



General Sir
John Monash
Foundation

ABN 78 099 065 184

AUDITED ANNUAL FINANCIAL REPORT

30 JUNE 2019

DIRECTORS' REPORT

The Directors present their report together with the financial report of the General Sir John Monash Foundation ("the Foundation") for the financial year ended 30 June 2019, and the auditor's report thereon.

DIRECTORS

The following persons were directors of the Foundation during the financial year:

Director		Date appointed
Ms Jillian Segal AO	Chairman	21 November 2008
Mr Steven Skala AO	Deputy Chairman	17 May 2010
Professor Peter Darvall AO	National Panel Chair	10 March 2011
Mr Stephen Gerlach AM		13 October 2011
Ms (Sarah) Carolyn Kay		1 January 2015
Mr Leon Kempler AM		9 November 2010
Ms Lee Liberman		10 December 2014
Mrs Jan McCahey		6 March 2012
Professor Alan Robson AO CitWA		5 October 2011
Dr Mark Schembri		29 February 2016
Mrs Wendy Simpson OAM	National Panel Chair	8 December 2014
Dr (Elizabeth) Jane Wilson	Investment, Audit & Risk Chair	9 September 2010

WHAT WE DO

The Foundation was incorporated on 14 December 2001 for the principal activity to raise funds for and administer the General Sir John Monash Scholarships. Our mission is to invest in outstanding Australians from all fields of endeavour who demonstrate remarkable qualities of leadership and the ability to deliver outcomes for Australia and inspire others for the benefit of the nation.

John Monash Scholars

There are now 182 Scholars who have been awarded a John Monash Scholarship. 122 of the Scholars have completed their studies. 66 Scholars have returned to Australia and have taken up positions in industry, government and academia.

The alumni of John Monash Scholars meet regularly both in Australia and overseas. In 2019, Scholars' events were held in Melbourne, Sydney, Canberra, Perth, Oxford, Cambridge, London and New York.

John Monash Scholarship Recipients 2019

17 John Monash Scholarship winners were selected from the 304 applications received. The announcement of the new Scholars was held at the Sydney Opera House in December 2018 attended by His Excellency General the Honourable David John Hurley, AC, DSC (RETD) then Governor of New South Wales. The Presentation Ceremony was held in February 2019 at the Shrine of Remembrance in Melbourne attended by His Excellency General the Honourable Sir Peter Cosgrove, AK, MC (RETD), Governor-General of the Commonwealth of Australia.

DIRECTORS' REPORT (continued)

REVIEW OF OUR OPERATIONS FOR FY19

Overall financial position

The Foundation has maintained a strong financial position with equity (net assets) of \$37.2m (FY18: \$32.2m). Total assets were \$41.2m (FY18: \$37.1m) of which \$41.1m were invested in cash, term deposits and managed funds.

Significant changes to the state of affairs

There were no significant changes in the nature of the Foundation's activities this financial year.

Operating results for the year

As detailed in this report, the surplus for the period ended 30 June 2019 amounted to \$4.9m (FY18: \$1.6m). These results include significant financial support for scholarships from the Victorian Government along with donations from corporations, philanthropic and private donors.

Scholarship funding from new commitments

The Foundation secured further additional funding commitments of \$2.8m during the financial year. In 2019, the Foundation received the following commitments:

- The Victorian Government contributed a further \$2.2m to support a perpetual scholarship to be awarded to Victorian residents;
- Mr Tim Fairfax AC continued his support by committing to a new three-year scholarship;
- Gandel Philanthropy contributed to a new three-year Arts scholarship;
- Curtin University renewed its membership for another five years in the Australian Universities' Consortium; and
- The Chairman's Circle of private donors had a new member join this year making it a total of 24 Members.

These outcomes, together with current committed supporters and income from our Endowment Fund will enable the Foundation to award at least 12 Scholarships in 2020.

Using resources wisely

The Foundation continues to implement its investment strategy focusing on protection of capital and minimising large variations in portfolio returns. The Foundation achieves this by investing in a diversified asset allocation portfolio within prudent risk constraints. During the year, in addition to Schroder Investment Management Australia Limited, the Foundation appointed the Queensland Investment Corporation Limited to manage the investment of its endowment funds.

