

Lizard Island Reef Research Foundation
ABN 51 856 560 421

Annual Report
30 June 2016

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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 Trustees of Lizard Island Reef Research Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 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

Cameron Roan
Partner

Sydney

26 October 2016

Lizard Island Reef Research Foundation
Statement of financial position
as at 30 June 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	4	101,555.78	68,655.90
Trade and other receivables	5	254,666.12	319,100.40
Total current assets		<u>356,221.90</u>	<u>387,756.30</u>
Non-current assets			
Trade and other receivables	5	1,065,961.43	1,909,025.13
Maple-Brown Abbott Australian Equity Trust		1,204,802.69	0.00
		<u>2,270,764.12</u>	<u>1,909,025.13</u>
Total assets		<u>2,626,986.02</u>	<u>2,296,781.43</u>
Liabilities			
GST payable		356.00	5,335.00
Income received in advance	6	156,834.00	156,811.00
Committed funds	7	0.00	0.00
Total current liabilities		<u>157,190.00</u>	<u>162,146.00</u>
Income received in advance	6	292,291.00	325,620.00
Total non-current liabilities		<u>292,291.00</u>	<u>325,620.00</u>
Total liabilities		<u>449,481.00</u>	<u>487,766.00</u>
Net assets		<u><u>2,177,505.02</u></u>	<u><u>1,809,015.43</u></u>
Funds			
Accumulated funds		2,198,158.70	1,809,015.43
Available for sale investment reserve		(20,654.11)	0.00
Total Trust Funds		<u><u>2,177,505.02</u></u>	<u><u>1,809,015.43</u></u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 19

Lizard Island Reef Research Foundation
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2016

	Note	2016	2015
		\$	\$
Revenue			
Donations members		371,505.22	413,594.99
Donations fellowships		52,220.00	33,500.00
Donations life memberships		144,966.90	60,000.00
Donations other		14,150.00	13,750.00
Annual dinner - Sydney		14,510.00	7,345.68
Annual lunch - Melbourne		6,470.00	2,320.00
GBR Virtual Reality Dive		4,816.00	0.00
Interest		89,955.84	102,205.55
Distributions Maple-Brown Abbott		34,792.82	0.00
Discount on payment of committed funds	7	0.00	104,349.00
		<u>733,386.78</u>	<u>737,065.22</u>
Expenses			
Audit and accountancy fees		14,150.00	13,750.00
Bank charges		1,267.32	1,174.55
Annual dinner - Sydney		11,480.76	9,468.58
Annual lunch - Melbourne		7,464.52	2,319.25
GBR Virtual Reality Dive		4,807.23	0.00
Other expenses	8	0.00	10,458.10
Research expenses	9	62,206.25	61,864.00
Payments to the Australian Museum for research & research fellowships	10	242,867.00	334,690.14
		<u>344,243.08</u>	<u>433,724.62</u>
Surplus for the year		389,143.70	303,340.60
Other comprehensive income			
Maple-Brown Abbott revaluation	11	(20,654.11)	0.00
Total comprehensive income		<u><u>368,489.59</u></u>	<u><u>303,340.60</u></u>

The statement of profit or loss and other comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 8 to 19. \$64,380 spent on Crown of Thorns Research has been reclassified in the 2015 year from Research Expenses to Payments to the Australian Museum to be consistent with the 2016 classification of that expenditure.

**Lizard Island Reef Research Foundation
Statement of changes in trust funds
for the year ended 30 June 2016**

	Accumulated Surpluses	Available-for-sale investment reserve	Total
	\$	\$	\$
Balance at 30 June 2014	1,505,674.83	0.00	1,505,674.83
Surplus for 2015 year	303,340.60	0.00	303,340.60
Balance at 30 June 2015	1,809,015.43	0.00	1,809,015.43
Surplus for 2016 year	389,143.70	0.00	389,143.70
Net change in fair value of available-for-sale investment reserve	0.00	(20,654.11)	(20,654.11)
Balance at 30 June 2016	2,198,158.70	(20,654.11)	2,177,505.02

The statement of changes in trust funds are to be read in conjunction with the notes to the financial statements set out on pages 8 to 19.

