

Lizard Island Reef Research Foundation
ABN 51 856 560 421

Annual Report
30 June 2019

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Auditor's Independence Declaration

As lead auditor for the audit of Lizard Island Reef Research Foundation for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'MS', is placed over a faint, dotted grid background.

Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
24 January 2020

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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Lizard Island Reef Research Foundation
Statement of financial position
as at 30 June 2019

	Note	2019	2018
		\$	\$
Current assets			
Cash and cash equivalents	4	62,675.26	104,917.17
Term deposits		950,000.00	527,208.36
Other receivables	5	369,403.69	72,102.14
Maple-Brown Abbott Australian Equity Trust	9	3,228,623.51	2,941,800.40
Total current assets		<u>4,610,702.46</u>	<u>3,646,028.07</u>
Total assets		<u>4,610,702.46</u>	<u>3,646,028.07</u>
Liabilities			
Income received in advance	6	328,247.00	110,000.00
Other current liabilities		<u>225.00</u>	<u>0.00</u>
Total current liabilities		<u>328,472.00</u>	<u>110,000.00</u>
Income received in advance	6	<u>191,300.00</u>	<u>112,699.00</u>
Total non-current liabilities		<u>191,300.00</u>	<u>112,699.00</u>
Total liabilities		<u>519,772.00</u>	<u>222,699.00</u>
Net assets		<u>4,090,930.46</u>	<u>3,423,329.07</u>
Total trust funds		<u>4,090,930.46</u>	<u>3,423,329.07</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 23.

Lizard Island Reef Research Foundation
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue			
Donations members		402,285.64	492,163.59
Donations fellowships		43,400.00	91,068.43
Bequests		0.00	357,254.22
Interest		11,172.70	38,852.38
Distributions Maple-Brown Abbott		591,750.63	234,528.15
		<u>1,048,608.97</u>	<u>1,213,866.77</u>
Expenses			
Bank charges		1,014.17	1,210.09
Annual dinner - Sydney		5,312.56	4,924.09
Annual dinner - Melbourne		8,854.91	9,689.09
Other expenses	7	4,463.18	1,746.45
Payments to the Australian Museum for research & research fellowships	8	389,666.23	514,432.00
		<u>409,311.05</u>	<u>532,001.72</u>
Surplus for the year		639,297.92	681,865.05
Other comprehensive income			
Maple-Brown Abbott revaluation	9	28,303.47	57,258.48
Total comprehensive income		<u><u>667,601.39</u></u>	<u><u>739,123.53</u></u>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Lizard Island Reef Research Foundation
Statement of changes in trust funds
for the year ended 30 June 2019

	Notes	Other Reserves	Accumulated Surplus	Total Equity
		\$	\$	\$
Balance at 1 July 2017		159,740.19	2,524,465.35	2,684,205.54
Surplus for the year		0.00	681,865.05	681,865.05
<i>Other comprehensive income</i>				
Maple-Brown Abbott revaluation		57,258.48	0.00	57,258.48
Balance 30 June 2018		<u>216,998.67</u>	<u>3,206,330.40</u>	<u>3,423,329.07</u>
Balance at 1 July 2018		216,998.67	3,206,330.40	3,423,329.07
Surplus for the year		0.00	639,297.92	639,297.92
<i>Other comprehensive income</i>				
Maple-Brown Abbott revaluation		28,303.47	0.00	28,303.47
Balance 30 June 2019		<u>245,302.14</u>	<u>3,845,628.32</u>	<u>4,090,930.46</u>

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 23.

Lizard Island Reef Research Foundation
Statement of cash flows
for the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		742,533.64	758,473.24
Cash payments to suppliers		(316,721.37)	2,306.98
Payments to the Australian Museum for research & research fellowships		(389,666.23)	(514,432.00)
Net cash from operating activities		<u>36,146.04</u>	<u>246,348.22</u>
Cash flows from investing activities			
Investments in term deposits		(422,791.64)	938,753.07
Investments in Maple-Brown Abbott		(258,519.64)	(1,462,640.67)
Interest received		11,172.70	38,852.38
Distributions Maple-Brown Abbott		591,750.63	234,528.15
Net cash from investing activities		<u>(78,387.95)</u>	<u>(250,507.07)</u>
Decrease in cash and cash equivalents		(42,241.91)	(4,158.85)
Cash and cash equivalents at 1 July		104,917.17	109,076.02
Cash and cash equivalents at 30 June	4	<u><u>62,675.26</u></u>	<u><u>104,917.17</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 23.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for-profit oriented entities.