Events subsequent to reporting date

In the interval between the end of the financial year and the date of this report there has not been any adverse item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Foundation, to affect significantly the operations, the results of those operations, or the state of affairs of the Foundation, in future financial years. Subsequent to the end of the financial year, the Prime Minister of Australia, Mr Scott Morrison announced a contribution of \$5m to the Foundation to fund a Bob Hawke John Monash Scholarship and a further announcement made to also fund a Tim Fischer John Monash Scholarship. The Lee Liberman Charitable Foundation committed \$2.5m to a new perpetual scholarship.

DIRECTORS' REPORT (continued)

REVIEW OF OUR OPERATIONS FOR FY19 (continued)

Likely developments

The Foundation will continue to raise funds for and administer its postgraduate scholarships through FY2019/20. It is anticipated that:

- The Board will review and further develop its investment governance.
- The Investment, Audit and Risk Committee will continue to focus on investment strategy of the Foundation to grow the Endowment Fund.
- Fundraising initiatives will be pursued with a target group of State Governments, corporations, foundations, universities and private individuals.
- Scholar events and activities will continue with scholar functions held in locations where Scholars reside, as opportunities arise, both within Australia and overseas.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of Board committees) held during the year ended 30 June 2019 and the number of meetings attended by each director.

Directors	Position	Board		Investment Audit and Risk Committee	
		¹ A	² B	¹ A	² B
Ms Jillian Segal AO	Chairman	6	6	-	3
Mr Steven Skala AO	Deputy Chairman	6	2	-	1
Professor Peter Darvall AO	National Panel Chair	6	6		
Mr Stephen Gerlach AM		6	5	4	2
Ms (Sarah) Carolyn Kay		6	4	4	4
Mr Leon Kempler AM		6	2		
Ms Lee Liberman		6	6		
Mrs Jan McCahey		6	5	4	4
Professor Alan Robson AO CitWA		6	6		
Dr Mark Schembri		6	6		
Mrs Wendy Simpson OAM	National Panel Chair	6	6		
Dr (Elizabeth) Jane Wilson	Investment, Audit and Risk Chair	6	6	4	4

¹ A = number of meetings eligible to attend

² B = number of meetings attended.

COMPANY PARTICULARS

Registered office

General Sir John Monash Foundation
Bennelong House
9 Queen Street
Melbourne, VIC 3000

DIRECTORS' REPORT (continued)
COMPANY PARTICULARS (continued)

Company Secretary

The Company Secretary, Mr Chuan Tan, was appointed to the role on 28 February 2018.

Members' guarantee

The Foundation is a company limited by guarantee incorporated under the Corporations Act 2001. If the Company is wound up, each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company. At 30 June 2019 the number of members was 52 (FY18: 55).

Indemnification

The Foundation has agreed to indemnify the current and former directors and senior officers of the Foundation against all liabilities to another person (other than the Foundation or a related body corporate) that may arise from their position in the Foundation, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Foundation will meet the full amount of any such liabilities, including legal fees, costs and expenses.

Since the end of the previous financial year, the Foundation has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Foundation.

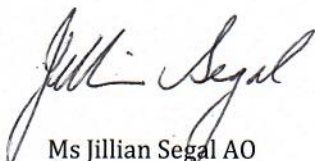
Insurance premiums

During the financial year, the Foundation paid premiums to insure directors and officers of the Foundation. The professional liability insurance paid in respect of directors and officers for the year ended 30 June 2019 was \$7,241 (FY18: \$7,642).

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration in accordance with subdivision 60-C section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 1.

This report is made in accordance with a resolution of the directors:



Ms Jillian Segal AO
Chairman



Dr Jane Wilson
Director and Chair: Investment Audit and Risk
Committee

19 September 2019

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AUDITOR'S INDEPENDENCE DECLARATION

under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of General Sir John Monash Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'ad. f.', written over a faint, larger 'KPMG' watermark.