**Lizard Island Reef Research Foundation
Statement of cash flows
for the year ended 30 June 2016**

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Cash receipts in the course of operations		575,332.12	500,941.67
Cash payments to suppliers		(119,807.10)	(91,099.58)
Payments to the Australian Museum for research & research fellowships		(242,867.00)	(334,690.14)
Net cash from operating activities		<u>212,658.02</u>	<u>75,151.95</u>
Cash flows from investing activities			
Investments in term deposits		920,950.00	341,321.00
Investments in Maple-Brown Abbott		(1,225,456.80)	0.00
Interest received		89,955.84	102,205.55
Distributions Maple-Brown Abbott		34,792.82	0.00
Net cash (used in)/from investing activities		<u>(179,758.14)</u>	<u>443,526.55</u>
Cash flows from financing activities			
Repayment of committed funds		0.00	(499,142.00)
Net cash from financing activities		<u>0.00</u>	<u>(499,142.00)</u>
Increase in cash and cash equivalents		32,899.88	19,536.50
Cash and cash equivalents at 1 July		68,655.90	49,119.40
Cash and cash equivalents at 30 June	4	<u><u>101,555.78</u></u>	<u><u>68,655.90</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 19. \$64,380 spent on Crown of Thorns Research has been reclassified in the 2015 year from Payments to Suppliers to Payments to the Australian Museum to be consistent with the 2016 classification of that expenditure.

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

NOTE 1 - Reporting entity

Lizard Island Reef Research Foundation (“the Foundation”) is a Trust domiciled in Australia. The Foundation maintains its office C/- Lizard Island Reef Research Foundation, 1 William Street, Sydney, NSW 2010. The Foundation is a not-for-profit organisation that supports coral reef research at the Lizard Island Research Station and elsewhere on the Great Barrier Reef by promoting and helping to sustain the activities and operations conducted for the purposes of this research.

NOTE 2 - Basis of preparation

a) Statement of compliance

The financial statements of the Foundation are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profit Commission (ACNC) Act 2012. The financial report of the Foundation does not comply with International Financial Reporting Standards (IFRS) as the Foundation has adopted the exemptions allowed for not-for-profit organisations under AASB101 “Presentation of Financial Statements”.

The financial statements were approved by the Trustees on 26th October 2016.

b) Basis of preparation

The financial statements are prepared on the historical cost basis. Prior year comparatives relating to expenditure for Crown of Thorns research have changed to be consistent with the 2016 classification of that expenditure.

c) Functional currency

The financial statements are presented in Australian dollars which are the Foundation’s functional currency.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no judgements made by the trustees in the application of Australian Accounting Standards that have significant effect on the financial report of estimates with a significant risk of material misstatement in the next year.

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

NOTE 3 - Significant accounting policies (continued)

c) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

d) Revenue

Donations

The Foundation is a not-for-profit organisation and receives significant income from donations. Donations are recognised as they are received or, where special terms and conditions are attached to these, in accordance with those terms and conditions.

Grants

Certain funding comprises grants for specific purposes. Some Lizard Island research programs are supported by grants received from The Ian Potter Foundation. Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the Foundation obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Foundation and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are satisfied. When grant revenue is received whereby the Foundation incurs an obligation to deliver economic value directly back to the contributor, including the return of unspent funds, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Membership

Membership revenue is recognised as revenue when there is no significant uncertainty as to its collectability.

Finance income

Finance income comprises interest income on funds invested and is recognised on a cash basis taking into account the interest rates relevant to the financial assets.

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

NOTE 3 - Significant accounting policies (continued)

e) Taxation

The Foundation is an exempt charitable body for income tax purposes within the provisions of Section 50-5 of the Income Tax Assessment Act 1997. The Foundation was granted Deductible Gift Recipient status by the Australian Taxation Office from 1 July 2000.

f) Committed funds

Unconditional committed funds are recognised and measured at amortised cost using the effective interest rate method.

g) Research expenses

These represent payments for marine research carried on at or in the vicinity of Lizard Island in accordance with the objectives of the Foundation's Trust Deed.

h) Transfers to the Australian Museum for the Lizard Island Research Station

These represent payments by the Foundation for research at and in the vicinity of Lizard Island Research Station and elsewhere on the Great Barrier Reef, in accordance with the objectives of the Trust Deed.

