

Lizard Island Reef Research Foundation
ABN 51 856 560 421

Annual Report
30 June 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 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 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

Brendan Twining

Partner

Sydney

16 December 2022

Lizard Island Reef Research Foundation
Statement of financial position
as at 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	4	676,454.66	541,514.27
Term deposits		150,000.00	230,000.00
Other receivables	5	68,215.16	173,452.97
Maple-Brown Abbott (MBA) Australian Equity Trust	9	0.00	3,040,232.48
Ethinvest investment portfolio	9	4,078,453.53	995,874.22
Total current assets		<u>4,973,123.35</u>	<u>4,981,073.94</u>
Non-Current assets			
Term deposits		0.00	150,000.00
Total non-current assets		<u>0.00</u>	<u>150,000.00</u>
Total assets		<u>4,973,123.35</u>	<u>5,131,073.94</u>
Current liabilities			
Income received in advance	6	300,912.00	377,037.00
Other current liabilities	7	2,143.65	450.00
Total current liabilities		<u>303,055.65</u>	<u>377,487.00</u>
Total liabilities		<u>303,055.65</u>	<u>377,487.00</u>
Net assets		<u>4,670,067.70</u>	<u>4,753,586.94</u>
Total trust funds		<u>4,670,067.70</u>	<u>4,753,586.94</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 22.

Lizard Island Reef Research Foundation
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Donations members		736,116.54	829,994.27
Donations fellowships		0.00	29,100.00
Bequests		0.00	30,000.00
Interest		4,586.51	7,657.15
Maple-Brown Abbott income		0.00	365,089.89
Ethinvest income	9	<u>168,895.20</u>	<u>3,779.47</u>
		<u>909,598.25</u>	<u>1,265,620.78</u>
Expenses			
Bank charges		1,021.64	840.57
Fund raising functions - Sydney		3,728.88	4,929.72
Investment expenses		0.00	1,863.64
Administration & other expenses		6,049.97	3,495.17
Loss on sale of MBA	9	7,326.67	0.00
Payments to the Australian Museum for research & research fellowships	8	373,408.00	418,707.34
		<u>391,535.16</u>	<u>429,836.44</u>
Surplus for the year		518,063.09	835,784.34
Other comprehensive income			
Maple-Brown Abbott revaluation	9	0.00	335,361.39
Ethinvest revaluation	9	(601,582.33)	(2,798.99)
Total comprehensive income		<u><u>(83,519.24)</u></u>	<u><u>1,168,346.74</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 22.

Lizard Island Reef Research Foundation
Statement of changes in trust funds
for the year ended 30 June 2022

	Notes	Accumulated Surplus	Total Equity
		\$	\$
Balance at 1 July 2021		4,753,586.94	4,753,586.94
Surplus for the year		518,063.09	518,063.09
<i>Other comprehensive income</i>			
Ethinvest revaluation	9	<u>(601,582.33)</u>	<u>(601,582.33)</u>
Balance 30 June 2022		<u>4,670,067.70</u>	<u>4,670,067.70</u>
Balance at 1 July 2020		3,585,240.20	3,585,240.20
Surplus for the year		835,784.34	835,784.34
<i>Other comprehensive income</i>			
Maple-Brown Abbott revaluation	9	335,361.39	335,361.39
Ethinvest revaluation	9	<u>(2,798.99)</u>	<u>(2,798.99)</u>
Balance 30 June 2021		<u>4,753,586.94</u>	<u>4,753,586.94</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 22.

Lizard Island Reef Research Foundation
Statement of cash flows
for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Cash receipts in the course of operations		674,170.06	833,940.70
Cash payments to suppliers		(9,887.20)	(11,830.72)
Payments to the Australian Museum for research & research fellowships	8	(373,408.00)	(418,707.34)
Interest received		5,668.58	9,772.88
Net cash provided by operating activities	11	296,543.44	413,175.52
Cash flows from investing activities			
Investments in term deposits		230,000.00	720,000.00
Proceeds from sale of Maple-Brown Abbott	9	3,032,905.81	0.00
Investments in Ethinvest portfolio		(3,684,161.64)	(998,673.21)
Investment income		259,652.78	346,543.61
Net cash (used in) / provided by investing activities		(161,603.05)	67,870.40
Net increase in cash and cash equivalents		134,940.39	481,045.92
Cash and cash equivalents at 1 July		541,514.27	60,468.35
Cash and cash equivalents at 30 June	4	676,454.66	541,514.27

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 22.

