



General Sir
John Monash
Foundation

ABN 78 099 065 184

AUDITED ANNUAL FINANCIAL REPORT

30 JUNE 2022

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 2022, 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 ¹	Chairman	21 November 2008
Mr Steven Skala AO	Deputy Chairman	17 May 2010
Ms Lee Liberman AM	Deputy Chairman	10 December 2014
Ms Tonianne Dwyer		30 November 2020
Mr Stephen Gerlach AM		13 October 2011
Ms Carolyn Kay	Co-Chair, Investment, Audit & Risk Committee	1 January 2015
Mrs Jan McCahey	Co-Chair, Investment, Audit & Risk Committee	6 March 2012
Mr Peter Nash		30 November 2020
Professor Alan Robson AO CitWA ²		5 October 2011
Dr Mark Schembri		29 February 2016
Mrs Wendy Simpson OAM		8 December 2014
Professor Paul Wellings CBE		30 November 2020

¹ Ms Jillian Segal AO was elected as Chairman on the 17th May 2010.

² Professor Alan Robson AO CitWA retired from the Board on 30th November 2021.

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 actual or potential 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 233 Scholars who have been awarded a John Monash Scholarship. 178 of the Scholars have completed their studies. 110 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 FY22, Scholars' events were held in person in Melbourne, Sydney, Canberra, Cambridge, Oxford and London. As well as Scholars attending Foundation events both in Australia and overseas, there have been several informal occasions when scholars meet up and more formally work on collaborative projects.

There have been several professional development events held under the banner of the John Monash Foundation Leadership Academy – both online and in person – notably Professor Bruce Dowton's leadership oration at the Judith Nielson Institute in Sydney.

John Monash Scholarship Recipients 2022

18 John Monash Scholarship winners were selected from the 245 applications received. The Presentation Ceremony was held in February 2022 at Government House, Yarralumla, Canberra hosted by His Excellency General the Honourable David Hurley AC DSC (Retd), Governor-General of the Commonwealth of Australia.

DIRECTORS' REPORT (continued)

REVIEW OF OUR OPERATIONS FOR FY22

Overall financial position

The Foundation has maintained a strong financial position with equity (net assets) of \$48.8m (FY21: \$50.4m). Total assets were \$53.5m (FY21: \$55.0m) of which \$53.3m 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 deficit for the period ended 30 June 2022 amounted to \$1.6m (FY21: surplus of \$3.3m) largely reflecting the mark to market losses of the Foundation's investments after a volatile year in investment markets.

Funding commitments received this financial year

We were fortunate that two of our longest standing corporate supporters renewed their support and we were the beneficiary of a corporate perpetual scholarship. The Foundation secured new funding commitments of \$5.98m during the financial year including:

- BHP renewed their previous 10 year funding agreement of a new 3 year scholarship each year for another 5 years;
- BHP became the inaugural Corporate donor for the John Monash Foundation Leadership Academy;
- Commonwealth Bank of Australia renewed their previous 10 year scholarship agreement for another 2 years;
- Rio Tinto Limited donated a new corporate perpetual scholarship;
- Australian Catholic University, Flinders University, Monash University, University of Melbourne and University of Wollongong re-affirmed their commitment to the Australian Universities' Consortium John Monash Scholarship by renewing their agreements;
- University of Technology Sydney joined the Australian Universities' Consortium making it a total of 20 members; and
- The Chairman's Circle of private donors had 3 new members join this year bringing it to a total of 23 members.

DIRECTORS' REPORT (continued)
REVIEW OF OUR OPERATIONS FOR FY22 (continued)

Likely developments

The Foundation will continue to raise funds for and administer its postgraduate scholarships through FY22. It is anticipated that:

- 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. The Foundation acknowledges the challenges over the last twelve months in fundraising activities which may impact on its fundraising results in the short term.
- Scholar events and activities are expected to continue to be held in Australia and overseas on a regular basis in person if allowed or virtually, in accordance with COVID-19 enforced restrictions.

Performance of the Foundation's investment portfolio

The effects of the COVID-19 pandemic continue to impact the Foundation's operations and investments.

The downturn in the global investment markets over the second half of the financial year negatively impacted the Foundation's long term investment portfolio. The Foundation maintains regular communications with BlackRock as its Investment Advisor. New funds received during the financial year remain in a cash product to protect the corpus of this donation.

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.

