

Great Barrier Reef Foundation

ABN 82 090 616 443

Annual report for the year ended 31 December 2017

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Annual report - 31 December 2017

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Great Barrier Reef Foundation
Annual report for the year ended 31 December 2017

Directors' report

Following the events in 2016 which saw the loss of large parts of the Great Barrier Reef due to coral bleaching, the Foundation immediately recognised the need to step up and do more. We started 2017 with a desire and determination to accelerate the impact of everything we do – the projects we enable, the way we raise money and how we use our voice. Even against the backdrop of a second mass coral bleaching event, we are pleased to say that the Great Barrier Reef Foundation, in its capacity as the lead charity for the Great Barrier Reef, made a difference.

2017 marked a transition year for our projects. Signature projects such as eReefs and Resilient Reefs Successfully Adapting to Climate Change were completed and the resulting tools and insights were implemented and began to deliver impact to the work of managers, government, scientists and conservation groups. We also started work on a number of new signature projects under a refreshed program portfolio focused on fewer, larger projects under the themes of innovation, resilience and restoration.

We are pleased to report that at the end of 2017 the majority of these new projects have secured critical seed funding and we look forward to launching these new endeavours in 2018.

There was unanimous support through the International Science Advisory Committee (ISAC), the Chairman's Panel, our board and our team that the flagship project for the Foundation for the next decade will centre around Reef Restoration and Adaptation. From a small idea presented at a Chairman's Panel event in 2016, this concept has evolved into what will become the largest and most ambitious marine science and engineering challenge ever undertaken in Australia. The goal is simple: to rebuild the reefs we have lost and to build them stronger in the process. Significant work was undertaken in 2017 to socialise this concept to leaders across government, research and industry which has led to a fully funded definition phase commencing in 2018.

Against these larger efforts, we were delighted with the promising results from some of our smaller, pilot projects. It remains a constant message from our ISAC members to always be open to bright, new, out of the box thinking, and to have the courage to invest in these riskier projects because any one of them could hold the turning point in its process and solution. Even at pilot stage, projects such as RangerBot and Larval Reseeding have changed the landscape and provided a step change in reef management.

In 2017, the way we talk about the Great Barrier Reef reached a turning point. The loss of coral and the negative impacts of water quality and climate change have been well documented – everyone has heard the bad news. And while the seriousness of these threats cannot be denied, there is growing evidence that material improvements in the outlook of species and ecosystems are possible through a combination of scientific research and conservation actions. There is good news to share alongside the bad. However when people don't know or hear enough about the good news, we are at risk of the world seeing the challenge of saving the Reef as being too hard and therefore switching off – akin to a 'learned helplessness'.

We recognise the Foundation has an increasingly powerful role to play as a trusted, independent voice for the Reef. To bring hope to the outlook for the Reef, to tell the world that Australia does care about the Reef and that Australians are doing everything they can to save it.

In June the Foundation launched a new report by Deloitte Access Economics that provided an economic, social and icon value of the Great Barrier Reef. The report revealed the value of the Reef to be \$56 billion, a natural asset that contributes \$6.4 billion to the Australian economy annually and supports 64,000 jobs. The contents of this report provide a key piece of the case for investing in reef protection and we know many have and will continue to use this document in their future decision making. The release of the report was a timely reminder of just how engaged the world is in what is happening to the Great Barrier Reef. In a 24 hour period more than 3000 media articles were published with a global audience reach of over 50 million. Today, this report remains the most downloaded report ever produced by Deloitte.

At its core the Foundation raises money to ensure a Great Barrier Reef for future generations and we are pleased that in 2017 we distributed \$5,163,981 in funding for reef projects. This direct investment is only due to the commitment and support of a number of people and institutions. At the heart of our success is a determined and talented team and supporting them is a remarkable and inspirational board of directors. We draw great strength and insight from working closely with our research partners such as the Department of National Parks, Sport and Racing, Bureau of Meteorology, Great Barrier Reef Marine Park Authority,

Australian Institute of Marine Science, CSIRO, James Cook University, University of Queensland, QUT and the Queensland and Australian governments.

The Foundation's family of supporters ranges from Australia's most iconic brands to small businesses in regional Australia, from leading philanthropists to children fundraising in their street. Each day we are overwhelmed by the passion with which people embrace this cause and we are committed to ensuring each dollar trusted to us goes to the Reef and has an impact.

We're regularly asked how the Foundation can be so optimistic when there is so much loss and the future of the world's reefs is so uncertain. Some of our optimism comes from the fact that our team is surrounded by amazing and brilliant minds who are dedicating everything to solving this problem. Some of our optimism comes from the fact that there has never been a greater spirit of collaboration amongst the marine science community. But at its core what we believe at the Foundation is this. We recognise the task ahead will not be easy and we don't know all the answers – yet. But it is not too late to save our reefs. There is work that can be, and is being, done. There are solutions we can uncover and there are things we can all do as individuals, as communities, as businesses and as policy makers. There is no option other than to do everything we can so our grandchildren can enjoy the gift that is the Great Barrier Reef.

