



General Sir
John Monash
Foundation

ABN 78 099 065 184

AUDITED ANNUAL FINANCIAL REPORT

30 JUNE 2020

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 2020, and the auditor's report thereon.

DIRECTORS

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

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

¹ Dr Jane Wilson retired from Board and as Chair of the Investment, Audit and Risk Committee on 4 Dec 2019. Ms Carolyn Kay and Mrs Jan McCahey were elected as Co-Chairs of the Investment, Audit and Risk Committee on the same date.

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. The Foundation's 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 202 Scholars who have been awarded a John Monash Scholarship. 143 of the Scholars have completed their studies. 82 Scholars have returned to Australia and taken up positions in industry, government and academia.

The John Monash Scholars meet regularly both in Australia and overseas. In FY20, Scholars' events were held in Melbourne, Sydney, Canberra, Perth, Oxford, Cambridge, London and New York.

John Monash Scholarship Recipients 2020

20 John Monash Scholarship winners were selected from the 323 applications received. The Presentation Ceremony was held in February 2020 at Queen's Hall, Parliament House in Melbourne attended by His Excellency General the Honourable David John Hurley, AC, DSC (RETD), Governor-General of the Commonwealth of Australia.

DIRECTORS' REPORT (continued)

REVIEW OF OUR OPERATIONS FOR FY20

Overall financial position

The Foundation has maintained a strong financial position with equity (net assets) of \$47.2m (FY19: \$37.2m). Total assets were \$51.4m (FY19: \$41.2m) of which \$51.2m 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 2020 amounted to \$10.0m (FY19: \$4.9m). These results include significant financial support for scholarships from the Commonwealth Government which contributed \$10.0m to support two new perpetual scholarships in the name of The Honourable Bob Hawke AC and The Honourable Tim Fischer AC and \$2.5m from the Lee Liberman Charitable Foundation. An amount representing these contributions to provide perpetual scholarships has been transferred into the Endowment Reserve.

Funding commitments received this financial year

In addition to the contributions outlined above, the Foundation secured further additional funding commitments of \$0.6m during the financial year including:

- The late Tim Fischer AC bequeathed to the Foundation \$100,000 from his estate, which will be used for Scholar collaborative project grants;
- Mr Tim Fairfax AC, the Ian Potter Cultural Foundation, Mr John and Mrs Jenny Green, and Ms Carolyn Kay jointly contributed to a new one-year Cultural Scholarship;
- PwC continued its support to the Foundation by committing to a new two-year sponsorship agreement;
- Queensland University of Technology joined the Australian Universities' Consortium making it a total of 20 members; and
- The Chairman's Circle of private donors had 4 new members this year making it a total of 28 members.

These outcomes, together with current committed supporters and income from our investments will enable the Foundation to award at least 12 Scholarships in 2021.

DIRECTORS' REPORT (continued)

REVIEW OF OUR OPERATIONS FOR FY20 (continued)

Likely developments

The Foundation will continue to raise funds for and administer its postgraduate scholarships through FY21. 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 the Foundation's investment strategy.
- 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. Currently functions are being held on a regular basis but virtually in accordance with COVID-19 enforced restrictions.

Coronavirus (COVID-19) Impact to the Foundation

Performance of the Foundation's investment portfolio

The COVID-19 pandemic is primarily a health issue which has had a major impact on the economy and the investment markets. During the recent volatile period there was a net loss on the Foundation's investment portfolio. However, over the past 3 and 5 years, investment returns have been positive in real terms. The Foundation adopts a conservative approach to managing investments with the aim of generating medium term growth while protecting capital value. Its investment strategy is overseen by the Investment, Audit and Risk Committee and approved by the Board.

Government Economic Packages

The Foundation qualified for the economic support packages granted by the Commonwealth Government which provided timely financial support to the Foundation as it confronts the business disruptions due to COVID-19. The Foundation participates in the Boosting cash flow for employers and JobKeeper packages. The amount received for the period ended 30 June 2020 amounted to \$95,000 and was recognised as Other Income in accordance with AASB 1058 Income of NFP Entities. The Foundation anticipates receiving these benefits at least to 30 September 2020.

2021 Scholar Selection Process and Impact to Scholars

The Foundation's office continues to operate offsite with all staff working from home since March 2020. Due to the restrictions imposed due to COVID-19, at least the 2021 Scholar Selection First Round panel interviews will be conducted virtually. The Foundation continues to monitor the Government announcements and restrictions and will make further changes to the process as required. The safety and wellbeing of all volunteers and candidates and Scholars involved with the Foundation and the process are of utmost importance. The Foundation is in regular contact with all Scholars monitoring that they remain safe and well during this pandemic. In these circumstances several of the 2020 Scholar cohort have deferred their overseas studies.

