Cancer Council SA

3 Year Financial Plan

2012-2015

research

prevention

support

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Executive Summary

Historically Cancer Council SA has budgeted for operating deficits and through circumstances has been able to achieve a surplus, other than in 2009. Generally this has been due to over achievements in investment revenue, bequest revenue and through expenditure not being incurred.

The current 18 month operating budget (January 2011 – June 2012) is projected to produce a deficit of $3.7m, with an additional $1.7m being allocated for capital expenditure. If both the operating and capital expenditure budgets are realised Cancer Council SA's net assets will reduce by $3.6m.

Whilst the current budget deficit position was planned and is primarily a consequence of significantly reduced investment income and a once off contribution of $2m to the Flinders Centre for Innovation in Cancer, it is unsustainable.

Cancer Council SA Board is committed to securing the long term financial stability of the organisation and, to that end, has requested management deliver a balanced budget as part of its three year strategic directions.

Management engaged the services of Deloitte to assist with the development of a 3 year rolling financial plan that underpins its strategic directions. The process included the development of service and program methodologies that enabled critical review of all activities, revenue streams, expenditure patterns and organisational structure.

The following report details all assumptions adopted in developing the three year financial strategy and assumes there are no foreseeable circumstances likely to cause financial hardship for Cancer Council SA.

In summary net assets decrease by $280k from a forecast $38.32m in 2012 to $38.04m in 2015 as illustrated in the graph below. Net movement in cash is reduced to an unfavourable $27k in 2015 with a balanced budget achieved in that year.

Management have developed a 3 year rolling financial plan which enables Cancer Council SA to move from a deficit position to a balanced budget by the third year of the financial strategy period. This will be achieved through, investment in income generation activities, targeted savings measures and tight cost controls. It is anticipated the 2012-13 operating budget will be consistent with year 1 of the 3 year financial strategy. It is then proposed that the balanced budget concept be applied through future strategy periods across the three year strategy cycle.

1. Balanced budget

Much consideration has been given to determining how Cancer Council SA should interpret the concept of a balanced budget across the 3 year strategy cycle. In determining *"what is a balanced budget?"* management has focused its attention on the concept that Cancer Council SA only spends what it earns. The definition proposes a hybrid of accounting profit and cash flows in order to reflect this concept. On that basis capital expenditure has been included and depreciation excluded. This enables capital spend to be reflected on a timely basis rather than long term averaging.

The basis of the balanced budget is defined below. A more detailed summary of considerations given can be found on page 17.

Net surplus/(deficit)	$XX
Add back depreciation	$XX
Less capital expenditure	$XX
Balanced Budget	$XX

The proposed 3 year financial plan sees a transition from a deficit position of $2.4m in 2012 to balanced budget position of $92k surplus by 2015. The table below demonstrates a visual of the transition.

When measuring the actual results against the budget, bequest income will be adjusted to reflect the long term average and enables the uncertainty of bequest income to be taken into account. It is also appropriate to adjust the impact of any once off gains (eg sale of property) as this activity has not been included as part of the balanced budget formula.

2. Overview of process and methodology

Deloitte were engaged to assist in the development of a strategic evaluation methodology that facilitated an objective approach to the assessment of Cancer Council SA's research, prevention and support programs. Concurrent to this, Deloitte developed a financial model to accurately assess the cost of proposed program mixes in light of various funding scenarios.

An excel based tool was developed and presented users with a questionnaire to be completed for each program. The questionnaire was structured so the response to each question corresponded to a numerical score and thus facilitated quantification of responses and comparison of programs.

The methodology used considered the merit of individual programs however the outputs of the evaluation methodology were not the sole basis on which programs were assessed. Further assessment and consideration was given to those programs that contribute to other streams and/or fundraising efforts as well as achieving an optimal allocation of resources between the program types.

The evaluation methodology was designed to rank activities relative to one another and was therefore deemed inappropriate for the assessment of fundraising activities. Fundraising activities are revenue generating and therefore any fundraising that does not damage the wider objectives of Cancer Council SA or contradict its core values is considered beneficial.