We are grateful for your support, it matters and is making a difference.

Principal activities

The principal activity of the Foundation is to support the protection and enhancement of tropical reefs (especially the Great Barrier Reef) and adjoining coral coasts for the benefit of the world community including through the funding and provision of research, information and education. There were no significant changes to the nature of the activities carried out by the Foundation during the year.

Review of results and operations

The Foundation made an operating deficit of \$1,339,246 this year (2016: operating deficit \$1,823,689).

At year-end, \$2,742,322 (2016: \$3,963,249) is considered tied or restricted funds for application towards future research project commitments.

Operations

The number of full time employees at reporting date was six (2016: six). The capacity of this small team is supplemented by the Foundation's network of supporters and partners, in particular its pro bono partners and International Science Advisory Committee.

Pro bono partners

The Foundation is very fortunate to be supported by a prestigious group of pro bono partners and greatly appreciates the value and quality of service provided by these organisations.

The Australian firms and companies that provided pro bono services in 2017, include:

Deloitte (Audit & Consulting)
Allens Linklaters (Legal)
KPMG (Company Secretarial and Compliance, Consulting)
PwC Australia (Accounting)
Google (Advertising)
Leo Burnett (Branding)
GOA (Advertising)
Venture Pro (Consulting)
Hamilton Island (Accommodation)
BCM (Creative Services)
Big Fish Creative (IT Services, Creative)
JSA Creative (Web Design & Creative Services)

In the last twelve months, these firms and businesses have collectively provided pro bono services valued at \$831,405 (2016: \$266,534).

Project investments

At 31 December 2017, the Foundation had research investment contracts, in aggregate, totalling \$20,755,821. The Foundation endeavours to leverage investments with co-contributions from the relevant research institutions and, as appropriate, cash from other parties.

During 2017 the principal beneficiaries of research funding by the Foundation were as follows:

<i>Institution</i>	<i>Expenditure (\$)</i>
Bureau of Meteorology	1,225,000
Department of National Parks, Sport and Racing	1,170,000
Queensland University of Technology	620,000
Australian Institute of Marine Science	571,063
CSIRO	565,482
The University of Queensland	509,186
Great Barrier Reef Marine Park Authority	200,000
UNSW Australia	107,370
James Cook University	104,800
Cooperative Research Centre for Polymers Ltd	30,000
Other	24,080
Yuka-Baja	20,000
Southern Cross University	10,000
Fitzroy Basin Association Inc	3,500
Reef Check	3,500
Total	\$5,163,981

Benchmarking:

Administration costs

Our donors naturally expect that the majority of their donation will be used to protect the Great Barrier Reef, and not be directed to administration overheads. In keeping with industry best practice, the Foundation is committed to striving to limit administrative and fundraising expenses to 20%. In 2017 the percentage of total income required to fund administration and fundraising expenses was 19.7% (2016: 18.1%).

Directors and meetings of directors (01/01/2017 – 31/12/2017)

Directors	Board start date	No. of meetings eligible to attend	No. of meetings attended
John Michael Schubert AO (Chairman) <i>BCEng (Hons 1), PhD (Chem Eng), FIEAust, CPEng, FTS, FICHEM E</i>	11/04/2001	4	4
Anna Catherine Marsden (Managing Director) <i>BArts</i>	25/03/2016	4	4
Michael Andrew Cameron <i>BBus, FCPA, FCA, FAICD</i>	09/06/2010	4	2
Maureen Ann Dougherty <i>BMEng, MEng, Fellow of the Royal Aeronautical Society</i>	04/11/2015	4	4
Stephen Charles Fitzgerald <i>BEcon</i>	25/11/2010	4	3
Paul Fawcett Greenfield AO <i>BEcon Qld, BE (Hons) NSW, PhD NSW, FIE Aust, FTSE, FICHEM Eng, MAIChe</i>	21/12/2007	4	2
Grant King <i>BEng, MMA, FAICD</i>	28/11/2017	0	0
Amanda Therase McCluskey <i>BEcon (Hons)</i>	31/08/2009	4	3
Peter Edward Mason AM, <i>BCom (Hons), MBA, Hon.DBus, FAICD</i>	25/03/2015	4	1
John Francis Mulcahy <i>BE (First Class Hons), PhD (Civil Eng)</i>	12/05/2006	4	2
Russell Evan Reichelt <i>BSc PhD, FAICD, FTSE</i>	31/08/2004	4	3
Stephen Hunter Roberts <i>BEc</i>	24/11/2015	4	4

Steven Andrew Sargent <i>BBus, Fellow with the Australian Academy of Technological Sciences and Engineering</i>	18/02/2015	4	3
Phillip David Strachan <i>BCom, FCPA</i>	23/12/2003	4	4
Keith Henry Tuffley <i>BEC, LL.M, Grad Dip Applied Fin and Invest</i>	22/11/2006	4	3
David John Turner <i>FCA</i>	28/07/2007	4	3

The Foundation has established a number of committees who meet regularly and advise the board on a number of key issues.