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 statements were approved by the Trustees on 21 January 2020

b) Basis of preparation

The financial statements are prepared on the historical cost basis.

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 2019

e) New standards and interpretations

(i) New and amended standards adopted by the Foundation

The Foundation has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2018:

AASB 9 Financial Instruments

The Foundation had to change its accounting policies following the adoption of AASB 9. These amendments did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Foundation. The Foundation's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard: AASB 1058 Income of Not-for-Profit Entities

Nature of change:

AASB 1058 introduces major changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 *Contributions*, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15 *Revenue from Contracts with Customers*). Implementation guidance has been added to AASB 15 to assist with this determination.

Impact:

A contract is within the scope of AASB 15 if

- the entity has an enforceable contract with a customer, and
- the contract includes sufficiently specific promises for the NFP entity to transfer goods or services to the customer or third-party beneficiaries.

Under AASB 15 income will only be recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 1004.

AASB 1058 also introduces new requirements for income recognition in several other types of transactions which don't fall within the scope of AASB, including:

- below-market leases
- obligations to acquire or construct a specific asset for an entity's own use, and
- other transactions such as volunteer services, donated inventories, endowments and bequests.

If NFPs account for income under AASB 15, the relevant disclosures will also apply. In addition, AASB 1058 includes incremental disclosures for NFPs such as the disaggregation of income.

Management are still assessing the impact of the adoption of these new standards.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

e) New standards and interpretations (continued)

Mandatory application date/Date of adoption by Foundation:

The mandatory application date of AASB 15 has been deferred to financial years commencing on or after 1 January 2019 for NFP entities. If they want to adopt the new revenue recognition rules before that date, they will need to apply AASB 1058 at the same time. Management has elected not to early adopt AASB 15/AASB 1058 and as such these new standards will apply for the first time for the financial year beginning 1 July 2019.

Title of Standard: AASB 15 Revenue from Contracts with Customers

Nature of change:

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact:

Management is yet to do their assessment, but it is not expected to have any material impact on the Foundation's financial statements.

Mandatory application date/Date of adoption by Foundation.

Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. The Foundation intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.

Title of Standard: AASB 16 Leases

Nature of change:

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact:

The standard will affect primarily the accounting for the Foundation's operating leases. As at the reporting date, the Foundation has non-cancellable operating lease commitments of \$1,659,643, see note 22. However, the Foundation has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Foundation's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

e) New standards and interpretations (continued)

Mandatory application date/Date of adoption by Foundation:

The Foundation will apply the standard from its mandatory adoption date of 1 July 2019.

At this stage, the Foundation does not intend to adopt the standard before its effective date.

Title of Standard: AASB 2018-8 Amendments to Australian Accounting Standards - Right-of-Use Assets of Not for-Profit Entities

Nature of change:

This Standard amends AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

Impact:

Management is yet to do their assessment, but it is not expected to have any impact on the Foundation's financial statements.

Mandatory application date/Date of adoption by Foundation:

Mandatory for financial years commencing on or after 1 January 2019, but available for early adoption. The Foundation intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2019 and that comparatives will not be restated.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

f) Standards amended by AASB 2018-8

AASB 1058 made amendments to AASB 16 to require not-for-profit entities to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

NOTE 3 – Significant account policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial instruments

Receivables:

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables consist predominately of current and non-current term deposits with banks.

Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand, call deposits with banks and other short term, highly liquid investments with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Foundation in the management of its short-term commitments.

Investments and other financial assets:

(i) Classification

From 1 July 2019, the Foundation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Foundation's business model for managing the financial assets and the contractual terms of the cash flows. The Foundation reclassifies debt investments when and only when its business model for managing those assets changes. For assets measured at fair value, gains and losses will be recorded in profit or loss.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Foundation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

At initial recognition, the Foundation measures a financial asset at its fair value plus, in the case of a financial asset at amortised cost, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

(iii) Measurement (continued)

➤ *Debt instruments*

Subsequent measurement of debt instruments depends on the Foundation's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Foundation classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit and loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

➤ *Equity instruments*

The Foundation subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit and loss and other comprehensive income as applicable.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

(iv) Impairment

From 1 July 2018, the Foundation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Foundation applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note for further details.

(v) Classification

Until 30 June 2018, the Foundation classified its financial assets in the following categories:

- financial assets at fair value through profit or loss, and
- loans and receivables

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

(vi) Subsequent measurement

The measurement at initial recognition did not change on adoption of AASB 9, see description above.

Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised in profit or loss within other gains/(losses).

Details on how the fair value of financial instruments is determined are disclosed in note 3(b).

b) Fair value measurement

When measuring the fair value of an asset or a liability, the Foundation uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

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. 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 2019

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.

