundation may include additional measures and report on achievement of the Foundations targeted long-term outcomes.

#### **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.

#### **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.

## Significant accounting policies (continued)

### Financial instruments

#### Recognition and initial measurement

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, short-term receivables and payables may be measured at the original invoice amount if the effect of discounting is immaterial.

#### Classification and subsequent measurement

##### **Financial assets**

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through surplus or deficit (FVTSD).

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Foundation's cash and cash equivalents and receivables are classified as financial assets at amortised cost. The Foundation's investments at fair value are classified as financial assets at FVTSD on the basis they are managed, and their performance is evaluated on a fair value basis.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of three months or less. Financial assets are not reclassified subsequent to their initial recognition.

##### **Financial assets - subsequent measurement and gains and losses**

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

- Financial assets at FVTSD - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and net of management fees, are recognised in surplus or deficit.

The fair value of the various investments that make up the fund is determined as follows:

- cash funds – at face value of the amounts deposited or drawn; and
- equity and bond funds – by reference to a quoted bid price; and
- Private equity funds – based on the net asset value provided by the fund manager, which reflects the fair value of the underlying investments

The funds are evaluated on a fair value basis at a portfolio level.

##### **Financial liabilities – classification, subsequent measurement and gains and losses**

All of the Foundation's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

## Significant accounting policies (continued)

### Financial instruments (continued)

#### **Impairment of non-derivative financial assets**

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Foundation, economic conditions that correlate with defaults or the disappearance of an active market for a security.

#### **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	1.5-14 Years
Motor Vehicles	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 (refer note 5).

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.

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 and Personal Awards Committee Fellowships, Scholarships and Summer Studentships 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.



## 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 and vote at 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 Foundation's 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.

#### ***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.

# Notes to the financial statements

	Note	2023	2022
<b>1 Revenue from supporters</b>			
Membership subscriptions		538	3,903
Donations and fundraising from the public		2,130,135	2,633,845
Legacies		3,086,883	3,278,929
Annual appeal from the public		174,639	328,214
Income from testamentary trusts		122,459	465,247
Income from other trusts		8,000	24,045
In memoriams		49,889	25,314
Chair of Clinical Neurology Donations		-	2,700
Other revenue		40,155	36,324
<b>Total Revenue from supporters</b>		<b>5,612,698</b>	<b>6,798,521</b>
<b>2 Operating expenditure</b>			
<b>Administrative expenses</b>			
Audit fees		57,725	55,459
Other fees paid to Auditors		10,000	20,000
Legal, accounting and professional		47,200	91,830
Investment management	8	-	13,921
Premises expenses		127,063	59,969
Salaries and employee benefits		564,988	503,877
Research overheads		227,627	184,740
Other administration expenses		330,114	251,929
<b>Total administrative expenses</b>		<b>1,364,716</b>	<b>1,181,725</b>
<b>Education and engagement expenses</b>			
Salaries and employee benefits		159,259	172,372
Other education and engagement expenses		181,423	185,649
<b>Total education and engagement expenses</b>		<b>340,682</b>	<b>358,021</b>
<b>Fundraising expenses</b>			
Salaries and employee benefits		483,312	484,853
Other fundraising expenses		76,935	48,407
<b>Total fundraising expenses</b>		<b>560,247</b>	<b>533,261</b>
<b>Awareness expenses</b>			
Salaries and employee benefits		202,693	219,383
Other awareness expenses		260,226	150,773
<b>Total awareness expenses</b>		<b>462,919</b>	<b>370,156</b>
<b>Depreciation</b>	7	104,542	107,769
<b>Total operating expenditure</b>		<b>2,833,106</b>	<b>2,550,931</b>
<b>3 Employee entitlement liability</b>			
Opening balance		47,220	51,687
Plus: Additional provisions in the current year		(106,946)	209,886
Less: Amounts used in the current year		108,544	(214,353)
<b>Balance at 31 March</b>		<b>48,819</b>	<b>47,220</b>
<b>4 Post-employment benefits</b>			
Defined contribution plans		43,461	46,308
<b>Total Post-employment benefits</b>		<b>43,461</b>	<b>46,308</b>

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

## Notes to the financial statements (continued)

	2023	2022
<b>5 Research Grant Fund</b>		
Opening Balance	-	-
Appropriation from accumulated surplus	4,463,846	7,784,511
Less: Grants and sponsored research approved	(4,463,846)	(7,784,511)
<b>Balance at 31 March</b>	<u>-</u>	<u>-</u>

The Scientific Advisory Committee ("SAC") has responsibility for making recommendations to the National Council on the allocation of research grants and, effective November 2019, the Personal Awards Committee ("PAC") has responsibility for making recommendations to the National Council on the allocation of Fellowships, Scholarships and Summer Studentships. 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, PAC and/or Council to also be applicants for grants from the Foundation. The selection of Committee members for SAC and PAC is also selected to reduce or remove any direct, known conflicts of interest. In the event of any potential conflict of interest members of the SAC and/or PAC 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, SAC and/or PAC members is set out in Note 14.