	No. of meetings eligible to attend	No. of meetings attended
Audit, Risk and Compliance Committee		
Phillip David Strachan (Chair)	4	4
Clayton Neil Herbert	4	4
Trevor Mahony	4	3
Anthony Rose	4	4

	No. of meetings eligible to attend	No. of meetings attended
Portfolio Committee		
John Francis Mulcahy (Chair)	1	1
Paul Fawcett Greenfield AO	1	1
Anna Catherine Marsden	1	1
Rachel Parry	1	0
Russell Evan Reichelt	1	1
John Michael Schubert AO	1	1

Nominations Committee – Nil meetings held in 2017

John Michael Schubert AO (Chair)
Stephen Charles Fitzgerald
Paul Fawcett Greenfield AO
John Francis Mulcahy

Philanthropy Committee – Nil meetings held in 2017

Stephen Hunter Roberts (Chair)
Stephen Charles Fitzgerald
Anna Catherine Marsden
Keith Henry Tuffley

Company Secretary

Kerri Suzanne Ryan (since 30/11/2011)

International Scientific Advisory Panel

The International Scientific Advisory Panel, chaired by Professor Paul Greenfield AO, advises the Foundation's board and management on the direction of the science and the progress of science investments. The Foundation is grateful to the eminent group of leaders from Reef management and research institutions under whose leadership and governance the research program is developed, delivered and quality assured.

Dividends

The Foundation is a company limited by guarantee and is restricted from declaring any dividends.

Insurance of officers

During the financial year, the Foundation paid a premium of \$5,499 (2016: \$5,499) including stamp duty, a broker's fee and GST, to insure the directors and secretary and senior officers of the Foundation.

Proceedings on behalf of the Foundation

No proceedings have been brought or intervened in on behalf of the Foundation which requires the leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification of officers and auditor

Under section 65 of the Foundation's constitution, the Foundation indemnifies each person who is or has been a director or secretary of the Foundation. The indemnity relates to any liability (other than liability to the Foundation or related body corporate, pecuniary penalties or compensation orders and liability that did not arise out of conduct in good faith) which results directly or indirectly from facts or circumstances relating to service as a director or secretary of the Foundation and extends to the payment of legal costs described therein.

The Foundation has not otherwise during or since the financial year indemnified or agreed to indemnify an auditor of the Foundation or of any related body corporate against a liability incurred as such as an auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under subdivision 60 C of the *Australian Charities and Not-for-profits Commission Act* is set out on page 7.

Environmental regulation

The Foundation's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Foundation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Foundation.

Remuneration report

No director of the Foundation has received or become entitled to receive a benefit, by reason of a contract made by the Foundation with the director of a related company, other than in the case of the current Managing Director, whose remuneration is determined by the board.

Employee numbers

The number of full time employees at reporting date was six (2016: six). Five part-time staff are employed in roles relating to science, marketing, communications and accounting.

Members' guarantee

The Foundation is a public company limited by guarantee. Members are nominated and determined in accordance with the Constitution. If the Foundation is wound up, the constitution states that each member is required to contribute a maximum of \$10.00 towards meeting any outstanding obligations of the Foundation. As at 31 December 2017, the number of members was 127 (2016: 123).

State government fundraising legislation requirements

Several state governments in Australia have specific licensing and reporting requirements implemented to inform and protect the interests of donors and regulate fundraising operations.

The Foundation holds the following licences:

- Queensland, the principal place of its operations: *Collections Act 1966, Certificate of Sanction Number: CP5118*
- New South Wales: *Charitable Fundraising Act 1991, Charitable fundraising number: CFN/24247*
- Tasmania: *section 6 of Collections for Charities Act 2001: C/10381*
- Melbourne: *The Fundraising Act 1998: Registration number: 14114*
- Western Australia: *Charitable Collections Act 1946: Licence No: CC 22070*

Key Australian Government legislative and regulatory requirements

The *Australian Charities and Not-for-profits Commission Act* sets out laws dealing with registration of a business entity as a charity. From 1 January 2014, the Foundation (in its capacity as a large registered charity with an annual revenue >\$1m) must submit an annual information statement, a financial report and an audit report (auditing the Financial Statements) to the Australian Charities and Not-for-profits Commission.

Environmental organisations, including the Foundation, are required to comply with the requirements of the Australian Government Department of the Environment and Energy and the Australian Taxation Office in order to remain on the Register of Environmental Organisations (REO). This register lists environmental organisations, like the Foundation, which are eligible to receive tax deductible donations. This register was established under item 6.1.1 subsection 30-55(1) of the *Income Tax Assessment Act 1997*.

Likely developments and expected results of operations

Through its International Science Advisory Committee, the Foundation has adopted a new research focus around Reef recovery: building the Reef's resilience through innovations in monitoring, protection and restoration. The Foundation has a number of signature research projects in development in line with this theme. With a large program of existing projects currently under management, significant effort is being, and will continue to be, dedicated to overseeing delivery of this work and enabling its adoption by reef managers and policy makers.