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. However, the Foundation continues to monitor the economic and other impacts of the COVID-19 pandemic as they may impact the Foundation's operations.

DIRECTORS' REPORT (continued)
REVIEW OF OUR OPERATIONS FOR FY20 (continued)

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of Board committees) held during the year ended 30 June 2020 and the number of meetings attended by each director.

| Directors | Position | Board | | Investment Audit and Risk Committee | |
|--------------------------------|-------------------------------------|----------------|----------------|-------------------------------------|----------------|
| | | ² A | ³ B | ² A | ³ B |
| Ms Jillian Segal AO | Chairman | 6 | 6 | - | 4 |
| Mr Steven Skala AO | Deputy Chairman | 6 | 4 | - | 1 |
| Professor Peter Darvall AO | | 6 | 5 | | |
| Mr Stephen Gerlach AM | | 6 | 5 | 5 | 3 |
| Ms Carolyn Kay | Investment, Audit and Risk Co-Chair | 6 | 6 | 5 | 5 |
| Mr Leon Kempler AM | | 6 | 3 | | |
| Ms Lee Liberman | | 6 | 5 | | |
| Mrs Jan McCahey | Investment, Audit and Risk Co-Chair | 6 | 5 | 5 | 5 |
| Professor Alan Robson AO CitWA | | 6 | 6 | | |
| Dr Mark Schembri | National Panel Chair | 6 | 5 | | |
| Mrs Wendy Simpson OAM | | 6 | 6 | | |
| Dr Jane Wilson ¹ | Investment, Audit and Risk Chair | 3 | 0 | 2 | 2 |

¹ Dr Jane Wilson retired from Board and as Chair of the Investment, Audit and Risk Committee on 4 Dec 2019. Ms Carolyn Kay and Mrs Jan McCahey were elected as Co-Chairs of the Investment, Audit and Risk Committee on the same date.

² A = number of meetings eligible to attend

³ 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

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 2020 the number of members was 50 (FY19: 52).

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 2020 was \$8,093 (FY19: \$7,241).

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



Mrs Jan McCahey
Director and Co-Chair: Investment Audit and Risk
Committee

15 September 2020

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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 2020 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

Adrian Nathanielsz

Partner

Melbourne

15 September 2020

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

| | Ref. | 2020 \$ | 2019 \$ |
|---|------|--------------------|--------------------|
| Funding revenue | A1 | 14,069,731 | 5,683,700 |
| Other income | | 95,000 | - |
| Employee expenses | | (635,476) | (535,770) |
| Scholarships awarded | A2 | (2,525,000) | (1,900,000) |
| Other expenses | | (339,510) | (292,259) |
| Total operating expenses | A2 | <u>(3,499,986)</u> | <u>(2,728,029)</u> |
| Results from operational activities | | <u>10,664,745</u> | <u>2,955,671</u> |
| Finance income | | 1,718,137 | 1,977,330 |
| Finance expenses | | (2,400,900) | - |
| Net financing (loss)/income | B1 | <u>(682,763)</u> | <u>1,977,330</u> |
| Surplus before income tax expense | | 9,981,982 | 4,933,001 |
| Income tax expense | | - | - |
| Surplus for the year | | <u>9,981,982</u> | <u>4,933,001</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>9,981,982</u> | <u>4,933,001</u> |

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 2020

| | Ref. | 2020 \$ | 2019 \$ |
|--------------------------------------|-----------|-------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | C1(ii) | 8,214,885 | 6,317,527 |
| Investments | B1,C1(ii) | 10,032,098 | 1,508,131 |
| Other receivables | C1(ii) | 181,103 | 155,437 |
| Total current assets | | 18,428,086 | 7,981,095 |
| Non-current assets | | | |
| Investments | B1 | 33,001,894 | 33,240,908 |
| Property, plant and equipment | | 8,378 | 11,885 |
| Total non-current assets | | 33,010,272 | 33,252,793 |
| Total assets | | 51,438,358 | 41,233,888 |
| Current liabilities | | | |
| Trade and other payables | C1(iii) | 2,260,571 | 2,546,213 |
| Employee benefits | | 45,946 | 21,749 |
| Total current liabilities | C1(iii) | 2,306,517 | 2,567,962 |
| Non-current liabilities | | | |
| Trade and other payables | C1(iv) | 1,955,000 | 1,485,000 |
| Employee benefits | | 23,555 | 9,622 |
| Total non-current liabilities | C1(iv) | 1,978,555 | 1,494,622 |
| Total liabilities | | 4,285,072 | 4,062,584 |
| Net assets | | 47,153,286 | 37,171,304 |
| Equity | | | |
| Retained surplus | D1 | 10,613,286 | 13,131,304 |
| Endowment reserve | D1 | 36,540,000 | 24,040,000 |
| Total equity | | 47,153,286 | 37,171,304 |