Adrian Nathanielsz
Partner

Melbourne

19 September 2019

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Ref.	2019 \$	2018 \$
Funding revenue	A1	5,683,700	3,667,398
Employee expenses	E1	(535,770)	(502,401)
Scholarships awarded	A2	(1,900,000)	(2,590,000)
Other expenses		(292,259)	(338,062)
Total operating expenses	A2	(2,728,029)	(3,430,463)
Results from operational activities		2,955,671	236,935
Finance income		1,977,330	1,335,275
Finance expenses		-	-
Net financing income	B1	1,977,330	1,335,275
Surplus before income tax expense		4,933,001	1,572,210
Income tax expense		-	-
Surplus for the year		4,933,001	1,572,210
Other comprehensive income		-	-
Total comprehensive income for the year		4,933,001	1,572,210

The Statement of Surplus or Deficit and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Ref.	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	C1(ii)	6,317,527	3,673,118
Investments	B1,C1(ii)	1,508,131	700,000
Other receivables	C1(ii)	155,437	124,783
Total current assets		7,981,095	4,497,901
Non-current assets			
Investments	B1	33,240,908	32,642,726
Property, plant and equipment		11,885	5,587
Total non-current assets		33,252,793	32,648,313
Total assets		41,233,888	37,146,214
Current liabilities			
Trade and other payables	C1(iii)	2,546,213	2,598,157
Employee benefits		21,749	17,231
Total current liabilities	C1(iii)	2,567,962	2,615,388
Non-current liabilities			
Trade and other payables	C1(iv)	1,485,000	2,290,000
Employee benefits		9,622	2,523
Total non-current liabilities	C1(iv)	1,494,622	2,292,523
Total liabilities		4,062,584	4,907,911
Net assets		37,171,304	32,238,303
Equity			
Retained surplus	D1	13,131,304	10,903,303
Endowment reserve	D1	24,040,000	21,335,000
Total equity		37,171,304	32,238,303

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

		Endowment reserve	Retained surplus	Total
		\$	\$	\$
	Ref.			
Balance as at 1 July 2017		19,585,000	11,081,093	30,666,093
Surplus for the year		-	1,572,210	1,572,210
Other comprehensive income		-	-	-
Total comprehensive income		-	1,572,210	1,572,210
Transfers to endowment reserve				
Capital donations	D1	1,750,000	(1,750,000)	-
Total transfers to endowment reserve		1,750,000	(1,750,000)	-
Balance as at 30 June 2018		21,335,000	10,903,303	32,238,303
Balance as at 1 July 2018		21,335,000	10,903,303	32,238,303
Surplus for the year		-	4,933,001	4,933,001
Other comprehensive income		-	-	-
Total comprehensive income		-	4,933,001	4,933,001
Transfers to endowment reserve				
Capital donations	D1	2,705,000	(2,705,000)	-
Total transfers to endowment reserve		2,705,000	(2,705,000)	-
Balance as at 30 June 2019		24,040,000	13,131,304	37,171,304

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Ref.	2019 \$	2018 \$
Cash Flows from operating activities			
Cash received from benefactors	A1	5,683,700	3,667,398
Cash paid to suppliers, employees and scholars		(3,568,849)	(2,749,860)
Net cash provided by operating activities		2,114,851	917,538
Cash Flows from investing activities			
Acquisition of property, plant and equipment		(9,155)	(4,050)
Interest received		97,856	132,938
Dividends/investment income received		1,162,776	1,117,788
Acquisition of investments		(1,511,919)	(5,778,583)
Disposal of investments		790,000	512,500
Net cash provided by/(used in) investing activities		529,558	(4,019,407)
Cash Flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		2,644,409	(3,101,869)
Cash and cash equivalents at the beginning of the financial year		3,673,118	6,774,987
Cash and cash equivalents at the end of the financial year	C (ii)	6,317,527	3,673,118

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

This section explains the main sources of our revenue and items of expenditure and how those are measured in accordance with relevant accounting standards.

A1. WHAT ARE OUR SOURCES OF REVENUE?

Our primary sources of revenue are from State and Federal Government, corporations, universities and the private philanthropic sector. This revenue funds scholarships and other support provided to our scholars.

	2019 \$	2018 \$
Revenue from operating activities		
Federal and State Governments	2,780,000	580,000
Australian Universities Consortium	455,000	315,000
Corporations	1,210,000	1,000,000
Private donors	1,238,700	1,772,398
Total revenue from operating activities	5,683,700	3,667,398

What are the relevant accounting policies?