Events subsequent to reporting day

On 29 April 2018 the Australian Government announced a new funding investment through the Reef Trust which included a partnership with the Great Barrier Reef Foundation to implement Great Barrier Reef protection activities aligned with the Reef 2050 Plan as amended from time to time.

The partnership will include an initial grant of \$443,300,000 from the Reef Trust paid in full in the 2018 financial year for delivery of outcomes over the following six years inclusive of 2023-24.

No other matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Foundation, the result of those operations or the state of affairs of the Foundation in subsequent financial years.

This report is made in accordance with a resolution of the directors.



John Michael Schubert
Chairman

8/5/18



Anna Catherine Marsden
Managing Director

8/5/18

The Board of Directors
Great Barrier Reef Foundation
Level 13, 300 Ann Street
BRISBANE QLD 4000

8 May 2018

Dear Board Members

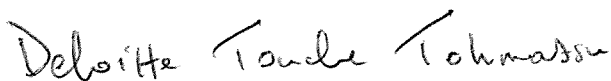
Great Barrier Reef Foundation

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Great Barrier Reef Foundation.

As lead audit partner for the audit of the financial statements of Great Barrier Reef Foundation for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit;
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


Tendai Mkwanzani
Partner
Chartered Accountants

Corporate governance statement

Great Barrier Reef Foundation (the Foundation) is a not for profit public company limited by guarantee, incorporated under the *Corporations Act 2001*. Ultimate responsibility for the governance of the Foundation rests with the board of directors. This governance statement outlines how the board meets that responsibility.

The board's primary role is to ensure that the Foundation's activities are directed towards achieving its mission: the raising and provision of funding to support research contributing to the environmental protection, enhancement, preservation and conservation of tropical reefs (especially the Great Barrier Reef) and adjoining coral coasts.

All members of the board of directors are appointed through the constitution and are themselves members of the company. Non executive directors serve in an honorary capacity and do not receive remuneration for their role. Directors and senior staff have formal duties under company law and are kept apprised of these, using professional advice when necessary. There are conflict of interest provisions in the constitution and in company law, applicable to the directors, together with an internal protocol.

The Foundation's constitution governs the regulations of meetings and proceedings of the board of directors, together with the procedures for appointment and replacement of directors. The board regularly reviews the skills and experience necessary for its activities and currently considers it appropriate that there is the following mix: business management, ecological and scientific, financial, legal, marketing and philanthropic.

In addition to those matters required by the constitution and company law, the board's principal roles are to:

- approve the annual budget;
- receive and review regular and comprehensive financial and investment reports;
- oversee risk management analysis;
- make final decisions with respect to research projects;
- prepare and approve policy statements;
- determine strategic and long term objectives.

The Audit, Risk and Compliance Committee monitors the Foundation's financial activities and performance. The Audit, Risk and Compliance Committee may call on external advice from outside parties as required. It:

- reviews the accounts and assists in development of annual budgets and long term projections;
- provides strategic financial advice and support to management;
- review of risk management register and strategies;
- advises the board on financial matters including property acquisition, the formation of policies and guidelines related to financial management, and the monitoring of financial performance.

The Portfolio Committee is appointed to assist in providing advice to the board on the allocation, risk and reputational aspects of investments in the portfolio. The Nominations Committee is appointed to provide advice to the Board on potential candidates that fill the requirements of key positions on the Board, sub-Committee, Advisory Committee and Managing Director roles. The Philanthropy Committee is appointed to assist in fulfilling its oversight responsibilities by monitoring and reporting to the Board on the advancement of the Foundation's philanthropic programs. This Committee guides the development and implementation of Programs to raise funds for the protection, preservation and conservation of the Great Barrier Reef and other purposes as set out in the GBRF Constitution; to provide strategic and operational direction on all matters related to the implementation of Programs; and to promote and champion philanthropic contributions to the Foundation.

The board delegates the day to day management of the Foundation to the Managing Director and oversees and monitors her performance in that regard.

The process of evaluation of the Managing Director is ongoing, and a session on key performance indicators is held with the Chairman annually. The board or its delegate conducts an annual performance review of the Managing Director. The remuneration and terms and conditions for the Managing Director are reviewed and approved by the board after seeking professional advice. The Managing Director reviews and approves remuneration and conditions for other staff in the context of agreed parameters established by the board.

Communication of the Foundation's affairs to members, supporters and the public is widely undertaken. There is direct communication through newsletters and the provision of the annual report to members. The annual report and full financial disclosure, together with the Foundation's constitution, are available online at www.barrierreef.org

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A description of the nature of the entity's operations and its principal activities is included in the review of operations and activities on page 2, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 8 May 2018. The directors have the power to amend and reissue the financial statements.