The consolidated model provided for the consolidation of all strategic and financial data for each of the program assessments as well as the inclusion of shared services and investments. It forms the basis of the 3 year financial strategic plan and includes:

- application of weighting to quantitatively assess and rank each program
- consolidation of program costing for all selected programs
- consolidation of fundraising returns for all fundraising programs
- modelling of investment strategy and cash reserve requirements.

3. Transition strategy

Preparation of the 3 year financial plan identified key fundamentals that will underpin and support the transition to a balanced budget for the 2014-15 financial year. These are seen as critical success factors in achieving organisational objectives and are identified as:

- additional growth in community funding revenues that exceed expenditure indexation of 3.5%
- consolidation of research activity to a centralised outsourced model
- improved productivity through automation and process improvement
- improved organisational capability through the execution of an Human Resource development plan.

In summary, growth in income will exceed growth in expenditure and is illustrated below.

4. Statement of Financial Position

The Statement of Financial Position reflects a consistent performance of net assets, from the estimated 2012 year end position to 2015, with only a modest unfavourable movement of $280k throughout the strategic period.

The following assumptions have been applied within the key line items.

- minimal change anticipated in receivables, inventory and liabilities
- property, plant and equipment adjusted for capital expenditure and depreciation
- cash position reflects the movement for the period, while maintaining an assumed 30% cash and 70% growth asset ratio
- financial investment allows for capital growth of 3%, dividends reinvested and movements to adjust the asset mix.

Cancer Council SA
3 Year Strategic Financial Plan
Statement of Financial Position - As at 30 June

	2012	2013	2014	2015
Current assets				
Cash and cash equivalents	7,055,000	7,769,522	7,784,912	7,976,024
Trade and other receivables	1,521,000	1,521,000	1,521,000	1,521,000
Inventories	352,000	352,000	352,000	352,000
Total current assets	**8,928,000**	**9,642,522**	**9,657,912**	**9,849,024**
Non current assets				
Financial investments	19,187,000	18,121,581	18,157,492	18,603,419
Property, plant & equipment	12,483,000	12,255,516	12,095,032	11,867,548
Intangible assets	226,000	226,000	226,000	226,000
Total non current assets	**31,896,000**	**30,603,097**	**30,478,524**	**30,696,967**
Total assets	**40,824,000**	**40,245,619**	**40,136,436**	**40,545,991**
Liabilities				
Trade and other payables	1,000,213	1,000,213	1,000,213	1,000,213
Outside funded projects	501,000	501,000	501,000	501,000
Interest free borrowings	112,787	112,787	112,787	112,787
Employee benefits	889,000	889,000	889,000	889,000
Total liabilities	**2,503,000**	**2,503,000**	**2,503,000**	**2,503,000**
Net assets	**38,321,000**	**37,742,619**	**37,633,436**	**38,042,991**
Equity				
Reserves	3,451,000	4,026,610	4,570,257	5,114,982
Retained earnings	34,870,000	33,716,009	33,063,179	32,928,009
Total equity	**38,321,000**	**37,742,619**	**37,633,436**	**38,042,991**

Cash flow

As Cancer Council SA progresses towards a balanced budget position the net cash movement will improve from a deficit of $1.05m in 2013 to a deficit of $27k by 2015. At this time management will deliver a balanced budget and a modest surplus of $92k.

The cash flow also allows for an adjustment methodology whereby the asset mix of 30% cash and 70% growth investment is maintained. This is reflected in the closing cash balance.