	2019	2018
	\$	\$
NOTE 4 - Cash and cash equivalents		
Westpac cheque account	40,744.39	50,193.58
Westpac Business Cash Reserve account	21,930.87	54,723.59
	<u>62,675.26</u>	<u>104,917.17</u>
NOTE 5 - Other receivables		
Current		
Interest receivable	2,954.44	5,860.28
GST receivable	1,894.00	1,696.00
Distributions receivable	287,696.26	21,357.86
Other receivables	76,858.99	43,188.00
	<u>369,403.69</u>	<u>72,102.14</u>

The 2018 figures in this report have been represented to include the Maple-Brown Abbott distribution for the quarter ended 30/6/2018 (\$21,357.86) as Other Receivable. In the 2018 accounts this was erroneously included as part of the cost of the investment in Maple-Brown Abbott. The Maple-Brown Abbott revaluations for 2018 have been restated to take this into account.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

	2019	2018
	\$	\$
NOTE 6 - Income received in advance		
Current		
Grant for research on Crown of Thorns Starfish	84,147.00	100,000.00
Grants for doctoral fellowships	32,100.00	10,000.00
Grants for research projects	137,000.00	0.00
Grant for research facilities	75,000.00	0.00
	<u>328,247.00</u>	<u>110,000.00</u>
Non-current		
Grant for research on Crown of Thorns Starfish	0.00	112,699.00
Grants for doctoral fellowships	16,300.00	0.00
Grants for research projects	100,000.00	0.00
Grant for research facilities	75,000.00	0.00
	<u>191,300.00</u>	<u>112,699.00</u>
Total income received in advance	<u>519,547.00</u>	<u>222,699.00</u>
NOTE 7 - Other expenses		
Other expenses	<u>4,463.18</u>	<u>1,746.45</u>
NOTE 8 - Payments to the Australian Museum (related party)		
Research at Lizard Island Research Station and elsewhere on the Great Barrier Reef	389,666.23	314,717.00
Research fellowships and grants	0.00	199,715.00
	<u>389,666.23</u>	<u>514,432.00</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.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

	2019	2018
	\$	\$
NOTE 9 - Maple-Brown Abbott		
Current		
Maple-Brown Abbott units	<u>3,228,623.51</u>	<u>2,941,800.40</u>
	<u>3,228,623.51</u>	<u>2,941,800.40</u>
Original cost of investment	2,456,967.00	2,456,967.00
Revaluation recognised in reserves	0.00	0.00
Revaluation recognised in other comprehensive income	245,302.14	216,998.67
Distributions reinvested into the Fund	<u>526,354.37</u>	<u>267,834.73</u>
	<u>3,228,623.51</u>	<u>2,941,800.40</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 \$524,858.04 in distribution income.

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

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

	Note	Loans & receivables \$	Available for sale \$	Total \$	
Year 2019					
Financial assets measured at fair value					
Maple-Brown Abbott units	10	0.00	3,228,623.51	3,228,623.51	Level 1
Total		<u>0.00</u>	<u>3,228,623.51</u>	<u>3,228,623.51</u>	
Financial assets not measured at fair value					
Term deposits	5	950,000.00	0.00	950,000.00	
Interest receivable	5	2,954.44	0.00	2,954.44	
Distributions receivable	5	287,696.26	0.00	287,696.26	
GST receivable	5	1,894.00	0.00	1,894.00	
Other receivables	5	76,858.99	0.00	76,858.99	
Cash & cash equivalents	4	62,675.26	0.00	62,675.26	
		<u>1,382,078.95</u>	<u>0.00</u>	<u>1,382,078.95</u>	
Year 2018					
Financial assets measured at fair value					
Maple-Brown Abbott units	10	0.00	2,941,800.40	2,941,800.40	Level 1
Total		<u>0.00</u>	<u>2,941,800.40</u>	<u>2,941,800.40</u>	
Financial assets not measured at fair value					
Term deposits	5	527,208.36	0.00	527,208.36	
Interest receivable	5	5,860.28	0.00	5,860.28	
Distributions receivable	5	21,357.86	0.00	21,357.86	
GST receivable	5	1,696.00	0.00	1,696.00	
Other receivables	5	43,188.00	0.00	43,188.00	
Cash & cash equivalents	4	104,917.17	0.00	104,917.17	
		<u>704,227.67</u>	<u>0.00</u>	<u>704,227.67</u>	

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

a) 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.

b) Risk management framework

The Trustees have overall responsibility for the establishment and oversight of the Foundation's risk management framework.