Great Barrier Reef Foundation
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2017

	Notes	2017 \$	2016 \$
Revenue	2	7,715,306	8,084,358
Science investments		(5,907,940)	(7,579,709)
Employee benefits expense		(1,442,143)	(1,373,894)
Engagement and communications expense	3	(938,871)	(381,413)
Occupancy and administration expense	3	(615,114)	(419,688)
Business development costs	3	(124,822)	(73,671)
Depreciation and amortisation expense		(21,608)	(18,094)
Loss on disposal of fixed assets		-	(57,954)
Finance costs		(4,054)	(3,623)
Operating (deficit) surplus before income tax		<u>(1,339,246)</u>	<u>(1,823,688)</u>
Income tax expense		-	-
Operating (deficit) surplus for the year		<u>(1,339,246)</u>	<u>(1,823,688)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive (loss) income for the year		<u>(1,339,246)</u>	<u>(1,823,688)</u>
Operating (deficit) surplus for the year is attributable to:			
Members of Great Barrier Reef Foundation		<u>(1,339,246)</u>	<u>(1,823,688)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of financial position
as at 31 December 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	3,110,144	4,422,101
Trade and other receivables	6	547,440	1,075,125
Financial assets	7	202,615	205,411
Other current assets	8	48,535	51,346
Total current assets		<u>3,908,734</u>	<u>5,753,983</u>
Non-current assets			
Property, plant and equipment	9	36,011	43,737
Intangible assets	10	12,030	15,454
Total non-current assets		<u>48,041</u>	<u>59,191</u>
Total assets		<u>3,956,775</u>	<u>5,813,174</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	352,242	844,298
Provisions	12	84,116	76,935
Deferred revenue		193,000	235,400
Total current liabilities		<u>629,358</u>	<u>1,156,633</u>
Non-current liabilities			
Provisions	12	29,738	19,616
Total non-current liabilities		<u>29,738</u>	<u>19,616</u>
Total liabilities		<u>659,096</u>	<u>1,176,249</u>
Net assets		<u>3,297,679</u>	<u>4,636,925</u>
FUNDS			
Restricted reserves	13(a)	2,742,322	3,963,248
Retained operating surplus	13(b)	555,357	673,677
Total funds		<u>3,297,679</u>	<u>4,636,925</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of changes in equity
for the year ended 31 December 2017

	Notes	Restricted reserves \$	Retained operating surplus \$	Total equity \$
Balance at 1 January 2016		5,717,651	742,962	6,460,613
Surplus (deficit) for the year		-	(1,823,688)	(1,823,688)
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	(1,823,688)	(1,823,688)
Transfer to (from) retained opening surplus to (from) restricted reserves	13	(1,754,403)	1,754,403	-
Balance at 31 December 2016		3,963,248	673,677	4,636,925
Balance at 1 January 2017		3,963,248	673,677	4,636,925
Surplus (deficit) for the year		-	(1,339,246)	(1,339,246)
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	(1,339,246)	(1,339,246)
Transfer to (from) retained opening surplus to (from) restricted reserves	13	(1,220,926)	1,220,926	-
Balance at 31 December 2017		2,742,322	555,357	3,297,679

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of cash flows
for the year ended 31 December 2017

	2017	2016
Notes	\$	\$
Cash flows from operating activities		
Payments to suppliers and researchers (inclusive of goods and services tax)	(7,913,328)	(8,911,397)
Grants and donations received	7,971,563	11,799,528
Employment costs	(1,424,841)	(1,419,389)
Net cash (outflow) inflow from operating activities	<u>(1,366,606)</u>	<u>1,468,742</u>
Cash flows from investing activities		
Payments for property, plant and equipment (exclusive of goods and services tax)	(10,458)	(41,684)
Term deposits held as bank guarantees	2,796	(23,688)
Payments for patents and trademarks	-	(4,777)
Proceeds from sale of property, plant and equipment (exclusive of goods and services tax)	-	1,410
Interest received	62,311	95,585
Net cash inflow from investing activities	<u>54,649</u>	<u>26,846</u>
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(1,311,957)	1,495,588
Cash and cash equivalents at the beginning of the financial year	<u>4,422,101</u>	<u>2,926,513</u>
Cash and cash equivalents at end of year	4 <u>3,110,144</u>	<u>4,422,101</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Great Barrier Reef Foundation.

(a) 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 and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*. Great Barrier Reef Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the Great Barrier Reef Foundation comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) New and amended standards adopted by the Foundation

The Foundation has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2017:

- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*, and
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods:

- AASB 2017-1 *Amendments to Australian Accounting Standards - Annual Improvements 2014-2016 Cycle and Other Amendments*.