Cancer Council SA 3 Year Strategic Financial Plan Cash Flow - For the years ended 30 June	2013	2014	2015
Opening balance	**1,670,953**	**1,294,399**	**1,296,964**
Plus receipts			
Community funding	8,894,364	9,712,864	10,609,864
Bequests & legacies	2,898,000	2,999,430	3,104,410
Other income	42,450	42,450	42,450
Accommodation income	2,379,180	2,379,180	2,379,180
Grant income	2,561,243	2,411,377	2,312,942
Retail income	1,558,685	1,649,964	1,758,652
Investment income	1,316,091	1,326,403	1,329,031
	19,650,013	20,521,668	21,536,530
Less payments			
Employees	9,209,039	9,430,847	9,688,933
Professional fees & subs	1,880,077	1,921,578	1,999,588
Office services	626,991	650,810	675,474
Publicity & promotion	1,434,405	1,439,572	1,486,603
Cost of goods sold	973,384	1,044,097	1,120,465
Grants	2,794,203	2,636,285	2,728,555
Strategic objectives	660,841	723,833	537,760
Evaluation & research	777,083	763,161	798,567
Other expenses	1,859,924	1,969,238	2,040,917
Capital expenditure	487,000	554,000	487,000
	20,702,949	21,133,422	21,563,861
Net cash movement	**(1,052,936)**	**(611,754)**	**(27,331)**
Plus (purchases)/sales of investments to achieve asset mix	**676,382**	**614,319**	**59,183**
Balance	**1,294,399**	**1,296,964**	**1,328,816**
Plus term deposits	**6,475,123**	**6,487,949**	**6,647,208**
Total cash and cash equivalents	**7,769,522**	**7,784,913**	**7,976,024**

5. Comprehensive income

Management has extrapolated a 12 month July 2011 to June 2012 budget from the current 18 month budget, to enable comparisons. In the most part, a conservative approach has been taken in developing the 3 year financial plan with a number of assumptions being made and is reliant on the following outcomes being achieved.

- revenue targets
- long term average bequest income
- investment income
- expenditure maintained
- staff levels maintained throughout the strategic period for Cancer Council SA funded positions
- productivity gains continue to be identified and implemented.

Revenue

Revenue will grow by $2.5m from $19.2m 2012 to $21.7m in 2015. The following community funding activities are expected to achieve results as detailed below by 2015:

- corporate fundraising $800k
- Tour Down Under $1.2m
- Face to Face donor recruitment $2.1m.

Supporting the Business Development growth strategies is a proposed upgrade of website capability and increased investment in brand awareness resulting in improved community engagement.

The success currently enjoyed with core fundraising activities such as Daffodil Day, Australia's Biggest Morning Tea and Girls Night In will continue. Additionally, bequest income has been indexed based on the long term average trend to achieve $3.1m by 2015.

Investment income has been forecast to reduce marginally by $163k over the planning period and is a direct consequence of the conservative approach taken by management given the significant economic uncertainty.

Expenditure

Generally costs have been maintained in Corporate Services, Cancer Control and Cancer Support while reductions have been achieved in Cancer Research as listed below:

- continued consolidation of research investment into the centralised SAHMRI model ($180k)
- reduction of research Chair costs ($187.5k)
- finalisation of the Data Linkage project ($110k)
- one off cost to Flinders Centre for Innovation in Cancer finalised ($2m).

A conservative indexation of 3.5% has been applied to expenditure year on year. Remuneration costs have increased 3.75% in years 2 and 3 to allow for increased Superannuation Guarantee Levy.

It is anticipated that employee numbers will be static throughout the plan and that additional productivity gains will be derived through continuous improvement and automation. Business Development expenditure allows for an increase of 5 full time equivalent staff and increased investment in brand development ($400k per annum) to underpin the delivery of revenue outcomes. Staffing in Cancer Support will increase by 1.5 full time equivalent staff to undertake the new Survivorship service initiative. Corporate Services, Cancer Prevention and Cancer Research staffing levels will be maintained at current levels.

An organisational development plan will be introduced across Cancer Council SA to enhance capability of staff to assist the achievement of objectives within the broader strategic plan.

Expense allocation has also been included to allow the exploration and progression of initiatives within the strategic plan, including Cancer Council SA/NT merger ($100k in year 1) and the property recommendations provided by Leedwell Strategic ($100k year 1 and $100k year 2). A further $100k has been allocated in year 3 to commence planning activity for the next strategic period.

A consolidated statement of comprehensive income follows and a breakdown by each business unit is attached and can be found on pages 12-16.