Lizard Island Reef Research Foundation

Notes to the Financial Statements

for the year ended 30 June 2022

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.

Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Lizard Island Reef Research Foundation (“the Foundation”), a Trust domiciled in Australia.

NOTE 2 - Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (“AASBs”) and Interpretations adopted by the Australian Accounting Standards Board the Australian Charities and Not-for-profits Commission Act 2012, Charitable Fundraising (NSW) Act 1991 and associated regulations, as appropriate for not-for-profit oriented entities.

a) Statement of compliance

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

The financial statements were approved by the Trustees on 16 December 2022.

b) Basis of preparation

The financial statements are prepared on the historical cost basis except for investments designated as fair value through other comprehensive income which are measured at fair value.

c) Functional currency

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

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Lizard Island Reef Research Foundation

Notes to the Financial Statements

for the year ended 30 June 2022

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.

e) New standard

New standard adopted by the Foundation

The Foundation has applied the new standard, AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for first time in their annual reporting period commencing 1 July 2021.

The above standard did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

There are no other new standards, amendments to standards and interpretations that have been identified on those which may impact the Foundation.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

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.

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

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 or other comprehensive income.

(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 not reclassified to profit or loss as gains and losses from investment securities.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

(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.

➤ *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 are recognised in other gains/(losses) in the statement of profit and loss and other comprehensive income as applicable.

(iii) Impairment

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.

(iv) Classification

The Foundation classified its financial assets in the following categories:

- financial assets at fair value through profit or loss or through other comprehensive income; and
- loans and receivables at amortised cost.

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

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

(v) 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 are carried at amortised cost using the effective interest method.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

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.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

d) Revenue

AASB 15, *Revenue from Contracts with Customers*, establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Foundation has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

AASB 1058, *Income of Not-for-Profit Entities*, is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

Under the AASB 1058 income recognition model, the Foundation shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Foundation applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Foundation shall consider whether AASB 1058 applies.

Revenue is recognised for the major business activities using the methods and accounting policies for each revenue streams outlined below.

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 2022

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.

i) Use of the term "surplus"

The Entity is a not-for-profit organisation. As such, the term "profit" is not applicable and the term "surplus" is used where required.

	2022	2021
	\$	\$
NOTE 4 - Cash and cash equivalents		
Westpac cheque account	438,616.08	516,253.01
Westpac Business Cash Reserve account	237,838.58	25,261.26
	<u>676,454.66</u>	<u>541,514.27</u>
NOTE 5 - Other receivables		
Current		
Interest receivable	425.34	1,507.41
GST receivable	0.00	780.36
Maple-Brown Abbott income	0.00	135,766.41
Ethinvest income	47,824.95	2,816.12
Franking credits refundable	19,964.87	32,582.67
	<u>68,215.16</u>	<u>173,452.97</u>

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

	2022	2021
	\$	\$
NOTE 6 - Income received in advance		
Grant for research on Crown of Thorns Starfish	12,250.00	8,056.00
Grants for research fellowships	93,937.00	108,001.00
Grants for research projects	54,955.00	104,954.00
Grants for research facilities	127,243.00	100,000.00
Grants for education	<u>12,527.00</u>	<u>56,026.00</u>
Total income received in advance	<u>300,912.00</u>	<u>377,037.00</u>
NOTE 7 - Other current liabilities		
GST payable	1,768.65	0.00
Accrued expenses	<u>375.00</u>	<u>450.00</u>
Other current liabilities	<u>2,143.65</u>	<u>450.00</u>
NOTE 8 - Payments to the Australian Museum (related party)		
Research at Lizard Island Research Station and elsewhere on the Great Barrier Reef	183,944.00	325,198.34
Research fellowships and grants	<u>189,464.00</u>	<u>93,509.00</u>
	<u>373,408.00</u>	<u>418,707.34</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 2022

	2022	2021
	\$	\$
NOTE 9 – Investments		
Non-current		
Total investments	4,078,453.53	4,036,106.70
	<u>4,078,453.53</u>	<u>4,036,106.70</u>
Maple-Brown Abbott (MBA) at cost	2,456,967.01	2,456,967.01
MBA income reinvested into the Fund	936,936.75	936,936.75
Life to date fair value movement	(353,671.28)	(18,309.89)
Fair value loss recognised in other comprehensive income	0.00	(335,361.39)
Proceeds from sale of MBA units	(3,032,905.81)	0.00
Loss on sale of MBA units	(7,326.67)	0.00
Sub-total MBA	<u>0.00</u>	<u>3,040,232.48</u>
Ethinvest at cost	4,581,489.33	997,950.00
Ethinvest income reinvested into the Fund	101,345.52	723.21
Life to date fair value movement	(2,798.99)	0.00
Current year Ethinvest Revaluation recognised in other comprehensive income	(601,582.33)	(2,798.99)
Sub-total Ethinvest	<u>4,078,453.53</u>	<u>995,874.22</u>
	<u>4,078,453.53</u>	<u>4,036,106.70</u>