As these amendments merely clarify the existing requirements, they do not affect the Foundation's accounting policies or any of the disclosures.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Foundation
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Foundation no longer expects any impact from the new classification, measurement and derecognition rules on the Foundation's financial assets and financial liabilities. There will also be no impact on the Foundation's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Foundation does not have any such liabilities.	Must be applied for financial years commencing on or after 1 January 2018. The Foundation will apply the new rules from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.
Title of standard AASB 15 <i>Revenue from Contracts with Customers</i>	Nature of change The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and 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.	Impact The Foundation expects that this standard will have an impact on its financial statements but the materiality of this impact is not yet fully known. The Foundation has begun undertaking an impact assessment to determine the full effect of the new standard as well as the non-profit specific revenue recognition changes of AASB 1058. This impact assessment is expected to be completed in the first half of 2018. The Foundation will also be developing a framework of processes to ensure compliance.	Mandatory application date/ Date of adoption by the Foundation For not-for-profit entities: Mandatory for financial years commencing on or after 1 January 2019. Expected date of adoption by the Foundation: 1 January 2019. 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 January 2019 and that comparatives will not be restated.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Foundation
AASB 1058 <i>Income of Not-for-Profit Entities</i>	AASB 1058 was released 20 December 2016. This will replace AASB 1004 which covers the receiving of contributions by not-for-profit entities. The new standard aims to ensure that income recognition better reflects performance obligations.	The materiality of the impact of this standard on the financial statements of the Foundation is not yet fully known. The Foundation has begun an impact assessment of the effects of the new standard as well as effects of the revenue recognition changes of AASB 15. This impact assessment is expected to be completed in the first half of 2018.	For not-for-profit entities: Mandatory for financial years commencing on or after 1 January 2019. Expected date of adoption by the Foundation: 1 January 2019.
AASB 16 <i>Leases</i>	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, 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 only significant operating lease is the lease of premises in Ann Street, Brisbane. An asset and associated liability is expected to be recognised for this lease upon adoption of this Standard. A periodic amortisation and interest charge is expected to be recognised in the statement of profit or loss and other comprehensive income, the amounts of which are not expected to be material.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Foundation does not intend to adopt the standard before its effective date. The Foundation intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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 periods and on foreseeable future transactions.

(v) *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Foundation's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and duties and taxes paid.

Revenue is recognised for the major business activities using the methods outlined below.

(i) *Interest*

Interest revenue is recognised when the interest entitlement has been earned.

1 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(ii) Donations

Income from donations is recognised at the earlier of when the donation is received or entitled to be received by the Foundation.

(iii) Corporate grants

Income from corporate grants is recognised when the grant is entitled to be received by the Foundation.

(iv) Government grants

Grants received from government are recognised as revenue to the extent they have been received into the Foundation's bank account or are entitled to be received by the Foundation at year end.

(v) Royalties

Revenue from royalties is recognised when the royalty is earned.

(vi) In-kind donations

In-kind donations, such as the provision of goods and services from pro bono partners, are recognised as revenue when provided to the Foundation. These in-kind donations are also recorded as a matching asset or expense depending on the nature of the service provided.

(c) Income tax

The Foundation is a tax exempt entity and is therefore not liable for income tax.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Foundation as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1 Summary of significant accounting policies (continued)

(h) Trade and other receivables

Trade and other receivables are recognised at cost, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade and other receivables) is used when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- | | |
|--------------------------|--------------|
| - Furniture and fittings | 2 - 20 years |
| - Plant and equipment | 2 - 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(j) Intangible assets

(i) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 5 to 10 years.

Trademarks that do not have a finite useful life are carried at cost less accumulated impairment.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other accounts payable are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1 Summary of significant accounting policies (continued)

(m) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Foundation in respect of services provided by employees up to reporting date.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Sick leave

Liabilities for non-accumulating sick leave are not recognised by the Foundation in its annual report.

(iv) Superannuation

The Foundation makes compulsory superannuation contributions in accordance with the superannuation guarantee charge. Any superannuation accrued and not paid at balance date is recognised as a liability.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST recognised is part of the cost of acquisition of the asset or as part of the item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Great Barrier Reef Foundation
Notes to the financial statements
31 December 2017
(continued)

2 Revenue

	2017	2016
	\$	\$
Project grants received	1,657,000	1,694,564
Government research contributions	1,983,925	3,710,250
Donations	1,402,697	690,109
Pro bono services	831,405	266,534
Donations - Chairman's Panel	744,000	728,500
Grants received - project fees	552,075	675,393
Membership fees - Chairman's Panel	190,000	174,800
Royalties - cause related marketing	63,657	27,096
Interest income	60,330	95,877
Other revenue	230,217	21,235
	<u>7,715,306</u>	<u>8,084,358</u>

3 Expenses

	2017	2016
	\$	\$

Surplus (deficit) before income tax includes the following specific expenses:

Employee benefits

Defined contribution superannuation expense	<u>120,013</u>	119,460
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Business development

Pro bono services	-	2,000
Expenses other than pro bono services	<u>124,822</u>	71,671
	<u>124,822</u>	73,671

Occupancy and administration

Pro bono services	257,211	117,355
Expenses other than pro bono services	<u>357,903</u>	302,333
	<u>615,114</u>	419,688

Engagement and communications

Pro bono services	574,193	147,179
Expenses other than pro bono services	<u>364,678</u>	234,234
	<u>938,871</u>	381,413

4 Current assets - Cash and cash equivalents

	2017	2016
	\$	\$
Bank deposits	1,635,691	3,745,993
Operating accounts	167,414	283,100
Public fund accounts	324,779	237,763
Project accounts	982,260	155,245
	3,110,144	4,422,101

(a) Public fund monies

The Foundation is registered as an environmental organisation under legislative requirements in the *Income Tax Assessment Act*.