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 2020

| | Endowment reserve | Retained surplus | Total |
|--------------------------------------|------------------------------|-----------------------------|-------------------|
| | \$ | \$ | \$ |
| Ref. | | | |
| 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 |
| Balance as at 1 July 2019 | 24,040,000 | 13,131,304 | 37,171,304 |
| Surplus for the year | - | 9,981,982 | 9,981,982 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 9,981,982 | 9,981,982 |
| Transfers to endowment reserve | | | |
| Capital donations | D1 12,500,000 | (12,500,000) | - |
| Total transfers to endowment reserve | 12,500,000 | (12,500,000) | - |
| Balance as at 30 June 2020 | 36,540,000 | 10,613,286 | 47,153,286 |

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 2020

| | Ref. | 2020 \$ | 2019 \$ |
|---|---------|--------------------|------------------|
| Cash Flows from operating activities | | | |
| Cash received from benefactors | A1 | 14,069,731 | 5,683,700 |
| Cash received from Government grants | | 95,000 | - |
| Cash paid to suppliers, employees and scholars | | (3,309,274) | (3,568,849) |
| Net cash provided by operating activities | | 10,855,457 | 2,114,851 |
| Cash Flows from investing activities | | | |
| Acquisition of property, plant and equipment | | 3,505 | (9,155) |
| Interest received | | 94,067 | 97,856 |
| Dividends/investment income received | | 1,630,181 | 1,162,776 |
| Acquisition of investments | | (10,685,852) | (1,511,919) |
| Disposal of investments | | - | 790,000 |
| Net cash provided (used in)/by investing activities | | (8,958,099) | 529,558 |
| Cash Flows from financing activities | | | |
| | | - | - |
| Net increase in cash and cash equivalents | | | |
| | | 1,897,358 | 2,644,409 |
| Cash and cash equivalents at the beginning of the financial year | | 6,317,527 | 3,673,118 |
| Cash and cash equivalents at the end of the financial year | C1 (ii) | 8,214,885 | 6,317,527 |

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.

| | 2020 \$ | 2019 \$ |
|--|-------------------|------------|
| <i>Revenue from operating activities</i> | | |
| Federal and State Governments | 10,000,000 | 2,780,000 |
| Australian Universities Consortium | 360,000 | 455,000 |
| Corporations | 650,000 | 1,210,000 |
| Private donors | 3,059,731 | 1,238,700 |
| <i>Total revenue from operating activities</i> | 14,069,731 | 5,683,700 |

What are the relevant accounting policies?

Revenue is recognised under AASB 1058 Income of Not-for-Profit Entities at fair value when the amount of the contribution is received.

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.

| | 2020 | 2019 |
|--|------------------|-----------|
| | \$ | \$ |
| Operating activities | | |
| Scholarships and Scholar related expenses | 2,811,346 | 2,154,363 |
| Fundraising, promotion and profiling expenses | 345,338 | 306,733 |
| Administration expenses | 343,302 | 266,933 |
| Total expenditure from operating activities | 3,499,986 | 2,728,029 |

Scholarships and scholar related expenses have enabled the following:

| | 2020 | 2019 |
|--|------------------|-----------|
| | \$ | \$ |
| Scholarships awarded | 2,525,000 | 1,900,000 |
| Scholar selection process | 105,239 | 100,343 |
| Announcement and presentation of new Scholars | 13,134 | 36,718 |
| Scholar Travel Allowance | 29,732 | - |
| Ongoing support of Scholar community | 138,241 | 117,302 |
| Total Scholarships and Scholar related expenses | 2,811,346 | 2,154,363 |

A2. WHERE HAS THE FUNDING BEEN SPENT? (continued)

In 2020, 20 scholarships were awarded across a diverse field of study and universities of study.