	2016	2015
	\$	\$
NOTE 4 - Cash and cash equivalents		
Westpac cheque account	44,919.84	13,849.95
Westpac Business Cash Reserve account	56,635.94	54,805.95
	<u>101,555.78</u>	<u>68,655.90</u>

NOTE 5 - Trade and other receivables

Current		
Term deposits	203,063.70	280,950.00
Interest receivable	35,299.40	38,150.40
Other receivables	16,303.02	0.00
Non-current		
Term deposits	1,065,961.43	1,909,025.13
	<u>1,320,627.55</u>	<u>2,228,125.53</u>

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016

	2016	2015
	\$	\$
NOTE 6 - Income received in advance		
Current		
Grant for research on Crown of Thorns Starfish	100,000.00	110,000.00
Grant for doctoral fellowships	41,480.00	17,500.00
Grant for research facilities	15,354.00	29,311.00
Non-current		
Grant for research on Crown of Thorns Starfish	292,291.00	325,620.00
	<u>449,125.00</u>	<u>482,431.00</u>
NOTE 7 - Committed funds		
Opening balance	0.00	603,491.00
Discount on payment	0.00	(104,349.00)
Repayment in full	0.00	(499,142.00)
Closing balance	<u>0.00</u>	<u>0.00</u>

On 16 October 2006, the Foundation entered into an agreement with the Australian Museum Trust, whereby the Foundation committed to provide funding to the Museum in relation to a major upgrade of Lizard Island Research Station. There were two obligations pursuant to this agreement:

- a) To pay to the Museum A\$1,271,498 over the years 2007-2011 as direct funding for the upgrade of the Lizard Island Research Station. This money has been paid as required by the agreement.
- b) To pay to the Museum A\$50,000 per annum for twenty years from 2018 to 2037 to enable the Museum to repay A\$1,000,000 of a \$1,500,000 loan from the Smart State Research Facilities Fund administered by the State of Queensland through the Department of State Development. The loan of \$1,500,000 was applied to the upgrade of the Lizard Island Research Station.

The Foundation had invested cash sufficient to make the abovementioned payments of \$50,000 per annum in a term deposit that matures in October 2017. That deposit earned 5.2% per annum. Given this deposit, the interest rate used to discount future payments back to June 2014 was 5.2% for the period up to the end of calendar year 2017. Thereafter payments were all discounted at an assumed interest rate of 4.27%. The assumed rate of 4.27% was the 15 year swap rate as at 1st July 2014. This rate was the fixed rate that an Australian bank would have received in return for paying out a floating rate of interest over the 15 years. It was used in the valuation as at June 2014 as it reflected the cost of locking in a fixed interest rate for Australian banks. The 2014 calculations assumed annual compounding of interest earnings and that there is no tax obligation in relation to the interest earnings.

During the 2015 year, the Australian Museum received a proposal from the Queensland Government whereby a payment of \$499,142 would be regarded as payment in full of its obligation to the Queensland Government. The Foundation has paid \$499,142 to the Australian Museum Trust in accordance with the 16 October 2006 agreement. The result is that an amount of \$104,349 was brought to account as income in the 2015 year as a discount on the payment of committed funds.

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

	2016	2015
	\$	\$
NOTE 8 - Other expenses		
Other expenses	<u>0.00</u>	<u>10,458.10</u>
NOTE 9 - Research expenses		
Polychaete workshop at Lizard Island	0.00	2,684.62
Satellite tags for tracking marlin	<u>62,206.25</u>	<u>59,179.38</u>
	<u>62,206.25</u>	<u>61,864.00</u>

These are expenses for activities to introduce potential new supporters to the Foundation.

Polychaete workshop

This funded a research workshop at Lizard Island Research Station by a group of international experts on polychaetes. Polychaetes (segmented bristle worms) are the most abundant and diverse group in all marine and estuarine environments from the intertidal to the deep-sea. They are an important component of marine ecosystems as they aid the deposition, breakdown, incorporation and turnover of the organic matters in the seabed that help to recycle nutrients to the water column. They are also important as a food source for many other organisms and, due to their high calorific value and rich protein content, both the adults and larvae of polychaetes are the main food supply of many economically important fishes.