2023 Scholar Selection Process and Impact to Scholars

The Foundation's office continues to operate flexibly. The Foundation continues to monitor Government announcements and restrictions and may revert to hybrid interviews for the 2023 Selection Process if required. The 2021 and 2022 Selection Process were conducted virtually or in a hybrid format. The safety and wellbeing of all volunteers, candidates and Scholars involved with the Foundation and the process are of utmost importance. The Foundation continues to maintain regular contact with all Scholars as part of its pastoral care offering.

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 significantly affect the operations, the results of those operations, or the state of affairs of the Foundation, in future financial years.

DIRECTORS' REPORT (continued)
REVIEW OF OUR OPERATIONS FOR FY22 (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 2022 and the number of meetings attended by each director.

Directors	Position	Board		Investment Audit and Risk Committee	
		³ A	⁴ B	³ A	⁴ B
Ms Jillian Segal AO ¹	Chairman	5	5	-	4
Mr Steven Skala AO	Deputy Chairman	5	3	-	-
Ms Lee Liberman AM	Deputy Chairman	5	3		
Ms Tonianne Dwyer		5	5	4	4
Mr Stephen Gerlach AM		5	5	4	2
Ms Carolyn Kay	Investment, Audit and Risk Co-Chair	5	5	4	3
Mrs Jan McCahey	Investment, Audit and Risk Co-Chair	5	5	4	4
Mr Peter Nash		5	5		
Professor Alan Robson AO CitWA ²		3	3		
Dr Mark Schembri		5	5		
Mrs Wendy Simpson OAM		5	4		
Professor Paul Wellings CBE		5	5		

¹ Ms Jillian Segal AO was elected as Chairman on the 17th May 2010.

² Professor Alan Robson AO CitWA retired from the Board on 30 November 2021.

³ A = number of meetings eligible to attend.

⁴ 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 2022 the number of members was 53 (FY21: 53).

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 2022 was \$7,310 (FY21: \$8,094).

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

29 September 2022

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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 2022 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 that reads 'K. Rowswell'.

Kate Rowswell
Partner
Melbourne
29 September 2022

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Ref.	2022 \$	2021 \$
Funding revenue	A1	4,531,365	1,861,584
Other income		500	133,500
Employee expenses		(663,283)	(561,465)
Scholarships awarded	A2	(2,560,000)	(2,152,500)
Other expenses		(249,522)	(232,350)
Total operating expenses	A2	<u>(3,472,805)</u>	<u>(2,946,315)</u>
Results from operational activities		<u>1,059,060</u>	<u>(951,231)</u>
Net financing (loss)/income	B1	(2,662,299)	4,242,126
(Deficit)/Surplus before income tax expense		(1,603,239)	3,290,895
Income tax expense		-	-
(Deficit)/Surplus for the year		<u>(1,603,239)</u>	<u>3,290,895</u>
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		<u>(1,603,239)</u>	<u>3,290,895</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 2022

	Ref.	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	C1(ii)	7,436,232	3,963,938
Investments	B1,C1(ii)	-	1,831,425
Other receivables	C1(ii)	183,390	128,016
Total current assets		7,619,622	5,923,379
Non-current assets			
Investments	B1	45,924,695	49,108,409
Property, plant and equipment		2,966	6,034
Total non-current assets		45,927,661	49,114,443
Total assets		53,547,283	55,037,822
Current liabilities			
Trade and other payables		2,862,505	2,605,404
Employee benefits		44,533	45,536
Total current liabilities	C1(iii)	2,907,038	2,650,940
Non-current liabilities			
Trade and other payables		1,752,500	1,902,500
Employee benefits		46,803	40,201
Total non-current liabilities	C1(iv)	1,799,303	1,942,701
Total liabilities		4,706,341	4,593,641
Net assets		48,840,942	50,444,181
Equity			
Retained surplus	D1	9,800,942	13,904,181
Endowment reserve	D1	39,040,000	36,540,000
Total equity		48,840,942	50,444,181

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 2022

	Endowment reserve	Retained surplus	Total
	\$	\$	\$
Ref.			
Balance as at 1 July 2020	36,540,000	10,613,286	47,153,286
Surplus for the year	-	3,290,895	3,290,895
Other comprehensive income	-	-	-
Total comprehensive income	-	3,290,895	3,290,635
Transfers to endowment reserve			
Capital donations	-	-	-
Total transfers to endowment reserve	-	-	-
Balance as at 30 June 2021	36,540,000	13,904,181	50,444,181
Balance as at 1 July 2021	36,540,000	13,904,181	50,444,181
(Deficit) for the year	-	(1,603,239)	(1,603,239)
Other comprehensive income	-	-	-
Total comprehensive income	-	(1,603,239)	(1,603,239)
Transfers to endowment reserve			
Capital donations	2,500,000	(2,500,000)	-
Total transfers to endowment reserve	2,500,000	(2,500,000)	-
Balance as at 30 June 2022	39,040,000	9,800,942	48,840,942