The Ethinvest portfolio is measured at fair value and is classified as financial assets at fair value through other comprehensive income. The Ethinvest portfolio held by the Foundation during the financial year generated \$168,895.20 (2021 \$3,779.47) in distribution income.

The initial investment into the Ethinvest portfolio was made in June 2021. In July 2021, all units in the Maple-Brown Abbott Australian Equity Trust were redeemed. In July 2021, a further amount was invested in the Ethinvest portfolio. Income earned to date by the Ethinvest portfolio has been reinvested into the fund. The Foundation's investment objectives are:

- a) The portfolio is to be managed with a long term investment horizon focussed on providing annual income and long term capital growth.
- b) The portfolio should be managed with a view to capital preservation and with a bias to liquid assets and low turnover.
- c) The Foundation shall seek to earn a competitive market rate of return and will actively seek opportunities to increase the return on investment considering appropriate risk parameters.
- d) The Foundation seeks to invest responsibly and in a manner that accords with its Trust Deed.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

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

NOTE 10 – Financial instruments – fair value and risk management

	Note	Financial assets excluding Investments \$	Investments \$	Total \$	
Year 2022					
Financial assets measured at fair value*					
Ethinvest portfolio	9	0.00	4,078,453.53	4,078,453.53	Level 1
Total		<u>0.00</u>	<u>4,078,453.53</u>	<u>4,078,453.53</u>	
Financial assets not measured at fair value*					
Term deposits		150,000.00	0.00	150,000.00	
Interest receivable	5	425.34	0.00	425.34	
Ethinvest income receivable	5	47,824.95	0.00	47,824.95	
Franking credits refundable	5	19,964.87	0.00	19,964.87	
Cash & cash equivalents	4	676,454.66	0.00	676,454.66	
		<u>894,669.82</u>	<u>0.00</u>	<u>894,669.82</u>	
Year 2021					
Financial assets measured at fair value*					
Maple-Brown Abbott units	9	0.00	3,040,232.48	3,040,232.48	Level 1
Ethinvest portfolio	9	0.00	995,874.22	995,874.22	Level 1
Total		<u>0.00</u>	<u>4,036,106.70</u>	<u>4,036,106.70</u>	
Financial assets not measured at fair value *					
Term deposits		380,000.00	0.00	380,000.00	
Interest receivable	5	1,507.41	0.00	1,507.41	
Maple-Brown Abbott income	5	135,766.41	0.00	135,766.41	
Ethinvest income receivable	5	2,816.12	0.00	2,816.12	
GST receivable	5	780.36	0.00	780.36	
Franking credits refundable	5	32,582.67	0.00	32,582.67	
Cash & cash equivalents	4	541,514.27	0.00	541,514.27	
		<u>1,094,967.24</u>	<u>0.00</u>	<u>1,094,967.24</u>	

* Carrying value approximates fair value for these assets.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

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 \$150,000 as at 30 June 2022 (2021 \$380,000). The term deposits are held with Westpac Banking Corporation.

Cash and cash equivalents

The Foundation held cash and cash equivalents of \$676,454.66 as at 30 June 2022 (2021 \$541,514.27). 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 2022

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 2022			
Current term deposits	150,000.00	0.00	150,000.00
Ethinvest portfolio	0.00	4,078,453.53	4,078,453.53
Total	<u>150,000.00</u>	<u>4,078,453.53</u>	<u>4,228,453.53</u>
Year 2021			
Current term deposits	230,000.00	0.00	230,000.00
Non-current term deposits	150,000.00	0.00	150,000.00
Maple-Brown Abbott units	0.00	3,040,232.48	3,040,232.48
Ethinvest portfolio	0.00	995,874.22	995,874.22
Total	<u>380,000.00</u>	<u>4,036,106.70</u>	<u>4,416,106.70</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 “Maple-Brown Abbott income” in the Statement of Profit or Loss and Other Comprehensive Income.