One of the mandatory constitutional requirements of environmental organisations includes the establishment and maintenance of a public fund:

- to which gifts of money or property for its principal purpose are to be made; and
- to which any money received because of such gifts is to be credited; and
- that does not receive any other money or property.

The release of monies from the public fund account and the management of, and sale of, public fund assets must be authorised by the fund's management committee.

(b) Project account

The project account is restricted for use of specific project income and expenditure. This includes monies received and relating to project grants.

5 Assets subject to a restriction

Funds received for research generally consist of two components. The first component is a management fee that can be used by the Foundation to manage the project and meet operating and administrative costs. The second component is to be directed in its entirety towards future research projects. There is generally a timing difference between earning income and the matching expenditure. Income received for projects is considered to be restricted income to the extent that it is to be matched by expenditure. When income is earned in a year and the matched expenditure is less than the income earned, the surplus amount is moved from retained earnings to the restricted funds reserve. Conversely, where the matched expenditure in any given year is greater than the income earned, the shortfall amount is moved from the restricted funds reserve to retained earnings.

In the years when restricted fund reserve increases, there will be a negative effect on retained earnings for the year. Conversely, in the years when the restricted fund reserve decreases, there will be a positive effect on retained earnings for the year. Over the long term, the position is neutral on the basis that all restricted funds received are fully expended.

5 Assets subject to a restriction (continued)

Funds from bequests, sponsorships and interest earned on project funds are also considered to be restricted. The primary bequest was received during 2009 from Sir Ian MacFarlane. The board has resolved to separately invest these funds with the earnings to be used to fund lectures and training.

The board and management consider the following net assets to be restricted for application towards future research projects:

	2017	2016
	\$	\$
<i>Funds recognised as restricted reserves:</i>		
eReefs	1,618,631	1,515,256
Reef Resilience fund	133,045	259,735
Sir Ian MacFarlane bequest	151,277	162,058
Reef Island Refuge Initiative	212,500	-
Resilient Reefs	-	1,241,335
Sponsorships	9,092	9,092
Other	617,777	775,772
Balance at 31 December	2,742,322	3,963,248

6 Current assets - Trade and other receivables

	2017	2016
	\$	\$
Grants, donations and royalties receivable	328,785	896,760
Interest receivable	2,298	4,278
Goods and services tax (GST) receivable	144,500	173,591
Other receivables	110,457	496
Provision for impairment of receivables	(38,600)	-
	547,440	1,075,125

The Foundation has recognised \$77,960 in losses in respect to the write off and impairment of trade receivables during the year ended 31 December 2017 (2016: nil). There is \$131,600 in trade receivables past their due date at 31 December 2017. A provision has been raised in the current year based on historical information on collectability.

7 Current assets - Financial assets

	2017	2016
	\$	\$
Term deposit held as security	202,615	205,411

8 Current assets - Other current assets

	2017	2016
	\$	\$
Deposits paid	32,533	11,946
Prepayments	16,002	39,400
	48,535	51,346

9 Non-current assets - Property, plant and equipment

	Plant and equipment \$	Leased plant and equipment \$	Artwork \$	Total \$
At 1 January 2016				
Cost	158,680	21,342	13,118	193,140
Accumulated depreciation	(95,923)	(15,672)	(5,234)	(116,829)
Net book amount	62,757	5,670	7,884	76,311
Year ended 31 December 2016				
Opening net book amount	62,757	5,670	7,884	76,311
Additions	32,512	-	9,172	41,684
Assets included in a disposal group classified as held for sale and other disposals	(51,665)	(5,193)	(2,507)	(59,365)
Depreciation charge	(13,547)	(477)	(869)	(14,893)
Closing net book amount	30,057	-	13,680	43,737
At 31 December 2016				
Cost	43,793	-	19,572	63,365
Accumulated depreciation	(13,736)	-	(5,892)	(19,628)
Net book amount	30,057	-	13,680	43,737
Year ended 31 December 2017				
Opening net book amount	30,057	-	13,680	43,737
Additions	5,865	-	4,593	10,458
Depreciation charge	(16,106)	-	(2,078)	(18,184)
Closing net book amount	19,816	-	16,195	36,011
At 31 December 2017				
Cost	49,657	-	24,165	73,822
Accumulated depreciation	(29,841)	-	(7,970)	(37,811)
Net book amount	19,816	-	16,195	36,011

10 Non-current assets - Intangible assets

	Trademarks at cost \$	Total \$
At 1 January 2016		
Cost	27,929	27,929
Accumulation amortisation	(14,051)	(14,051)
Net book amount	<u>13,878</u>	<u>13,878</u>
Year ended 31 December 2016		
Opening net book amount	13,878	13,878
Additions	4,777	4,777
Amortisation charge **	(3,201)	(3,201)
Closing net book amount	<u>15,454</u>	<u>15,454</u>
At 31 December 2016		
Cost	32,706	32,706
Accumulation amortisation	(17,252)	(17,252)
Net book amount	<u>15,454</u>	<u>15,454</u>
Year ended 31 December 2017		
Opening net book amount	15,454	15,454
Amortisation charge **	(3,424)	(3,424)
Closing net book amount	<u>12,030</u>	<u>12,030</u>
At 31 December 2017		
Cost	32,706	32,706
Accumulated amortisation	(20,676)	(20,676)
Net book amount	<u>12,030</u>	<u>12,030</u>