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 2022

	2022	2021
Ref.	\$	\$
Cash Flows from operating activities		
Cash received from benefactors	4,531,365	1,861,584
Cash received from Government grants	500	133,500
Cash paid to suppliers, employees and scholars	(3,355,949)	(2,588,492)
Net cash provided by/(used in) operating activities	1,175,916	(593,408)
Cash Flows from investing activities		
(Acquisition)/disposal of property, plant and equipment	(777)	2,344
Interest received	16,973	95,020
Dividends/investment income received	1,296,264	2,945,787
Proceeds from/(acquisition of) investments	983,918	(6,700,690)
Net cash provided by/(used in) investing activities	2,296,378	(3,657,539)
Cash Flows from financing activities		
	-	-
Net increase/(decrease) in cash and cash equivalents	3,472,294	(4,250,947)
Cash and cash equivalents at the beginning of the financial year	3,963,938	8,214,885
Cash and cash equivalents at the end of the financial year	7,436,232	3,963,938
C1 (ii)		

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 Federal and State Government, corporations, universities and the private philanthropic sector. This revenue funds scholarships and other support provided to our scholars.

	2022 \$	2021 \$
<i>Revenue from operating activities</i>		
Australian Universities Consortium	430,000	430,000
Corporations	3,700,000	870,000
Private donors	401,365	561,584
<i>Total revenue from operating activities</i>	4,531,365	1,861,584

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.

	2022	2021
	\$	\$
Operating activities		
Scholarships and Scholar related expenses	2,877,669	2,401,559
Fundraising, promotion and profiling expenses	330,666	285,221
Administration expenses	264,470	259,535
Total expenditure from operating activities	3,472,805	2,946,315

Scholarships and scholar related expenses have enabled the following:

	2022	2021
	\$	\$
Scholarships awarded	2,560,000	2,152,500
Scholar selection process	122,848	97,121
Presentation of new Scholars	23,059	15,151
Scholar Travel Allowance	25,137	18,852
Ongoing support of Scholar community	146,625	117,935
Total Scholarships and Scholar related expenses	2,877,669	2,401,559

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

In 2022, 18 scholarships were awarded across a diverse field of study and universities of study.

Scholarship Winner	Proposed Degree	University	Field of Study
Dr Georgia Behrens	MSc Public Health	London School of Hygiene & Tropical Medicine	Medicine and Health
Esther Carlin	Master in Art Practices-Critical Tools	École de Recherche Graphique	Arts and Humanities
Dr Sean Carter	PhD in Management and Prevention of Preterm Birth	National University of Singapore	Medicine and Health
Dr Laura Dryburgh	Master of Public Policy	University of Oxford	Political and Social Science
Darcy Dunn-Lawless	PhD in Engineering Science	University of Oxford	Engineering
Nicholas Fabbri	Master of Public Policy	University of Oxford	Political and Social Science
Milan Gandhi	Master of Public Policy	University of Oxford	Political and Social Science
Hannah Gandy	LLM Law and Social Justice	University College London	Law
Emma Garlett	Master of Business Administration	University of Oxford	Law
Dr Isabel Hanson	MSc Translational Health Sciences	University of Oxford	Medicine and Health
Cassandra Joore-Short	DPhil History of Art	University of Oxford	Arts and Humanities
Rebecca Keeley	Master of Business Administration	University of Oxford	Business and Economics
Natalie Meiklejohn	MSc Carbon Management	University of Edinburgh	Energy and Environment
Lieutenant Matthew Newman	MSc in International Relations	London School of Economics and Political Science	Defence
Sophie Rose	Master of Arts	Bard College	Arts and Humanities
Timothy Rownes	Master of Business Administration	INSEAD	Business and Economics
Dr Jesse Schnall	Master of Public Health	Harvard T.H. Chan School of Public Health	Medicine and Health
Dr Xin Zhang	PhD in Neurology	University College London	Medicine and Health

The 2022 John Monash Scholars' Presentation Ceremony was held at Government House, Yarralumla, Canberra in February 2022.

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.