| Scholarship Winner | Proposed Degree | University | Field of Study |
|--------------------------|---|----------------------------------|--|
| Dr Maria Bilal | Accelerated Master of Public Health | Harvard University | Health Policy |
| Jonty Coy | Master of Early Music | Royal Conservatoire of The Hague | Music |
| Alli Devlin | DPhil in Engineering Science | University of Oxford | Civil Engineering and Sustainable Construction |
| Chloe D'Souza | LL.M | Harvard Law School | Law and Domestic Policy |
| Nicholas Duddy | PhD | University of East Anglia | Literature/Playwriting |
| Brooke Greenwood | LL.M | Columbia Law School | Law |
| Jessie Hughes | Master of Design Studies | Harvard Law School | Innovation, Design and Sustainability |
| Thomas Jenkins | DPhil in Engineering Science | University of Oxford | STEM (Engineering) |
| Tess Kelly | MPP | Harvard Kennedy School | Domestic Policy and Economics |
| Robert Lean | Master of Entrepreneurship & Innovation | Lancaster University | Social Entrepreneurship and Business |
| Dr Matthew Lennon | Masters of Neuroscience | University of Oxford | Medical Research |
| Eva Mackinley | Master of Conflict, Security & Development | University of Bradford | Foreign Policy and International Relations |
| Dr Prashanti Manchikanti | Master of Society and Health | University College London | Health Policy |
| Michael McGuire | MBA | INSEAD (Singapore) | Business/Economics/Trade |
| Dr Luke Milross | Master of Research in Transplantation | Newcastle University UK | Medical Research |
| Ruth Moorman | PhD in Environmental Science and Engineering | Caltech University | Climate Modelling |
| Ryan Parker | PhD in Quantum Physics | University of Cambridge | Quantum Sensing |
| Samuel Parker | PhD in Biomedical Engineering | Brown University | Biomedical Engineering |
| Joel Paterson | Master of International Security | Sciences Po Paris | Domestic Security |
| Dylan Sherman | DPhil in Inorganic Chemistry for Future Manufacturing | University of Oxford | Alternative Energies |

The 2020 John Monash Scholars' Presentation Ceremony was held at Queen's Hall, Parliament House in Melbourne in February 2020.

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.

| | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| Current investments | | |
| Term deposits (maturity greater than three months) | 10,032,098 | 1,508,131 |
| Total Current investments | 10,032,098 | 1,508,131 |
| Non-current investments | | |
| <i>Fair value through profit and loss</i> | | |
| Managed funds | 33,001,894 | 33,240,908 |
| Total Non-current investments | 33,001,894 | 33,240,908 |
| Total investments | 43,033,992 | 34,749,039 |

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

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Recognised in profit or loss | | |
| Interest on term deposits and cash at bank | 94,067 | 86,971 |
| Distribution income and imputation credits | 1,624,070 | 1,205,523 |
| Net change in fair value of units in managed funds | (2,400,900) | 684,836 |
| Total net finance (loss)/income | (682,763) | 1,977,330 |

Investments in managed funds are measured at fair market value. The Foundation adopts a conservative approach to managing the assets with the aim of generating medium term growth while protecting capital value. During the recent volatile period there was a net loss on the investment portfolio of \$682,763. However, over the past 3 and 5 years, investment returns have been positive in real terms. The Foundation continues to monitor investment values. There has not been a significant movement in the value of the holding between the 30th June 2020 and the date of signing this report. Investments in managed funds at 30 June 2020 are all held in the Schroders Real Return CPI plus 5% Fund – Professional as outlined below (see C2 Financial Risk Management).

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

| | 2020 \$ | 2019 \$ |
|---------------------|--------------------|--------------------|
| Current assets | 18,428,086 | 7,981,095 |
| Current liabilities | (2,306,517) | (2,567,962) |
| Net current assets | 16,121,569 | 5,413,133 |

(ii) Current Assets

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| Cash and cash equivalents | | |
| <i>Cash at bank</i> | | |
| Cash accounts | 291,087 | 2,707,306 |
| Interest bearing deposits (< 3 months term) | 7,923,798 | 3,610,221 |
| Total cash and cash equivalents | 8,214,885 | 6,317,527 |

| | 2020 \$ | 2019 \$ |
|--|-------------------|------------------|
| Investments | | |
| Interest bearing deposits (> 3 months terms) | 10,032,098 | 1,508,131 |
| Total investments | 10,032,098 | 1,508,131 |

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| Other receivables | | |
| Interest, dividends, rental bond and distributions receivable | 160,022 | 141,217 |
| Prepayments | 21,081 | 14,220 |
| Total other receivables | 181,103 | 155,437 |