Grant revenue is recognised in accordance with AASB1004 Contributions when all the following criteria have been satisfied:

- The entity obtains control of the contribution or the right to receive the contribution;
- It is probable that the economic benefits comprising the contribution will flow to the entity; and
- The amount of the contribution can be measured reliably.

Contributions from the Government towards the Endowment Fund or Scholarship awards are recognised as income when the Foundation receives them or becomes entitled to receive them.

Donations and bequests to enable the Foundation to fulfil its objectives to select and award scholarships and administer its scholarship program are recognised as revenue when received.

A2. WHERE HAS THE FUNDING BEEN SPENT?

The Foundation's mission is to provide postgraduate scholarships for Australian Scholars to study overseas. Additionally, we support and mentor the Scholar community both past and present. We have incurred the following expenses relating to these activities over the course of this financial year. Employee expenses have been allocated across the range of our activities.

	2019 \$	2018 \$
Operating activities		
Scholarships and Scholar related expenses	2,154,363	2,948,798
Fundraising, promotion and profiling expenses	306,733	217,079
Administration expenses	266,933	264,586
Total expenditure from operating activities	2,728,029	3,430,463

Scholarships and scholar related expenses have enabled the following:

	2019 \$	2018 \$
Scholarships awarded	1,900,000	2,590,000
Scholar selection process	100,343	106,310
Announcement and presentation of new Scholars	36,718	48,855
Ongoing support of Scholar community ³	117,302	203,633
Total Scholarships and Scholar related expenses	2,154,363	2,948,798

³ 2018 includes the New York Scholar Symposium costs. The Foundation organises the Scholar Symposium every 18 months with Melbourne hosting the next Symposium in December 2019.

In 2019, 17 scholarships were awarded across a diverse field of study and universities of study.

Scholarship Winner	Proposed Degree	University	Field of Study
Dustin Barter	PhD in Development Studies	University of Cambridge	International Development and Aid
Zoe Bush	Masters of Law	Columbia Law School	Criminal Justice law
Melissa-Ann Gillies	Masters of Public Policy	Harvard Kennedy School	Social Policy Reform
Freya Jansens	Masters of Business Administration	University of Oxford	Social Enterprise and ethical fashion
Dr Brendan Jones	PhD in regenerative medicine	University College London	Regenerative Medicine & paediatric surgery
Captain William Leben	MPhil in Development Studies	University of Oxford	International Development and Defence
Alexander Makarowsky	Masters of Public Administration (Energy, Technology and Climate Policy)	University College London	Scientific modelling and energy system development
Dr William Mitchell	Masters of Public Health	Harvard TH Chan	Rural and Intensive care medicine
Minh-Quan Nguyen	Bachelor of Civil Laws	University of Oxford	Comparative and public law
Sarah Schwartz	Masters of Law	Harvard Law School	Social justice law
Jessie Smith	PhD in Law	University of Cambridge	De-radicalisation law
Kay Song	DPhil in Engineering Science	University of Oxford	Nuclear fusion
Michaela Taylor-Williams	PhD in Biomedical Engineering	University of Cambridge	Biomedical Engineering
Maris Tebecis	Masters of Science	London School of Economics	Political Communication and diplomacy
Ashlee Uren	Masters of Law	Georgetown Law	Public and International Investment Law
Hugh Utting	MPhil in Planning, Growth & Regeneration	University of Cambridge	Urban Planning
Dr Georgia Walker	Masters of Public Health	London School of Hygiene and Tropical Medicine	Paediatrics & public health

The 2019 John Monash Scholars' Announcement was held at the Sydney Opera House in December 2018. The Presentation Ceremony was held in Melbourne at the Shrine of Remembrance in February 2019.

B. WHAT RESOURCES DO WE HAVE AND HOW DO WE MANAGE THEM?

B1. INVESTMENTS

The principal objective of the Foundation's investment strategy is to maximise the financial return from investments within a framework of minimising the risk of capital losses. Minimisation of the risk of capital losses will be through diversification of the investment portfolio with prudent asset allocation.