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.

Term deposits

The Foundation held term deposits of \$950,000.00 as at 30 June 2019 (2018 \$527,208.36). The term deposits are held with Westpac Banking Corporation.

Cash and cash equivalents

The Foundation held cash and cash equivalents of \$62,675.26 as at 30 June 2019. 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 2019

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 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 \$
Year 2019			
Current term deposits	950,000.00	0.00	950,000.00
Non-current term deposits	0.00	0.00	0.00
Maple-Brown Abbott units	0.00	3,228,623.51	3,228,623.51
Total	<u>950,000.00</u>	<u>3,228,623.51</u>	<u>4,178,623.51</u>
Year 2018			
Current term deposits	527,208.36	0.00	527,208.36
Non-current term deposits	0.00	0.00	0.00
Maple-Brown Abbott units	0.00	2,941,800.40	2,941,800.40
Total	<u>527,208.36</u>	<u>2,941,800.40</u>	<u>3,469,008.76</u>

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 2019**

NOTE 11 - 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)

Mr David Armstrong*	Mr James Kirby
Mrs Greer Banyer	Prof Lynne Madden
Dr Penny Berents**	Ms Kim McKay AO*
Mr Jim Bildner (Emeritus from 10/5/2018)	Mrs Heather Power
Mr Kenneth Coles AM (Emeritus from 7/5/2015)	Mr Robert Purves AM
Ms Belinda Gibson* (resigned 15/11/2018)	Mr David Shannon
Dr Ronnie Harding (resigned 2/8/2018)	Mr Graham Sherry OAM (resigned 30/5/2019)
Ms Kate Hayward (Chair)	Mr Charles Shuetrim AM
Mr Chris Joscelyne	Dr Geoffrey Shuetrim (appointed 2/8/2018)
Dr Rod Kefford AM* (Appointed 30/5/2019)	Ms Helen Wellings
Mrs Wendy King	

* 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 2019 and there were no material contracts involving Trustee's interests subsisting at reporting date.

NOTE 12 - 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 2019.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2019

NOTE 13 - 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 Dinner in Melbourne. The information below is supplied to meet the requirements of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act.

	2019		2018
	\$		\$
Gross proceeds from fundraising appeals	445,685.64		583,232.02
Less direct costs of fundraising appeals	<u>(14,167.47)</u>		<u>(14,613.18)</u>
Net surplus obtained from fundraising appeals	<u>431,518.17</u>		<u>568,618.84</u>
Operating expenses	<u>5,477.35</u>		<u>2,956.54</u>
Surplus arising from fundraising appeals	<u>426,040.82</u>		<u>565,662.30</u>

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

- a) by paying the amount of \$389,666 to the Australian Museum for the purpose of research and research fellowships at Lizard Island Research Station (2018 \$514,432);
- b) by retaining the balance of \$36,374 (2018 \$51,230) on trust to fund future scientific research in accordance with the Foundation's Trust Deed.

	2019		2018	
	\$		\$	
Total cost of fundraising /	14,167.47	3.2%	14,613.18	2.5%
Gross income from fundraising	445,685.64		583,232.02	
Net surplus from fundraising /	431,518.17	96.8%	568,618.84	97.5%
Gross income from fundraising	445,685.64		583,232.02	
Transfers to Aust Museum	389,666.23	95.2%	514,432.00	96.7%
Total expenditure	409,311.05		532,001.72	
Transfers to Aust Museum	389,666.23	37.2%	514,432.00	42.4%
Total income received	1,048,608.97		1,213,866.77	

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 2019;
- 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 2019;
- 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 2019; 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 21 January 2020

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 18 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 2019 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 21st day of January 2020

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



Kate Hayward
Chair



Charles Shuetrim
Trustee



Independent auditor's report

To the trustees of Lizard Island Reef Research Foundation

Our opinion

In our opinion:

The accompanying financial report of Lizard Island Reef Research Foundation (the Foundation) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the Statement of financial position as at 30 June 2019
- the Statement of profit or loss and other comprehensive income for the year then ended
- the Statement of changes in trust funds for the year then ended
- the Statement of cash flows for the year then ended
- the Notes to the financial statements, which include a summary of significant accounting policies
- the Declaration by Trustee in respect of fundraising appeals
- the Trustees' Declaration.

Basis for opinion

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

Independence

We are independent of the Foundation in accordance with 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 also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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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 and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the financial report

The trustees of the Foundation 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 and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the trustees determine is 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.

In preparing the financial report, the trustees are responsible for assessing the ability of the Foundation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Manoj Santiago
Partner

Sydney
24 January 2020