	2022	2021
	\$	\$
Current investments		
Term deposits (maturity greater than three months)	-	1,831,425
Total Current investments	<u>-</u>	<u>1,831,425</u>
Non-current investments		
<i>Fair value through profit and loss</i>		
Managed funds	45,924,695	49,108,409
Total Non-current investments	<u>45,924,695</u>	<u>49,108,409</u>
Total investments	<u>45,924,695</u>	<u>50,939,834</u>

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

	2022	2021
	\$	\$
Recognised in profit or loss		
Interest on term deposits and cash at bank	16,973	95,020
Distribution income and imputation credits	1,351,949	2,941,955
Net change in fair value of units in managed funds	(4,031,221)	1,205,151
Total net finance (loss)/income	<u>(2,662,299)</u>	<u>4,242,126</u>

The Foundation's investments at 30 June 2022 represent a lower proportion of its total financial assets than in the previous year due to a higher balance of Cash and cash equivalents than the previous year (see *Note C2 Financial Risk Management*).

The Foundation adopts a conservative approach to managing the assets with the aim of generating medium term growth while protecting capital value. Investments in managed funds at 30 June 2022 are all held in the BlackRock Tactical Growth Fund and Schrodgers Real Return Fund – Professional Class 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

	2022 \$	2021 \$
Current assets	7,619,622	5,923,379
Current liabilities	(2,907,038)	(2,650,940)
Net current assets	4,712,584	3,272,439

(ii) Current Assets

	2022 \$	2021 \$
Cash and cash equivalents		
<i>Cash at bank</i>		
Cash accounts	5,014,539	854,637
Interest bearing deposits (< 3 months term)	2,421,693	3,109,301
Total cash and cash equivalents	7,436,232	3,963,938

	2022 \$	2021 \$
Investments		
Interest bearing deposits (> 3 months terms)	-	1,831,425
Total investments	-	1,831,425

	2022 \$	2021 \$
Other receivables		
Interest, dividends, rental bond and distributions receivable	170,673	108,558
Prepayments	12,717	19,458
Total other receivables	183,390	128,016

C1. CAPITAL MANAGEMENT (continued)

(iii) Current Liabilities

	2022	2021
	\$	\$
Trade and other payables	2,862,505	2,605,404
Employee entitlements	44,533	45,536
Total Current Liabilities	2,907,038	2,650,940

(iv) Non-current Liabilities

	2022	2021
	\$	\$
Trade and other payables	1,752,500	1,902,500
Employee entitlements	46,803	40,201
Total Non-current Liabilities	1,799,303	1,942,701

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 one term deposit held at a financial institution. At 30 June 2022, the term deposit had a stated interest rate of 0.35%.

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 \$663,283 (FY21: \$561,465) in the Statement of Surplus or Deficit and Other Comprehensive Income is \$59,515 (FY21: \$46,922) 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:

	2022 \$	2021 \$
Financial assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	7,436,232	3,963,938
Other receivables	183,390	128,016
	7,619,622	4,091,954
Financial assets measured at fair value through profit or loss		
Investments	45,924,695	50,939,834
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables		
Scholarship payments (i)	4,451,560	4,401,560
Other	163,445	106,344
	4,615,005	4,507,904

The Foundation has funds invested in Term Deposit and in the BlackRock Tactical Growth Fund and Schroders Real Return Fund – Professional Class.

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 \$4,451,560 includes \$2,699,060 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

	2022 \$	2021 \$
Retained surplus		
Balance at 1 July	13,904,181	10,613,286
Net (deficit)/surplus for the year	(1,603,239)	3,290,895
Funds transferred from fair value reserve	-	-
Funds transferred to endowment reserve	(2,500,000)	-
Balance at 30 June	9,800,942	13,904,181
Other reserves and movements		
<i>Endowment reserve</i>		
Balance at 1 July	36,540,000	36,540,000
Funds transferred from Retained surplus	2,500,000	-
Balance at 30 June	39,040,000	36,540,000
Total Equity		
Retained surplus	9,800,942	13,904,181
Endowment reserve	39,040,000	36,540,000
	48,840,942	50,444,181