	2019 \$	2018 \$
Current investments		
Term deposits (maturity greater than three months)	1,508,131	700,000
Total Current investments	1,508,131	700,000
Non-current investments		
<i>Fair value through profit and loss</i>		
Managed funds	33,240,908	32,642,726
Total Non-current investments	33,240,908	32,642,726

Income derived from investments and other financial assets are as follows:

	2019 \$	2018 \$
Recognised in profit or loss		
Interest on term deposits and cash at bank	86,971	102,176
Distribution income and imputation credits	1,205,523	1,165,727
Net change in fair value of units in managed funds	684,836	67,372
Total finance income	1,977,330	1,335,275

Investments are held in the following managed funds: Schrodgers Real Return CPI plus 5% Fund – Professional and QIC Growth Fund as outlined below (see C2 Financial Risk Management) and measured at fair market value.

B1. INVESTMENTS (continued)

What are the relevant accounting policies?

Financial Instruments

Purchases of financial assets

Financial assets are recognised by the Foundation on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument.

At initial recognition, the Foundation measures a financial asset at its fair value plus transaction costs that are directly attributable to the asset's acquisition. The Foundation subsequently measures investments in managed funds at fair value.

The Foundation does not enter into transactions involving derivative instruments.

Financial assets measured at fair value

Investments in units in managed funds are measured at fair value and gains and losses on re-measurement are recognised in profit or loss. The fair value of these investments is determined using the unit price published by the fund manager at reporting date and/or by reference to the underlying instrument's quoted market price in an active market.

Finance Income

Finance income comprises interest income on funds invested, dividend and distribution income and movements in fair value of units in managed funds. Interest income is recognised as it accrues in profit and loss, using the effective interest method. Dividend and distribution income are recognised in profit and loss on the date that the Foundation's right to receive payment is established, which in the case of quoted securities is the ex-dividend or ex-distribution date.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

This section explains the risk that the Foundation is exposed to, the policies we apply to reduce those risks and provides the users with information on how we manage our working capital.

C1. CAPITAL MANAGEMENT

The Foundation's objectives when managing capital are to:

- Safeguard our ability to continue as a going concern to continue to provide scholarships, and
- Maintain an optimal capital structure to support efficient and effective operations.

(i) Working Capital

	2019 \$	2018 \$
Current assets	7,981,095	4,497,901
Current liabilities	(2,567,962)	(2,615,388)
Net current assets	5,413,133	1,882,513

(ii) Current Assets

	2019 \$	2018 \$
Cash and cash equivalents		
Cash at bank		
Cash management accounts	2,707,306	2,288,250
Interest bearing deposits (< 3 months term)	3,610,221	1,384,868
Total cash and cash equivalents	6,317,527	3,673,118

	2019 \$	2018 \$
Investments		
Interest bearing deposits (> 3 months terms)	1,508,131	700,000
Total investments	1,508,131	700,000

	2019 \$	2018 \$
Other receivables		
Interest, dividends, rental bond and distributions receivable	141,217	108,553
Prepayments	14,220	16,230
Total other receivables	155,437	124,783

C1. CAPITAL MANAGEMENT (continued)

(iii) Current Liabilities

	2019	2018
	\$	\$
Trade and other payables	2,546,213	2,598,157
Employee entitlements	21,749	17,231
Total Current Liabilities	2,567,962	2,615,388

(iv) Non-current Liabilities

	2019	2018
	\$	\$
Trade and other payables	1,485,000	2,290,000
Employee entitlements	9,622	2,523
Total Non-current Liabilities	1,494,622	2,292,523

What are the relevant accounting policies?

Financial assets measured at amortised cost

A financial asset is to be measured at amortised cost using the effective interest method and net of any impairment loss, where

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest.

The Foundation's investments in term deposits and its receivables are measured at amortised cost as set out below.

Cash and cash equivalents

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

Term Deposits

Term deposits consist of 11 term deposits held at financial institutions. At 30 June 2019, they have stated interest rates between 1.55% to 2.55% and mature in one to nine months. Five of these term deposits have a maturity term of greater than three months and are classified as Investments.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost. Other receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Collectability of other receivables are reviewed on an ongoing basis and any receivables deemed unrecoverable are appropriately impaired.