** Amortisation of \$3,424 (2016: \$3,201) is included in depreciation and amortisation expense in profit or loss.

11 Current liabilities - Trade and other payables

	2017 \$	2016 \$
Accounts payable	89,392	538,598
Science project accrued expenses	262,850	305,700
	<u>352,242</u>	<u>844,298</u>

No interest is charged on trade payables. The Foundation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

12 Provisions

	2017			2016		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Provision for employee benefits	84,116	29,738	113,854	76,935	19,616	96,551

13 Funds

(a) Reserves

	2017 \$	2016 \$
Restricted funds reserve	<u>2,742,322</u>	3,963,248

Movements:

Restricted funds reserve

Balance at 1 January	3,963,248	5,717,651
Transfer to retained operating surplus (restricted expenses)	(5,832,495)	(7,619,009)
Transfer from retained operating surplus (restricted income)	4,611,569	5,864,606
Balance at 31 December	<u>2,742,322</u>	3,963,248

(b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2017 \$	2016 \$
Balance at 1 January	673,677	742,962
Net operating surplus (deficit) for the year	(1,339,246)	(1,823,688)
Net transfer from retained operating surplus to restricted fund reserves	1,220,926	1,754,403
Balance at 31 December	<u>555,357</u>	673,677

14 Contingent liabilities

The Foundation had no contingent liabilities at 31 December 2017 (2016: nil).

15 Commitments

(a) Capital and other commitments

Grant expenditure contracted for at the reporting date but not recognised as liabilities is:

	2017	2016
	\$	\$
eReefs projects payable:		
Within one year	392,363	1,962,463
	392,363	1,962,463
 Reef Resilience projects payable:		
Within one year	855,000	1,170,000
Later than one year but not later than five years	990,000	1,845,000
	1,845,000	3,015,000
 Other projects payable:		
Within one year	181,500	198,000
Later than one year but not later than five years	-	164,000
	181,500	362,000

Contracts for revenue are committed and in place to cover the above listed commitments over the five year period.

(b) Lease commitments: Foundation as lessee

(i) Non-cancellable operating leases

	2017	2016
	\$	\$
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:		
Within one year	121,819	115,412
Later than one year but not later than five years	354,752	460,015
	476,571	575,427

16 Related party transactions

(a) Key management personnel

	2017	2016
	\$	\$
Key management personnel compensation	884,596	845,634

Great Barrier Reef Foundation Board members and other Committee members are comprised entirely of volunteers. No fees are paid for serving as a volunteer board or committee member.

(b) Other transactions with key management personnel or entities related to them

Directors of Great Barrier Reef Foundation

Some of the directors are donors in their own right or are directors of companies which have donated monies to the Foundation.

Aggregate amounts of donations received from related parties of Great Barrier Reef Foundation:

	2017	2016
	\$	\$
Amounts recognised as revenue		
Grants and donations received	814,987	2,007,987

17 Events occurring after the reporting period

On 29 April 2018 the Australian Government announced a new funding investment through the Reef Trust which included a partnership with the Foundation to implement Great Barrier Reef protection activities aligned with the Reef 2050 Plan as amended from time to time. The partnership will include an initial grant of \$443,300,000 from the Reef Trust paid in full in the 2018 financial year for delivery of outcomes over the following six years inclusive of 2023-24.

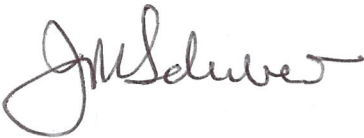
No other matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Foundation, the results of those operations or the state of affairs of the Foundation in subsequent financial years.

**Great Barrier Reef Foundation
Directors' declaration
31 December 2017**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:
 - (i) complying with accounting standards and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2017 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; 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.

This declaration is made in accordance with a resolution of directors.



John Michael Schubert AO
Chairman

8 May 2018



Anna Catherine Marsden
Managing Director

8 May 2018

Independent Auditor's Report to the Members of Great Barrier Reef Foundation

Opinion

We have audited the financial report of Great Barrier Reef Foundation (the Foundation), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration as set out on pages 9 to 28.

In our opinion, the accompanying financial report of Great Barrier Reef Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Foundation's financial position as at 31 December 2017, and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 are independent of the Foundation in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Foundation's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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, 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 Directors for the Financial Report

The Directors 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 Regime and the ACNC Act, and for such internal control as the Directors 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 Directors 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 Directors either intend to liquidate the Foundation or to cease operations, or has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Tendai Mkwanzani
Partner
Chartered Accountants
Brisbane, 8 May 2018