Capital Expenditure

Allowance for capital expenditure during the strategy period is as follows.

Capital Expenditure Items			
Lodge room upgrades 15*30000	$450,000	$450,000	$450,000
IT upgrades	$37,000	$52,000	$37,000
TV replacement - Lodges		$52,000	
	$487,000	$554,000	$487,000

Cancer Council SA 3 Year Strategic Financial Plan Statement of Comprehensive Income for the years ended 30 June	2012	2013	2014	2015
Income				
Community funding	$7,453,902	$8,894,364	$9,712,864	$10,609,864
Bequests & legacies	$2,841,000	$2,898,000	$2,999,430	$3,104,410
Other income	$618,920	$42,450	$42,450	$42,450
Accommodation income	$2,526,537	$2,379,180	$2,379,180	$2,379,180
Grant income	$2,890,392	$2,561,243	$2,411,377	$2,312,942
Retail income	$1,223,726	$1,558,685	$1,649,964	$1,758,652
Investment income	$1,611,000	$1,442,519	$1,445,811	$1,448,676
	$19,165,477	**$19,776,441**	**$20,641,076**	**$21,656,175**
Expenditure				
Remuneration costs	$8,689,685	$9,209,039	$9,430,847	$9,688,933
Postage & stationery	$490,682	$478,246	$513,281	$512,337
Office services	$804,051	$626,991	$650,810	$675,474
Public utility charges	$240,398	$251,383	$260,181	$269,288
Professional fees & subs	$1,724,844	$1,880,077	$1,921,578	$1,999,588
Maintenance & minor capital	$362,178	$273,793	$283,376	$293,294
Transport & accommodation	$166,418	$139,976	$143,000	$151,609
Publicity & promotion	$1,177,690	$1,434,405	$1,439,572	$1,486,603
Training & development	$197,938	$144,730	$148,617	$155,703
Depreciation & amortisation	$699,484	$714,484	$714,484	$714,484
Community assistance	$96,670	$61,755	$69,289	$71,736
Cost of goods sold	$908,138	$973,384	$1,044,097	$1,120,465
Workshops & events	$344,620	$458,744	$498,613	$531,698
Warehousing & delivery	$57,391	$49,508	$51,027	$53,335
Sundries	-	$1,790	$1,852	$1,917
Community grants	$1,461,692	$34,155	$35,350	$36,588
Research grants	$3,016,009	$2,760,048	$2,600,934	$2,691,967
Strategic objectives	$55,000	$660,841	$723,833	$537,760
Evaluation & research	$538,606	$777,083	$763,161	$798,567
Quit SA & TCRE expenses	$59,136	-	-	-
	$21,090,630	**$20,930,433**	**$21,293,906**	**$21,791,345**
Operating surplus/(deficit)	**$(1,925,153)**	**$(1,153,992)**	**$(652,829)**	**$(135,170)**
Less Depreciation	$699,484	$714,484	$714,484	$714,484
Add Capex	$(1,164,000)	$(487,000)	$(554,000)	$(487,000)
Balanced Budget Position	**$(2,389,669)**	**$(926,508)**	**$(492,345)**	**$92,314**
FTE	101.93	108.41	108.41	108.41

6. Risk

A risk assessment has been undertaken against the 3 year financial plan and includes mitigation, timing and the allocation of responsibility. Key risks identified include:

- community funding revenue unable to achieve growth expectations.
- continued domestic and global economic uncertainty
- potential new carbon tax impacts
- non renewal of major funded programs e.g. QuitSA
- relocation or status downgrade of the Tour Down Under event
- legislative changes to the charitable sector
- the SAHMRI research model is unsuccessful
- unforeseen capital expenditure.

The identified risks are already being managed and mitigation activity is in place within the high level organisation risk plan.