C1. CAPITAL MANAGEMENT (continued)

(iii) Current Liabilities

| | 2020 | 2019 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Trade and other payables | 2,260,571 | 2,546,213 |
| Employee entitlements | 45,946 | 21,749 |
| Total Current Liabilities | 2,306,517 | 2,567,962 |

(iv) Non-current Liabilities

| | 2020 | 2019 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Trade and other payables | 1,955,000 | 1,485,000 |
| Employee entitlements | 23,555 | 9,622 |
| Total Non-current Liabilities | 1,978,555 | 1,494,622 |

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 fifteen term deposits held at financial institutions. At 30 June 2020, they have stated interest rates between 0.80% to 1.47% and mature in one to twelve months. Seven 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. Included in the Employee expenses figure of \$635,476 (FY19: \$535,770) in the Statement of Surplus or Deficit and Other Comprehensive Income is \$51,716 (FY19: \$44,746) which represents the Foundation's contribution to Superannuation - Defined Contributions Plans the Foundation paid on behalf of staff.

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:

| | 2020 \$ | 2019 \$ |
|------------------------------|-------------------|------------|
| Financial assets | | |
| Cash and cash equivalents | 8,214,885 | 6,317,527 |
| Investments | 43,033,992 | 34,749,039 |
| Other receivables | 181,103 | 155,437 |
| Financial liabilities | | |
| Trade and other payables | | |
| Scholarship payments (i) | 4,166,180 | 3,985,000 |
| Other | 49,391 | 46,213 |

The Foundation has funds invested in Term Deposits and in the Schrodgers Real Return CPI plus 5% Fund – Professional.

The Foundation continues its conservative approach in managing its investments to generate medium term growth. The Investment, Audit and Risk Committee meets regularly to review the Foundation's investment performance.

- (i) The liability for scholarship payments of \$4,166,180 includes \$2,211,180 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

| | 2020 \$ | 2019 \$ |
|---|---------------------|--------------------|
| Retained surplus | | |
| Balance at 1 July | 13,131,304 | 10,903,303 |
| Net surplus for the year | 9,981,982 | 4,933,001 |
| Funds transferred from fair value reserve | - | - |
| Funds transferred to endowment reserve | (12,500,000) | (2,705,000) |
| Balance at 30 June | 10,613,286 | 13,131,304 |
| Other reserves and movements | | |
| <i>Endowment reserve</i> | | |
| Balance at 1 July | 24,040,000 | 21,335,000 |
| Funds transferred from Retained surplus | 12,500,000 | 2,705,000 |
| Balance at 30 June | 36,540,000 | 24,040,000 |
| Total Equity | | |
| Retained surplus | 10,613,286 | 13,131,304 |
| Endowment reserve | 36,540,000 | 24,040,000 |
| | 47,153,286 | 37,171,304 |

What are the relevant accounting policies?

Endowment reserve

We recognise government grants in accordance with AASB 1058 *Income of NFP entities* 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 | | 10 March 2011 | - |
| Mr Stephen Gerlach AM | | 13 October 2011 | - |
| Ms Carolyn Kay | Co-Chair, Investment, Audit and Risk Committee | 1 January 2015 | - |
| Mr Leon Kempler AM | | 9 November 2010 | - |
| Ms Lee Liberman | | 10 December 2014 | - |
| Mrs Jan McCahey | Co-Chair, Investment, Audit and Risk Committee | 6 March 2012 | - |
| Professor Alan Robson AO CitWA | | 5 October 2011 | - |
| Dr Mark Schembri | National Panel Chair | 29 February 2016 | - |
| Mrs Wendy Simpson OAM | | 8 December 2014 | - |
| Dr Jane Wilson | | 9 September 2010 | 4 December 2019 |

Director and Key Management Personnel compensation

| | 2020 | 2019 |
|---|---------|---------|
| | \$ | \$ |
| 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 | 253,160 | 226,702 |

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. During the year the directors contributed \$62,000 in support of the Chairman's Circle (2019: \$50,000).

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.

A Foundation Director, Ms Lee Liberman through the Lee Liberman Charitable Foundation has established a perpetual scholarship through a \$2.5m donation to the Foundation's Endowment.

Ms Carolyn Kay contributed to the new 2021 Cultural John Monash Scholarship.

As with the other scholars, the selection of the scholars for the above Scholarships is recommended by the National Selection Panels for decision by the Board.

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.