Research on Crown of Thorns Starfish

\$64,380 spent on Crown of Thorns Research has been reclassified in the 2015 year from Research Expenses to Payments to the Australian Museum (see note 10) to be consistent with the 2016 classification of that expenditure.

Satellite tags for tracking marlin

This funded the purchase of satellite tags for marlin tagged and released in the vicinity of Lizard Island. The oceans have been denuded of most of their big fish and this has major impacts on the marine ecosystems. It is important to understand the movements of these fish so that we can best work to preserve them. These satellite tags record details of the marlin's movements for several months and then detach and surface to transmit all data to a central database via satellite.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016

	2016	2015
	\$	\$
NOTE 10 - Payments to the Australian Museum (related party)		
Research at Lizard Island Research Station and elsewhere on the Great Barrier Reef	131,618.00	195,069.00
Research fellowships and grants	<u>111,249.00</u>	<u>139,621.14</u>
	<u><u>242,867.00</u></u>	<u><u>334,690.14</u></u>

The payments to the Australian Museum are for scientific research, principally conducted at Lizard Island Research Station or in the vicinity of Lizard Island. Grants for research on Crown of Thorns Starfish (COTS) cover activities at Lizard Island Research Station and elsewhere on the Great Barrier Reef where there are significant numbers of COTS. \$64,380 spent on Crown of Thorns Research has been reclassified in the 2015 year from Research Expenses (see note 9) to Payments to the Australian Museum to be consistent with the 2016 classification of that expenditure.

NOTE 11 – Maple-Brown Abbott Australian Equity Trust

Non-current

Available for sale securities	<u>1,204,802.69</u>	<u>0.00</u>
	<u><u>1,204,802.69</u></u>	<u><u>0.00</u></u>

Maple-Brown Abbott Australian Equity Trust is measured at fair value and is classified as available for sale investments. Units of the Maple-Brown Abbott Australian Equity Trust held by the Foundation during the financial year generated \$34,792.82 in distribution income.

The investment manager supervises, monitors and evaluates investments in accordance with the Foundation's investment policy.

Original cost of investment	1,206,967.00	0.00
Impairment loss recognised in current year	0.00	0.00
Revaluation in prior years recognised in reserves	0.00	0.00
Revaluation in current year recognised in other comprehensive income	(20,654.11)	0.00
Distributions reinvested into the Fund	<u>18,489.80</u>	<u>0.00</u>
	<u><u>1,204,802.69</u></u>	<u><u>0.00</u></u>

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016

NOTE 12 – Financial instruments – fair values and risk management

a) Accounting classifications and fair value

	Note	Loans & receivables \$	Available for sale \$	Total \$	
Year 2016					
Financial assets measured at fair value		0.00	0.00	0.00	
Maple-Brown Abbott units	11	0.00	1,204,802.69	1,204,802.69	Level 1
Total		0.00	1,204,802.69	1,204,802.69	
Financial assets not measured at fair value					
Current term deposits	5	203,063.70	0.00	203,063.70	
Non-current term deposits	5	1,065,961.43	0.00	1,065,961.43	
Interest receivable	5	35,299.40	0.00	35,299.40	
Other receivables	5	16,303.02	0.00	16,303.02	
Cash & cash equivalents	4	101,555.78	0.00	101,555.78	
		1,422,183.33	0.00	1,422,183.33	
Year 2015					
Financial assets measured at fair value		0.00	0.00	0.00	
Maple-Brown Abbott units	11	0.00	0.00	0.00	Level 1
Total		0.00	0.00	0.00	
Financial assets not measured at fair value					
Current term deposits	5	280,950.00	0.00	280,950.00	
Non-current term deposits	5	1,909,025.13	0.00	1,909,025.13	
Interest receivable	5	38,150.40	0.00	38,150.40	
Other receivables	5	0.00	0.00	0.00	
Cash & cash equivalents	4	68,655.90	0.00	68,655.90	
		2,296,781.43	0.00	2,296,781.43	

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

b) Financial risk management

The Foundation has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

See below for notes on each of these risks.