Financial liabilities

The Foundation's liabilities comprise trade and other payables. The Foundation does not enter into transactions involving derivatives and thus has no derivative liabilities.

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Foundation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually settled within 30 days of recognition. Liability for scholarship stipends that are committed but unpaid as at the end of the financial period are included in trade and other payables. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. The carrying amount of the payable is deemed to reflect fair value. The Foundation derecognises trade and other payables when its contractual obligations are discharged or cancelled or expire.

C1. CAPITAL MANAGEMENT (continued)

Employee entitlements

Liabilities for wages and salaries, including superannuation contributions and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liability is settled.

C2. FINANCIAL RISK MANAGEMENT

The Foundation's activities expose it to a variety of financial risks: market risks (including price risk and interest rate risk) and liquidity risk. The Foundation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Foundation.

The Foundation provides payments to its Scholars in Australian dollars and therefore is not exposed to foreign currency risk on these payments. Scholarship stipends are reviewed from time to time taking into account changes in tuition fees and other factors.

The Foundation holds the following financial instruments:

	2019 \$	2018 \$
Financial assets		
Cash and cash equivalents	6,317,527	3,673,118
Investments	34,749,039	33,342,726
Other receivables	155,437	124,783
Financial liabilities		
Trade and other payables		
Scholarship payments (i)	3,985,000	4,855,000
Other	46,213	33,157

The Foundation has funds invested in Schroders Real Return Fund and QIC Growth Fund.

The Investment Audit and Risk Committee meets regularly, to review the investment strategy and the Foundation's portfolios performance. The Committee makes changes as appropriate to ensure the Foundation can meet its obligations.

- (i) The liability for scholarship payments of \$3,985,000 includes \$2,500,000 which is payable within 12 months and is included in current liabilities in C1 (iii).

D. RESERVES

This section provides details of the reserves held, indicating the financial strength of the Foundation.

D1. RESERVES AND RETAINED SURPLUS

	2019 \$	2018 \$
Retained surplus		
Balance at 1 July	10,903,303	11,081,093
Net surplus for the year	4,933,001	1,572,210
Funds transferred from fair value reserve	-	-
Funds transferred to endowment reserve	(2,705,000)	(1,750,000)
Balance at 30 June	13,131,304	10,903,303
Other reserves and movements		
Endowment reserve		
Balance at 1 July	21,335,000	19,585,000
Funds transferred from Retained surplus	2,705,000	1,750,000
Balance at 30 June	24,040,000	21,335,000
Total Equity		
Retained surplus	13,131,304	10,903,303
Endowment reserve	24,040,000	21,335,000
	37,171,304	32,238,303

What are the relevant accounting policies?

Endowment reserve

We recognise government grants in accordance with AASB 1004 *Contributions* which requires government grants to be recognised as revenue when received.

The Foundation's policy is to transfer funds received which are provided for the specific purpose of a perpetual scholarship from Retained surplus to Endowment reserve.

E. OTHER INFORMATION

This section covers other information that is not directly related to items in the financial statements, including information about related party transactions, significant accounting policies not disclosed elsewhere and other statutory information.

E1. RELATED PARTIES

Directors

The names of persons who were directors of the Foundation at any time during this financial year and unless otherwise indicated were directors for the entire period:

Name		Appointed	Ceased
Ms Jillian Segal AO	Chairman	21 November 2008	-
Mr Steven Skala AO	Deputy Chairman	17 May 2010	-
Professor Peter Darvall AO	National Panel Chair	10 March 2011	-
Mr Stephen Gerlach AM		13 October 2011	-
Ms (Sarah) Carolyn Kay		1 January 2015	-
Mr Leon Kempler AM		9 November 2010	-
Ms Lee Liberman		10 December 2014	-
Mrs Jan McCahey		6 March 2012	-
Professor Alan Robson AO CitWA		5 October 2011	-
Dr Mark Schembri		29 February 2016	-
Mrs Wendy Simpson OAM	National Panel Chair	8 December 2014	-
Dr (Elizabeth) Jane Wilson	Investment, Audit and Risk Chair	9 September 2010	-

Director and Key management personnel compensation

	2019	2018
	\$	\$
No income was paid or is payable to any director by the company and any related entity for their services as directors.	Nil	Nil
Employee entitlements	226,702	233,747

Directors and Related Entities

In 2011, Foundation Chairman Ms Jillian Segal AO formed the Chairman's Circle, a group of supporters which collectively funds a Scholarship each year for five consecutive years. During the year the directors contributed \$50,000 in support of the Chairman's Circle (2018: \$40,000).