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 50 members at 30 June 2020 (FY19: 52 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. This is the first set of the Foundation’s annual financial statement in which AASB 1058 Income of NFP entities and AASB 16 Leases has been applied. Changes to significant accounting policies are described below on page 17.

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 2020, apart from in relation to the Foundation’s revenue recognition (Note A1) where management have determined that 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 1058 Income of NFP Entities*.

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 entered into a three-year non-cancellable lease rental agreement commencing 1 July 2019. The Foundation's lease obligation is at a peppercorn rate of \$1 per annum subject to the Foundation maintaining its Deductible Gift Recipient (DGR) status. The annual payment is not subject to annual review. Payments remaining under the lease are \$1 in each of FY21 and FY22. On renewal, the terms of the lease would be renegotiated.

No significant restrictions on the use of the underlying assets has been identified by the Foundation. The Foundation has elected to exercise the option of not valuing the lease at fair value under AASB 16.

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 2019. The adoption of these new and revised Standards and Interpretations has resulted in no changes to the Foundation's accounting policies.

The details of the changes in accounting policies are disclosed below.

AASB 16 Leases

The Foundation has a peppercorn lease arrangement hence has elected to exercise temporary exemption from the requirement to fair-value the right-of-use assets arising from peppercorn lease contracts and therefore there is no impact of AASB 16.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at point in time or over time – requires judgement.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities. The standard replaces AASB 1004 Contributions.

The Foundation has assessed whether the requirements of AASB 1058 prompt any change to its approach to recognising revenue and concluded that there is no material impact of applying these new accounting standards.

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations

In the current year, the Foundation has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are effective for the current reporting period. There are no other new or revised standards and interpretations adopted materially affecting the reported results or financial position.

Standards and interpretations in issue not yet adopted

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020 and early application is permitted; however the Foundation has not early adopted the new or revised standards, amendments to standards and interpretations in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Foundation's consolidated financial statements.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|--|---|
| Amendments to Australian Accounting Standards – References to the Conceptual Framework | 1 January 2020 | 30 June 2021 |
| Definition of a Business (Amendments to AASB 3) | 1 January 2020 | 30 June 2021 |
| Definition of Material (Amendments to AASB 101 and AASB 108) | 1 January 2020 | 30 June 2021 |
| AASB 1060 – General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities | 1 July 2021 | 30 June 2022 |

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

| | 2020 \$ | 2019 \$ |
|--|-------------------|------------------|
| Fundraising income | | |
| Fundraising and donations | 3,709,731 | 2,448,700 |
| Gross proceeds from fundraising appeals | <u>3,709,731</u> | <u>2,448,700</u> |
| Fundraising costs | | |
| Fundraising, promotion and profiling expenses | (345,338) | (306,733) |
| Total costs of fundraising appeals | <u>(345,338)</u> | <u>(306,733)</u> |
| Net surplus from fundraising appeals | <u>3,364,393</u> | <u>2,141,967</u> |
| Applied as follows: | | |
| Indirect expenditure | | |
| Administration expenses | (343,302) | (266,933) |
| Total indirect expenditure | <u>(343,302)</u> | <u>(266,933)</u> |
| | <u>3,021,091</u> | <u>1,875,034</u> |
| Reconciliation to Surplus from operations | | |
| Scholarships and Scholar related expenses | (2,811,346) | (2,154,363) |
| Net finance income | (682,763) | 1,977,330 |
| Other income | 95,000 | - |
| Government and Universities Funding | <u>10,360,000</u> | <u>3,235,000</u> |
| | <u>6,960,891</u> | <u>3,057,967</u> |
| Surplus | <u>9,981,982</u> | <u>4,933,001</u> |

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. However, the Foundation continues to monitor the economic and other impacts of the COVID-19 pandemic as they may impact the Foundation's operations.

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 21 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 2020 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 15 September 2020 in accordance with a resolution of the directors.



Ms Jillian Segal AO
Chairman



Mrs Jan McCahey
Director and Co-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 2020;
- 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 2020;
- 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 2020; 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 15 September 2020.



Ms Jillian Segal AO
Chairman



Independent Auditor's Report

To the members of the 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 2020, 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 2020.
- ii. Statement of surplus or 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 (including Independence Standards)* (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:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards- *Reduced Disclosures Requirements and the ACNC*;
- ii. Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations;
- iii. 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.
- iv. 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 judgement 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 registered 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.
- 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 2020;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2019 to 30 June 2020, 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 2019 to 30 June 2020 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

15 September 2020