Investment returns from the Ethinvest portfolio are shown as “Ethinvest income” 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 2022

NOTE 11 – Reconciliation of surplus to net cash used in operating activities

	2022	2021
	\$	\$
Surplus for year	518,063.09	835,784.34
Adjustments for:		
Investment income	(168,895.20)	(368,869.36)
Loss on sale of MBA	7,326.67	0.00
Change in operating assets and liabilities:		
Decrease in trade & other receivables	14,480.23	21,319.54
Increase in trade & other payables	1,693.65	50.00
Decrease in income received in advance	(76,125.00)	(75,109.00)
Net cash provided by operating activities	<u>296,543.44</u>	<u>413,175.52</u>

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

NOTE 12 - 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	Mrs Anna Le Deux
Dr Penny Berents**	Prof Lynne Madden
Mr Jim Bildner (Emeritus - resigned 07/04/2022)	Ms Kim McKay AO*
Mr Kenneth Coles AM (Emeritus - died 19/01/2022)	Mrs Heather Power
Mrs Allison Haworth West	Mr Robert Purves AM
Ms Kate Hayward (Chair)	Mr Charles Shuetrim AM
Dr Rod Kefford AM*	Dr Geoffrey Shuetrim
Mrs Wendy King	Ms Helen Wellings (resigned 24/02/2022)

* 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 2022 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 2022.

Lizard Island Reef Research Foundation
Notes to the Financial Statements
for the year ended 30 June 2022

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 this year include functions in Sydney. No functions were held in Melbourne or Brisbane this year due to COVID-19. The information below is supplied to meet the requirements of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act.

	2022		2021
	\$		\$
Gross proceeds from fundraising appeals	736,116.54		859,094.27
Less direct costs of fundraising appeals	<u>(3,728.88)</u>		<u>(4,929.72)</u>
Net surplus obtained from fundraising appeals	<u>732,387.66</u>		<u>854,164.55</u>
Operating expenses	<u>7,071.61</u>		<u>6,199.38</u>
Surplus arising from fundraising appeals	<u>725,316.05</u>		<u>847,965.17</u>

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

- a) by paying the amount of \$373,408 to the Australian Museum for the purpose of research and research fellowships at Lizard Island Research Station (2021 \$418,707);
- b) by retaining the balance of \$351,908.05 (2021 \$429,258.17) on trust to fund future scientific research in accordance with the Foundation's Trust Deed.

Comparisons

	2022		2021	
	\$		\$	
Total cost of fundraising /	3,728.88	0.5%	4,929.72	0.6%
Gross income from fundraising	736,116.54		859,094.27	
Net surplus from fundraising /	732,387.66	99.5%	854,164.55	99.4%
Gross income from fundraising	736,116.54		859,094.27	
Transfers to Aust Museum	373,408.00	95.4%	418,707.34	97.4%
Total expenditure	391,535.16		429,836.44	
Transfers to Aust Museum	373,408.00	41.1%	418,707.34	33.1%
Total income received	909,598.25		1,265,620.78	

Lizard Island Reef Research Foundation

Trustees' Declaration

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

1. The financial statements and notes that are set out on pages 4 to 22 are in accordance with the Terms of the Trust Deed, the Australian Charities and Not-for-profits Commission Act 2012, the Charitable Fundraising Act 1991 (NSW), and the Charitable Fundraising Regulation (NSW) 2021 including:
 - a) Giving a true and fair view of the financial position of the Foundation as at 30 June 2022 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - b) Complying with Australian Accounting Standards – Simplified Disclosure Framework, the Australian Charities and Not-for-Profits Commission Regulation 2013; the Charitable Fundraising Act 1991 (NSW); Charitable Fundraising Regulation (NSW) 2021; and
 - c) There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.
2. The internal controls exercised by the Foundation are appropriate and effective.

Dated in Sydney on 16 December 2022.

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

Opinion

We have audited the **Financial Report**, of Lizard Island Reef Research Foundation (the Foundation).

True and fair view

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*, and the *Charitable Fundraising Regulation (NSW) 2021* 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 profit or loss and other comprehensive income, Statement of changes in trust funds, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies; and
- iv. Trustees' declaration 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.

Responsibilities of the Trustees for the Financial Report

The Trustees 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 Trustees.
- iv. Conclude on the appropriateness of the Trustees 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 Trustees 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.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature in black ink, appearing to be 'Brendan Twining'.

Brendan Twining

Partner

Sydney

16 December 2022