Cancer Council SA
3 Year Strategic Financial Plan
Statement of Comprehensive Income for the years ended 30 June

		Business Development		
	Budget 2012	2013	2014	2015
Income				
Community funding	$7,453,902	$8,894,364	$9,712,864	$10,609,864
Bequests & legacies	$2,841,000	$2,898,000	$2,999,430	$3,104,410
Other income	-	-	-	-
Accommodation income	-	-	-	-
Grant income	-	-	-	-
Retail income	$1,552,900	$1,558,685	$1,649,964	$1,758,652
Investment income	-	-	-	-
Total income	**$11,847,802**	**$13,351,049**	**$14,362,258**	**$15,472,927**
Expenditure				
Remuneration costs	$1,700,253	$2,195,577	$2,272,399	$2,357,614
Postage & stationery	$383,868	$396,264	$427,664	$422,887
Office services	$273,234	$208,488	$218,463	$228,327
Public utility charges	$4,000	$4,140	$4,285	$4,435
Professional fees & subs	$919,169	$952,561	$1,019,537	$1,065,199
Maintenance & minor capital	$9,517	$10,005	$10,355	$10,718
Transport & accommodation	$28,412	$29,924	$30,971	$31,778
Publicity & promotion	$707,289	$1,260,284	$1,255,929	$1,292,957
Training & development	$42,483	$40,596	$42,017	$43,488
Depreciation & amortisation	-	-	-	-
Community assistance	-	-	-	-
Cost of goods sold	$689,562	$731,090	$793,323	$860,913
Workshops & events	$274,672	$384,282	$413,318	$437,208
Warehousing & delivery	$28,289	$28,630	$30,362	$31,924
Sundries	-	$275	$285	$295
Support services	-	-	-	-
Community grants	$18,000	$18,630	$19,282	$19,957
Research grants	-	-	-	-
Strategic objectives	-	-	-	-
Evaluation & research	$40,000	$56,925	$58,917	$60,979
Quit SA & TCRE expenses	-	-	-	-
Total expenditure	**$5,118,748**	**$6,317,671**	**$6,597,106**	**$6,868,677**
Operating surplus/(deficit)	**$6,729,054**	**$7,033,378**	**$7,765,152**	**$8,604,250**
FTE	26.4	31.4	31.4	31.4

Cancer Council SA
3 Year Strategic Financial Plan

Statement of Comprehensive Income for the years ended 30 June 2011

		Cancer Research Programs		
	Budget			
	2012	**2013**	**2014**	**2015**
Income				
Community funding	-	-	-	-
Bequests & legacies	-	-	-	-
Other income	$230,000	-	-	-
Accommodation income	-	-	-	-
Grant income	$875,044	$870,459	$721,303	$742,942
Retail income	-	-	-	-
Investment income	-	-	-	-
Total income	**$1,105,044**	**$870,459**	**$721,303**	**$742,942**
Expenditure				
Remuneration costs	$921,824	$736,442	$646,039	$670,265
Postage & stationery	$2,604	$7,609	$7,895	$8,191
Office services	$28,206	$207	$214	$222
Public utility charges	-	-	-	-
Professional fees & subs	$19,281	$75,995	$20,347	$21,059
Maintenance & minor capital	$150	-	-	-
Transport & accommodation	$14,249	$16,580	$17,160	$17,761
Publicity & promotion	$4,542	-	-	-
Training & development	$19,328	$10,964	$11,347	$11,745
Depreciation & amortisation	-	-	-	-
Community assistance	-	-	-	-
Cost of goods sold	-	-	-	-
Workshops & events	$3,098	-	-	-
Warehousing & delivery	$2,302	-	-	-
Sundries	-	$1,514	$1,567	$1,622
Support services	-	-	-	-
Community grants	$1,410,612	-	-	-
Research grants	$3,016,009	$2,760,048	$2,600,934	$2,691,967
Strategic objectives	-	-	-	-
Evaluation & research	$478,606	$699,458	$682,819	$715,414
Quit SA & TCRE expenses	-	-	-	-
Total expenditure	**$5,920,811**	**$4,308,817**	**$3,988,323**	**$4,138,244**
Operating surplus/(deficit)	**$(4,815,767)**	**$(3,438,358)**	**$(3,267,020)**	**$(3,395,302)**
FTE	13.5	8.8	8.8	8.8