Risk management framework

The Trustees have overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Trustees have established the Audit and Risk Committee, which is responsible for developing and monitoring the Foundation's risk management policies. The committee reports regularly to the Trustees.

The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities.

Credit risk

Credit risk is the financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Foundation held term deposits of \$1,269,025.13 as at 30 June 2016. The term deposits are held with Westpac Banking Corporation.

Cash and cash equivalents

The Foundation held cash and cash equivalents of \$101,555.78 as at 30 June 2016. The cash and cash equivalents are held with Westpac Banking Corporation.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

Market risk

Market risk is the risk that changes in market prices – interest rates and equity prices – will affect the Foundation’s income or the value of its holdings of financial instruments. The objective of Audit and Risk Committee is to manage and control market risk exposures within acceptable parameters, while optimising the return.

	Fixed return financial instruments \$	Variable return financial instruments \$	Carrying value as at 30 June 2016 \$
Year 2016			
Current term deposits	203,063.70	0.00	203,063.70
Non-current term deposits	1,065,961.43	0.00	1,065,961.43
Maple-Brown Abbott units	0.00	1,204,802.69	1,204,802.69
Total	1,269,025.13	1,204,802.69	2,473,827.82
Year 2015			
Current term deposits	280,950.00	0.00	280,950.00
Non-current term deposits	1,909,025.13	0.00	1,909,025.13
Maple-Brown Abbott units	0.00	0.00	0.00
Total	2,189,975.13	0.00	2,189,975.13

Investment returns from cash and cash equivalents and term deposits are shown as “interest” in the Statement of Profit or Loss and Other Comprehensive Income.

Investment returns from Maple-Brown Abbott are shown as “Distributions Maple-Brown Abbott” in the Statement of Profit or Loss and Other Comprehensive Income.

**Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016**

NOTE 13 - Key management personnel and related parties

The following were key management personnel of the Foundation at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

Trustee (collectively)

Dr. Penny Berents **

Mr. David Armstrong *

Mr. Jim Bildner

Mr. Kenneth Coles AM (Emeritus from 7/5/2015)

Mrs. Fiona Playfair (resigned 11/2/2016)

Ms. Belinda Gibson *

Dr. Ronnie Harding

Ms. Kate Hayward (appointed 29/4/2016)

Mr. Chris Joscelyne

Mr. Vivian King

Mr. James Kirby (appointed 29/4/2016)

Prof. Lynne Madden

Ms. Kim McKay AO **

Mrs. Heather Power

Mr. Robert Purves AM

Mr. David Shannon (Chairman)

Mr. Graham Sherry OAM

Mr. Charles Shuetrim AM

Ms. Helen Wellings

* Australian Museum Trust representative on the LIRRF Board

** Staff member of the Australian Museum

Transactions with key management personnel

The Trustee did not receive any remuneration or superannuation benefits during the year from the Foundation.

Other transactions with the Foundation

The Trustee has not entered into a material contract with the Foundation during the year ended 30 June 2016 and there were no material contracts involving Trustee's interests subsisting at reporting date.

Related party payments - Australian Museum Trust

Payments to the related party the Australian Museum Trust are detailed on note 10.

NOTE 14 - Subsequent events

There have been no events subsequent to the balance date which would have a material effect on the Foundation's financial statements as at 30 June 2016.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2016

NOTE 15 - Results of fundraising appeals

The Foundation received donations from members, corporate organisations, charitable trusts and the general public during the year. In addition to the donations, fundraising appeals held each year include the Annual Dinner in Sydney and the Annual Lunch in Melbourne. The information below is supplied to meet the requirements of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act.