	2023	2022
<b>6 Grants and sponsored research liability</b>		
Opening Balance	12,688,372	9,492,472
Add: Grants and sponsored research approved	4,463,846	7,784,511
Less: Grants expired	(1,057,472)	(529,210)
Less: Grants distributed	(4,019,211)	(4,059,401)
<b>Balance at 31 March</b>	<u>12,075,534</u>	<u>12,688,372</u>
Current	9,033,787	10,144,214
Non Current	3,041,747	2,544,158
<b>Balance at 31 March</b>	<u>12,075,534</u>	<u>12,688,372</u>

Grants and sponsored research are generally approved for expenditure over a two to three year period. During the prior year certain significant grants and sponsored research were approved for expenditure over an extended 3 year period to support a more sustainable funding arrangement to the Neurological Foundation of New Zealand Brain Bank.

Grants provided to related parties are detailed in Note 14.

## 7 Property, plant and equipment

	Cost	Depreciation charge	Accumulated depreciation	Carrying amount
Land and Buildings	2,500,618	(55,034)	(955,398)	1,545,220
Motor Vehicles	63,565	-	(63,565)	-
Office Equipment	157,637	(14,415)	(106,247)	46,026
Computer Software Asset	120,622	(35,092)	(91,478)	29,144
<b>Balance at 31 March 2023</b>	<u>2,842,442</u>	<u>(104,542)</u>	<u>(1,216,688)</u>	<u>1,620,389</u>
Land and Buildings	2,476,931	(54,735)	(900,364)	1,576,567
Motor Vehicles	63,565	-	(63,565)	-
Office Equipment	130,595	(20,315)	(97,196)	33,399
Computer Software Asset	120,622	(32,719)	(56,386)	64,236
<b>Balance at 31 March 2022</b>	<u>2,791,713</u>	<u>(107,769)</u>	<u>(1,117,511)</u>	<u>1,674,202</u>

## Notes to the financial statements (continued)

### 7 Property, plant and equipment (continued)

	Cost	Depreciation charge	Accumulated depreciation	Carrying amount
Land and Buildings	2,474,811	(51,331)	(845,629)	1,629,182
Motor Vehicles	94,508	-	(94,508)	-
Office Equipment	172,734	(21,399)	(137,472)	35,262
Computer Software Asset	96,885	(17,525)	(23,667)	73,218
<b>Balance at 1 April 2021</b>	<b>2,838,938</b>	<b>(90,255)</b>	<b>(1,101,276)</b>	<b>1,737,662</b>

Rates of useful lives are set out in the Significant accounting policies on Page 13.

### 8 Investments and Term Deposits

	2023	2022
<b>Net finance income/(loss)</b>		
Income/(loss) from investments at amortised cost	(16,566)	215,605
Income/(loss) from investments at fair value through surplus or deficit	(2,502,657)	(831,338)
<b>Total Net finance income/(loss)</b>	<b>(2,519,223)</b>	<b>(615,733)</b>
	<b>2023</b>	<b>2022</b>
<b>Investments Carrying Value</b>		
Investments at amortised cost	14,000	554,251
Investments at fair value through surplus or deficit	79,673,671	82,660,608
<b>Total Investments Carrying Value at 31 March</b>	<b>79,687,671</b>	<b>83,214,860</b>

Income/(loss) from investments at amortised cost includes interest income, recognised as earned on a time-proportion basis using the effective interest method.

Income/(loss) from investments at fair value through surplus or deficit (FVTSD) includes distributions from, and fair value gains and losses on investments at FVTSD, recorded net of management fees. Investments are primarily held with Mercer (N.Z.) Limited in the Mercer SR Balanced Fund. The Mercer SR Balanced Fund had a carrying value of \$77,435,156 (2022: \$81,017,138) at balance date, and incurred associated management fees during the year of \$538,858 (2022: \$282,646).