Cancer Council SA
3 Year Strategic Financial Plan
Statement of Comprehensive Income for the years ended 30 June

		Cancer Prevention Programs		
	Budget 2012	2013	2014	2015
Income				
Community funding	-	-	-	-
Bequests & legacies	-	-	-	-
Other income	$40,720	$39,450	$39,450	$39,450
Accommodation income	-	-	-	-
Grant income	$1,995,348	$1,690,784	$1,690,074	$1,570,000
Retail income	-	-	-	-
Investment income	-	-	-	-
Total income	**$2,036,068**	**$1,730,234**	**$1,729,524**	**$1,609,450**
Expenditure				
Remuneration costs	$2,017,008	$1,906,814	$1,978,320	$1,956,936
Postage & stationery	$35,098	$2,785	$2,890	$2,998
Office services	$101,368	$1,447	$1,498	$1,550
Public utility charges	-	$2,571	$2,661	$2,754
Professional fees & subs	$23,252	-	-	-
Maintenance & minor capital	$19,356	-	-	-
Transport & accommodation	$46,342	$9,927	$10,274	$10,634
Publicity & promotion	$328,845	$28,337	$30,079	$31,935
Training & development	$40,366	$6,428	$6,653	$6,886
Depreciation & amortisation	-	-	-	-
Community assistance	$37,000	-	-	-
Cost of goods sold	-	$16,068	$16,631	$17,213
Workshops & events	$7,896	$10,350	$10,712	$11,087
Warehousing & delivery	$6,501	-	-	-
Sundries	-	-	-	-
Support services	-	-	-	-
Community grants	$20,060	$5,175	$5,356	$5,544
Research grants	-	-	-	-
Strategic objectives	-	$448,666	$397,110	$310,473
Evaluation & research	$20,000	$20,700	$21,425	$22,174
Quit SA & TCRE expenses	$59,136	-	-	-
Total expenditure	**$2,762,228**	**$2,459,270**	**$2,483,608**	**$2,380,184**
Operating surplus/(deficit)	**$(726,160)**	**$(729,036)**	**$(754,084)**	**$(770,734)**
FTE	18.69	22.9	22.9	22.9

Cancer Council SA
3 Year Strategic Financial Plan
Statement of Comprehensive Income for the years ended 30 June

		Cancer Support Programs		
	Budget 2012	2013	2014	2015
Income				
Community funding	-	-	-	-
Bequests & legacies	-	-	-	-
Other income	-	-	-	-
Accommodation income	$2,542,563	$2,379,180	$2,379,180	$2,379,180
Grant income	$20,000	-	-	-
Retail income	-	-	-	-
Investment income	-	-	-	-
Total income	**$2,562,563**	**$2,379,180**	**$2,379,180**	**$2,379,180**
Expenditure				
Remuneration costs	$2,600,784	$2,869,647	$2,977,259	$3,088,906
Postage & stationery	$19,216	$19,943	$21,383	$22,940
Office services	$75,390	$79,592	$81,574	$84,096
Public utility charges	$165,558	$171,353	$177,350	$183,557
Professional fees & subs	$97,282	$81,329	$84,545	$88,281
Maintenance & minor capital	$248,268	$256,957	$265,951	$275,259
Transport & accommodation	$38,304	$43,065	$42,698	$48,073
Publicity & promotion	$136,014	$145,784	$153,564	$161,711
Training & development	$22,921	$25,842	$25,568	$28,348
Depreciation & amortisation	$265,956	$265,956	$265,956	$265,956
Community assistance	$59,670	$61,755	$69,289	$71,736
Cost of goods sold	$218,576	$226,226	$234,144	$242,339
Workshops & events	$20,520	$24,333	$33,412	$40,790
Warehousing & delivery	$4,407	$4,430	$3,642	$3,792
Sundries	-	-	-	-
Support services	-	$62,294	$64,474	$66,730
Community grants	$13,020	$10,350	$10,712	$11,087
Research grants	-	-	-	-
Strategic objectives	-	-	-	-
Evaluation & research	-	-	-	-
Quit SA & TCRE expenses	-	-	-	-
Total expenditure	**$3,985,886**	**$4,348,856**	**$4,511,520**	**$4,683,602**
Operating surplus/(deficit)	**$(1,423,323)**	**$(1,969,676)**	**$(2,132,340)**	**$(2,304,422)**
FTE	26.27	28.84	28.84	28.84