The Foundation Chairman, Ms Jillian Segal AO and her husband Mr John Roth have established a perpetual scholarship to Harvard University through a donation to the Foundation's Endowment. As with the other scholars, the selection of the scholars for this Scholarship is determined by the National Selection Panels and the Foundation's Endowment is managed by the Foundation's Investment, Audit and Risk Committee.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Foundation since the end of the previous financial year. Since the end of this financial year, Ms Lee Liberman through the Lee Liberman Charitable Foundation has committed \$2.5m to fund a new perpetual scholarship.

Employee benefit expenses

	2019	2018
	\$	\$
Salaries and Wages	470,481	451,680
Superannuation – defined contribution plans	44,746	40,536
Expenses related to long service leave	7,099	-
Other employee expenses	13,444	10,185
	535,770	502,401

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity

The General Sir John Monash Foundation ("the Foundation") is a not-for-profit company limited by guarantee. The address of the Foundation's registered office is Bennelong House, 9 Queen Street, Melbourne, VIC 3000, Australia.

Share capital

The Foundation is a company limited by guarantee and does not have share capital. If the Foundation is wound up, the Constitution states each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Foundation. There were 52 members at 30 June 2019 (FY18: 55 members).

Basis for preparation

The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-Profits Commission Act 2012.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except that investments in units in managed funds are measured at fair value.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Foundation's functional currency.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to use certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundations' accounting policies. There are no critical accounting estimates and judgements as at 30 June 2019, apart from in relation to the Foundation's revenue recognition (Note A1) where management have determined that regardless of the source or contractual arrangements in place, control over such amounts is only established on receipt of the amounts into the Foundation's bank account, and therefore non-reciprocal revenue is only recognised by the Foundation at this point and not prior, in accordance with *AASB 1004 Contributions*.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Income tax

The Foundation is a tax-exempt entity for the purposes of Division 50 of the Income Tax Assessment Act 1997. In addition, the Foundation is a rebateable employer for the purposes of section 65J of the Fringe Benefits Assessment Act 1986.

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee provisions

A provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to balance date as follows:

Short-term employee benefits

Employee benefits that are expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period. The Foundation provides for these benefits once an employee has had one year of continuous service.

Lease commitments

The Foundation leases offices under non-cancellable operating lease expiring within three years. On renewal, the terms of the lease are renegotiated. Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:

	2019	2018
	\$	\$
Operating Lease Disclosure		
Minimum lease payments under non-cancellable operating leases		
- not later than one year	1	44,875
- later than one year and not later than five years	2	145,684
- later than five years	-	-
Total operating lease commitments	3	190,559

The Foundation entered into a new three year lease rental agreement commencing 1 July 2019. The Foundation's lease obligation is \$1 per annum subject to the Foundation maintaining its Deductible Gift Recipient (DGR) status.

Changes in accounting policy

In the current year, the Foundation has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning after 1 July 2018. The adoption of these new and revised Standards and Interpretations has resulted in no changes to the Foundation's accounting policies.

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. The Foundation adopted AASB 9 during the financial year. There is no effect to the Foundation's current accounting practice which is consistent with the requirements of AASB 9.

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were on issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers'	1 January 2019	30 June 2020
AASB 1058 'Income of Not-for-Profit Entities'	1 January 2019	30 June 2020
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of not-for-Profit Entities	1 January 2019	30 June 2020

The Foundation has assessed the impact of AASB 15 and AASB 1058. Based on this assessment, there is no impact to the current accounting practices of the Foundation.