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	-
Ms Lee Liberman AM	Deputy Chairman	10 December 2014	-
Ms Tonianne Dwyer		30 November 2020	-
Mr Stephen Gerlach AM		13 October 2011	-
Ms Carolyn Kay	Co-Chair, Investment, Audit and Risk Committee	1 January 2015	-
Mrs Jan McCahey	Co-Chair, Investment, Audit and Risk Committee	6 March 2012	-
Mr Peter Nash		30 November 2020	-
Professor Alan Robson AO CitWA		5 October 2011	30 November 2021
Dr Mark Schembri		29 February 2016	-
Mrs Wendy Simpson OAM		8 December 2014	-
Professor Paul Wellings CBE		30 November 2020	-

Director and Key Management Personnel compensation

	2022	2021
	\$	\$
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	252,374	253,177

Directors and Related Entities

In 2011, Foundation Chairman Ms Jillian Segal AO formed the Chairman's Circle, a group of supporters which collectively funds at least one Scholarship each year. During the year, the directors contributed \$55,000 in support of the Chairman's Circle (2021: \$40,027). Some directors contributed a further \$940 in additional donations (2021: \$3,450).

Two directors have in the past donated to the Foundation's Endowment for the establishment of perpetual scholarships. The Foundation Chairman, Ms Jillian Segal AO and her husband Mr John Roth have established a perpetual scholarship, the Roth/Segal John Monash Harvard Scholarship for study at Harvard University. The Foundation Deputy Chairman, Ms Lee Liberman AM through the Lee Liberman Charitable Foundation has established the Lee Liberman 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 53 members at 30 June 2022 (FY21: 53 members).

Basis for preparation

The financial report is a Tier 2 general purpose financial report which has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (AASB) and Australian Charities and Not-for-profits Commission Act.

The financial report is the first general purpose financial report prepared in accordance with the Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial report was a general purpose financial report prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, surplus or deficit and other comprehensive income and cash flows of the Foundation as result of the change in the basis of preparation.

The financial report was authorised for issue by the Directors on 29 September 2022.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except those 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 2022, 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 is \$0 for FY22. During the financial year, the lease was renewed for a new three-year non-cancellable term to 30 June 2025 at the same peppercorn rate of \$1 per annum.

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

Auditors' remuneration

	2022	2021
Audit and review services	\$	\$
Auditors of the Foundation – KPMG		
- Audit and review of financial statements	19,500	18,000
	19,500	18,000

E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations

A number of new or revised standards, amendments to standards and interpretations are effective for annual reporting period beginning after 1 July 2022 and early adoption is permitted. The Foundation has not early adopted the new or revised standards, amendments to standards or interpretations.

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
AASB 2020 – 6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current	1 January 2023	30 June 2023
AASB 2021 – 2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2023

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

	2022	2021
	\$	\$
Fundraising income		
Fundraising and donations	4,101,365	1,431,584
Gross proceeds from fundraising appeals	<u>4,101,365</u>	<u>1,431,584</u>
Fundraising costs		
Fundraising, promotion and profiling expenses	(330,666)	(285,221)
Total costs of fundraising appeals	<u>(330,666)</u>	<u>(285,221)</u>
Net surplus from fundraising appeals	<u>3,770,699</u>	<u>1,146,363</u>
Applied as follows:		
Indirect expenditure		
Administration expenses	(264,470)	(259,535)
Total indirect expenditure	<u>(264,470)</u>	<u>(259,535)</u>
	<u>3,506,229</u>	<u>886,828</u>
Reconciliation to (Deficit)/Surplus from operations		
Scholarships and Scholar related expenses	(2,877,669)	(2,401,559)
Net finance (loss)/income	(2,662,299)	4,242,126
Other income	500	133,500
Government and Universities Funding	430,000	430,000
	<u>(5,109,468)</u>	<u>2,404,067</u>
(Deficit)/Surplus	<u>(1,603,239)</u>	<u>3,290,895</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 volatile economic and geopolitical environment.

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, set out on pages 2 to 19 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and sections 23(1)(d) and 24B of the Charitable Fundraising Act (NSW) 1991, including:
 - i) giving a true and fair view of the Foundation's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards – Simplified Disclosures Framework and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR) and section 21 of the Charitable Fundraising Regulation (NSW) 2021; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney, 29th day of September 2022.



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 2022;
- 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 2022;
- 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 2022; 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 29 September 2022.



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 the 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*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991*, including:

- i. giving a true and fair view of the Foundation's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2022.
- 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 of the Foundation.
- v. Declaration by the Chairman 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 these requirements.



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 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 - Simplified Disclosures Framework and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
- ii. 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.
- iii. 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 scepticism 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 registered 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.

KPMG

Kate Rowswell

Partner

Melbourne

29 September 2022