Cancer Council SA
3 Year Strategic Financial Plan
Statement of Comprehensive Income for the years ended 30 June

			Corporate Services	
	Budget 2012	2013	2014	2015
Income				
Community funding	-	-	-	-
Bequests & legacies	-	-	-	-
Other income	$3,000	$3,000	$3,000	$3,000
Accommodation income	-	-	-	-
Grant income	-	-	-	-
Retail income	-	-	-	-
Investment income	$1,611,000	$1,442,519	$1,445,811	$1,448,676
Total income	**$1,614,000**	**$1,445,519**	**$1,448,811**	**$1,451,676**
Expenditure				
Remuneration costs	$1,449,816	$1,500,560	$1,556,831	$1,615,212
Postage & stationery	$49,897	$51,643	$53,451	$55,322
Office services	$325,853	$337,258	$349,062	$361,279
Public utility charges	$70,840	$73,319	$75,886	$78,542
Professional fees & subs	$665,860	$770,192	$797,149	$825,049
Maintenance & minor capital	$84,887	$6,831	$7,070	$7,318
Transport & accommodation	$39,112	$40,480	$41,897	$43,364
Publicity & promotion	$1,000	-	-	-
Training & development	$72,840	$60,899	$63,031	$65,237
Depreciation & amortisation	$433,528	$448,528	$448,528	$448,528
Community assistance	-	-	-	-
Cost of goods sold	-	-	-	-
Workshops & events	$38,434	$39,779	$41,171	$42,612
Warehousing & delivery	$15,892	$16,448	$17,024	$17,619
Sundries	-	-	-	-
Support services	-	$(62,294)	$(64,474)	$(66,730)
Community grants	-	-	-	-
Research grants	-	-	-	-
Strategic objectives	$55,000	$212,175	$326,724	$227,287
Evaluation & research	-	-	-	-
Quit SA & TCRE expenses	-	-	-	-
Total expenditure	**$3,302,959**	**$3,495,820**	**$3,713,349**	**$3,720,638**
Operating surplus/(deficit)	**$(1,688,959)**	**$(2,050,301)**	**$(2,264,538)**	**$(2,268,962)**
FTE	15.07	14.47	14.47	14.47

The table below explains the items included in the balanced budget model formula.

Summary of Considerations			
Item	**Include**	**Exclude**	**Reasoning**
Net Profit/Loss	✓		Regularly reported measure in all periodic reporting
Depreciation Generally		✓	Profit adjusted to replace depreciation with capital expenditure during the period in order to reflect that Cancer Council SA spends only what it earns
Depreciation Accommodation		✓	
Capex Generally	✓		
Capex Accommodation	✓		
Employee Entitlements Expense	✓		Included on accrual basis in order to reflect the obligation of the current period actions
Employee Entitlements Spend		✓	
Bequests Generally		✓	On measuring performance against strategy, a normalised level of bequests would be substituted for this volatile income item in order to provide greater clarity to underlying cost and income performance
Long-term level of bequests	✓		
Annual fundraising income	✓		Other than bequest income, fundraising income to be measured against strategy targets in order to track incremental performance against targets
Long term level of fundraising income		✓	
Investment Capital Growth/Loss		✓	Include only investment earnings (dividends, interest, distributions) to reflect that Cancer Council SA spends what it earns and is not diminishing the capital investment base
Investment Income	✓		
Net Cash Flow		✓	Profit adjusted for major timing differences outlined above a more informative measure given the detailed income and expense categorisation already reported regularly in this form.