### 9 Financial instruments classification

	Carrying Value			Total
	Financial Assets at fair value through surplus or deficit	Financial Assets at amortised cost	Financial liabilities at amortised cost	
<b>2023</b>				
Cash and cash equivalents	-	732,556	-	732,556
Receivables from exchange transactions	-	-	-	-
Investments	79,673,671	14,000	-	79,687,671
Payables under exchange transactions	-	-	(877,002)	(877,002)
Contingent grants and sponsored research	-	-	(12,075,534)	(12,075,534)
<b>Total Financial Instruments</b>	<b>79,673,671</b>	<b>746,556</b>	<b>(12,952,537)</b>	<b>67,467,690</b>
<b>2022</b>				
Cash and cash equivalents	-	1,459,895	-	1,459,895
Receivables from exchange transactions	-	7,733	-	7,733
Investments	82,660,608	554,251	-	83,214,860
Payables under exchange transactions	-	-	(237,558)	(237,558)
Contingent grants and sponsored research	-	-	(12,668,372)	(12,668,372)
<b>Total Financial Instruments</b>	<b>82,660,608</b>	<b>2,021,879</b>	<b>(12,905,930)</b>	<b>71,776,558</b>

## Notes to the financial statements (continued)

### 10 Capital commitments

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

	2023	2022
Investments	1,520,687	2,002,120
Total capital commitments	<u>1,520,687</u>	<u>2,002,120</u>

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

### 11 Contingencies

There are no contingent liabilities at balance date (2022: nil)

### 12 Subsequent events

There have been no other events subsequent to balance date which would materially affect the financial statements.

### 13 Contingent assets

The Foundation have received bequests that may, be contested. It is not practicable to identify which bequests are being contested or 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.

### 14 Related Party Transactions

Related Party disclosures confirm all current balances or transactions against current officers of the Foundation, or who were Officers at the time of the transaction taking place.

#### **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:

	2023	2022
Chief Executive (1 FTE)	197,573	187,757
<b>Total remuneration</b>	<u>197,573</u>	<u>187,757</u>

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

The Foundation did not provide any loans to key management personnel or their close family members during the year (2022: 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 (2021: nil).

#### **Contingent Grants and Sponsored Research**

The Foundation 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	2023	2022
<b>Grantee: University of Auckland (Principal Investigator: Cathy Stinear - Member of Council and SAC)</b>			
Opening balance		397,399	376,251
Add: Grant applications approved		-	140,886
Less: Grants distributed		(3,613)	(119,738)
Less: Correction		(256,513)	-
<b>Balance at 31 March</b>		<u>137,273</u>	<u>397,399</u>

The correction relates to prior years, not 2023, and corrects the closing balance in 2023 to bring into alignment with correct Grant Balance(s)

## Notes to the financial statements (continued)

<i>Contingent Grants and Sponsored Research (continued)</i>	Note	2023	2022
<b>Grantee: University of Otago (Principal Investigator: Timothy Anderson - Former Member of Council)</b>			
Opening balance		146,396	146,396
Add: Grant applications approved		-	-
Less: Grants distributed		-	-
<b>Balance at 31 March</b>		<b>146,396</b>	<b>146,396</b>
<b>Grantee: University of Otago (Principal Investigator: Alisa McGregor - Member of Council and SAC)</b>			
Opening balance		-	-
Add: Grant applications approved		14,976	-
Less: Grants distributed		-	-
<b>Balance at 31 March</b>		<b>14,976</b>	<b>-</b>
<b>Grantee: University of Otago (Co-Mentor: Timothy Anderson - Former Member of Council)</b>			
Opening balance		124,389	134,415
Add: Grant applications approved		-	-
Less: Grants distributed		(12,327)	(10,026)
<b>Balance at 31 March</b>		<b>112,062</b>	<b>124,389</b>
<b>Grantee: University of Canterbury (Co-Investigator: Timothy Anderson - Former Member of Council)</b>			
Opening balance		-	143,280
Add: Grant applications approved		-	-
Less: Grants distributed		-	(143,280)
<b>Balance at 31 March</b>		<b>-</b>	<b>-</b>
<b>Total Related Party</b>			
Opening balance		668,185	800,342
Add: Grant applications approved		-	140,886
Less: Grants distributed		(15,940)	(273,043)
Less: Correction		(256,513)	-
<b>Balance at 31 March</b>	6	<b>395,732</b>	<b>668,185</b>

### 15 Transfers - Special Purposes Reserves

No transfers were made from the special purposes reserves during the year. During the year ending 31 March 2022, transfers of \$99,178 were made from Hackett Fund special reserve for expenditure relating to neurosurgical research training in Auckland.