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of not-for-Profit Entities

This amendment is applicable from 1 January 2019 and provides a temporary option for NFP entities to measure a class or classes of right-of-use (ROU) assets arising from the application of the new leases standard, AASB 16, to 'peppercorn' or concessionary leases at fair value or cost.

The option applies both on transition to AASB 16 and for new leases entered into after initial application of the standard. Additional disclosures will be required where ROU assets are measured at cost. The Foundation is currently assessing the impact of this new Standard.

In addition to the standards issued above, other standards have been issued by the AASB, but these are not relevant to the operations of the Foundation.

E3. INFORMATION AND DECLARATION TO BE FURNISHED UNDER THE CHARITABLE FUNDRAISING (NSW) ACT 1991 AND REGULATIONS

	2019 \$	2018 \$
Fundraising income		
Fundraising and donations	2,448,700	2,772,398
Gross proceeds from fundraising appeals	2,448,700	2,772,398
Fundraising costs		
Fundraising, promotion and profiling expenses	(306,733)	(217,079)
Total costs of fundraising appeals	(306,733)	(217,079)
Net surplus from fundraising appeals	2,141,967	2,555,319
Applied as follows:		
Indirect expenditure		
Administration expenses	(266,933)	(264,586)
Total indirect expenditure	(266,933)	(264,586)
	1,875,034	2,290,733
Reconciliation to Surplus from operations		
Scholarships and Scholar related expenses	(2,154,363)	(2,948,798)
Finance Income	1,977,330	1,335,275
Government and Universities Funding	3,235,000	895,000
	3,057,967	(718,523)
Surplus	4,933,001	1,572,210

Subsequent events

Subsequent to the end of the financial year, the Prime Minister of Australia, Mr Scott Morrison announced a contribution of \$5m to the Foundation to fund a Bob Hawke John Monash Scholarship and a further announcement made to also fund a Tim Fischer John Monash Scholarship. The Lee Liberman Charitable Foundation committed \$2.5m to fund a new perpetual scholarship.

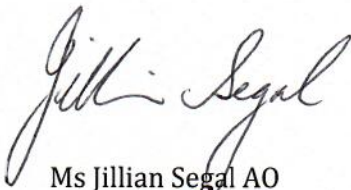
There are no other significant events subsequent to year end which require reporting in the financial statements of the Foundation for the year ended 30 June 2019.

DIRECTORS' DECLARATION

In the opinion of the directors of The General Sir John Monash Foundation (the Foundation):

- 1) The financial statements and notes, set out on pages 2 to 17 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
 - i) giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
 - ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-Profit Regulations 2013;
- 2) There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made on 19 September 2019 in accordance with a resolution of the directors.



Ms Jillian Segal AO
Chairman



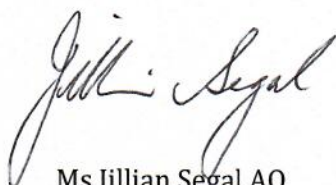
Dr Jane Wilson
Director and Chair: Investment, Audit and
Risk Committee

DECLARATION BY CHAIRMAN IN RESPECT OF FUNDRAISING APPEALS

I, Jillian Segal AO, Chairman of the General Sir John Monash Foundation, declare that in my opinion:

- 1) the financial statements give a true and fair view of all income and expenditure of the Foundation with respect to fundraising appeal activities for the financial year ended 30 June 2019;
- 2) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2019;
- 3) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2019; and
- 4) the internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

This declaration is made on 19 September 2019.



Ms Jillian Segal AO
Chairman



Independent Auditor's Report

To the members of General Sir John Monash Foundation

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of General Sir John Monash Foundation (the Foundation).

In our opinion the accompanying **Financial Report** of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

- i. giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2019
- ii. Statement of surplus and deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration
- v. Declaration by the Chairman in respect of fundraising appeals of the Foundation.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Foundation in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in General Sir John Monash Foundation's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC*;
- Preparing the Financial Report in accordance with section 24(2) of the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Foundation's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.



As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Foundation's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Foundation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities; and
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *Charitable Fundraising Act (NSW) 1991* and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.



Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 30 June 2019;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2018 to 30 June 2019, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2018 to 30 June 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

KPMG

Adrian Nathanielsz
Partner

Melbourne

19 September 2019