	2016	2015
	\$	\$
Gross proceeds from fundraising appeals	608,638.12	530,510.67
Less direct costs of fundraising appeals	<u>(23,752.51)</u>	<u>(22,245.93)</u>
Net surplus obtained from fundraising appeals	<u>584,885.61</u>	<u>508,264.74</u>
Operating expenses	<u>15,417.32</u>	<u>14,924.55</u>
Surplus arising from fundraising appeals	<u>569,468.29</u>	<u>493,340.19</u>

The surplus from the fundraising appeals has been applied to the charitable purpose of the Foundation:

- by paying the amount of \$242,867 to the Australian Museum for the purpose of research and research fellowships at Lizard Island Research Station (2015 \$334,690);
- by spending \$62,206 on research expenses (2015 \$61,864); and
- by retaining the balance of \$264,395 (2015 \$96,786) on trust to fund future scientific research in accordance with the Foundation's Trust Deed.

\$64,380 spent on Crown of Thorns Research has been reclassified in the 2015 year from Research Expenses to Payments to the Australian Museum to be consistent with the 2016 classification of that expenditure.

Comparisons of certain monetary figures and percentages

	2016		2015	
	\$		\$	
Total cost of fundraising /	23,752.51	3.9%	22,245.93	4.2%
Gross income from fundraising	608,638.12		530,510.67	
Net surplus from fundraising /	584,885.61	96.1%	508,264.74	95.8%
Gross income from fundraising	608,638.12		530,510.67	
Transfers to Aust Museum + research expense/	305,073.25	88.6%	396,554.14	91.4%
Total expenditure	344,243.08		433,724.62	
Transfers to Aust Museum + research expense/	305,073.25	41.6%	396,554.14	53.8%
Total income received	733,386.78		737,065.22	

Lizard Island Reef Research Foundation

Declaration by Trustee in respect of fundraising appeals

I, Charles Shuetrim, Trustee of the Lizard Island Reef Research Foundation, declare that in my opinion:

- a) 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 2016;
- b) The statement of financial position gives a true and fair view of the state of affairs of the Foundation with respect to fundraising appeal activities as at 30 June 2016;
- c) The provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act and the conditions attached to the authority have been complied with during the year ended 30 June 2016; and
- d) The internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied by the Trust from any of its fundraising appeals.

Dated at Sydney this 26th day of October 2016

Signed in accordance with a resolution of the Trustees of the Lizard Island Reef Research Foundation



Charles Shuetrim
Trustee

Lizard Island Reef Research Foundation

Trustees' Declaration

In the opinion of the Trustees of the Lizard Island Reef Research Foundation ("the Foundation"):

- (a) the financial statements and notes that are set out on pages 4 to 14 are in accordance with the Terms of the Trust Deed and 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 2016 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; 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.

Dated at Sydney this 26th day of October 2016

Signed in accordance with a resolution of the Trustees of the Lizard Island Reef Research Foundation



David Shannon
Chairman



Charles Shuetrim
Trustee



Independent auditor's report to the trustees of Lizard Island Reef Research Foundation

Report on the financial report

We have audited the accompanying financial report of Lizard Island Reef Research Foundation (the Trust), which comprises the statements of financial position as at 30 June 2016, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the trustees' declaration.

This audit report has also been prepared for the trustees of the Trust in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the *Charitable Fundraising (NSW) Act 1991* and Regulations (collectively the Acts and Regulations).

Trustees' responsibility for the financial report

The Trustees of the trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC, the Acts and Regulations. The Trustees' responsibility also includes such internal control as the Trustees determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the financial report that gives a true and fair view 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



Independent auditor's report to the trustees of Lizard Island Reef Research Foundation (continued)

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, a true and fair view which is consistent with our understanding of the Trust's financial position and of its performance.

In addition, our audit report has also been prepared for the trustees of the Trust to meet the requirements of the Acts and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion, the financial report of Lizard Island Reef Research Foundation is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of/presents fairly in all material respects the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.



**Independent auditor's report to the trustees of Lizard Island Reef Research Foundation
(continued)**

NSW – Reporting under Charitable Fundraising (NSW) Act 1991

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- (a) the financial report gives a true and fair view of the Trust's financial result of fundraising appeal activities for the financial year ended 30 June 2016;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2015 to 30 June 2016, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2015 to 30 June 2016 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- (d) there are reasonable grounds to believe that the Lizard Island Reef Research Foundation will be able to pay its debts as and when they fall due



KPMG



Cameron Roan

Partner

Sydney

26 October 2016