

Great Barrier Reef Foundation

ABN 82 090 616 443

Financial report for the year ended 30 June 2021

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Financial report - 30 June 2021

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Great Barrier Reef Foundation Annual report for the year ended 30 June 2021

Directors' report

The Great Barrier Reef Foundation (the Foundation) was conceived in 2000 against the backdrop of the threat of an in danger listing by UNESCO over the Great Barrier Reef (the Reef), and an overwhelming need for an independent, science-led charity to unlock funding to respond to threats to the reef and encourage greater collaboration and innovation in protection efforts.

In this 20th year of operation of the Foundation, and as our world has moved into a critical decade for coral reefs and climate change action, it is clear the Foundation's role and impact have never been more vital. And while climate data paints a stark future, our team and community of partners and supporters remain driven by the knowledge that it is not too late, that we still have time and that our ideas and actions now and into this decade can deliver a better future for coral reefs.

The Reef needs us at our best more than ever. And we are better together. If the COVID-19 pandemic has shown us anything, it is what can be achieved when governments, businesses, researchers, not-for-profits and community unite with a shared purpose. It is this model of public-private partnership that is at the heart of the Foundation. Whether it's through our signature programs *Resilient Reefs* and *Reef Islands initiatives*; the legacy created through the *Raine Island Recovery Project*; or the largest public private partnership environmental investment in Australia's history, the *Reef Trust Partnership*; our mission 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. The *Year in Review* report which accompanies this Financial Report profiles this work in greater detail.

The landmark \$443 million *Reef Trust Partnership* (RTP) between the Australian Government and the Foundation – which reached its halfway point this year – is a vital proving ground for the power of collaboration and is resulting in acceleration of effort. As at the end of September 2021, 65% of the government grant has been committed across 200 on ground and on water projects. Every day, thousands of Australians are doing their part in the largest collective effort focused on coral reefs anywhere on the planet. A high-level summary on the progress of the RTP is as follows:

- The Reef Restoration and Adaptation Program (RRAP) – a partnership bringing together Australia's marine science community to deliver the world's largest and most ambitious effort to develop, scale up and deploy an innovative suite of safe, acceptable interventions to help the Reef resist, adapt to, and recover from the impacts of climate change – is in full swing with 33 active projects.
- Reef Traditional Owners continue to co-design and deliver the largest ever investment in Traditional Owner-led Reef management, through a \$50 million Land and Sea Country program designed by Traditional Owners, for Traditional Owners. This includes 25 on-Country projects launched in the year ended 30 June 2021.
- The Water Quality Improvement program is on track to deliver significant improvements to the quality of water flowing into the Reef through 10 major water quality improvement programs simultaneously underway. These programs cover 11 of the Reef's high priority catchments over an area spanning 11 million hectares.
- With partners from the Great Barrier Reef Marine Park Authority and the Reef and Rainforest Research Centre, the Foundation is supporting the largest intervention program on the Reef aimed at protecting coral – the crown-of-thorns starfish control program. Long-term monitoring by the Australian Institute of Marine Science has recognised the intensive efforts by the program to remove substantial numbers of the crown-of-thorns starfish and importantly from critical

locations which reduces further spread. There are now no active outbreaks of crown-of-thorns on the central Reef. In the past year the Foundation also executed a collaboration agreement that launches the \$10 million research and development program in partnership with the Australian Institute of Marine Science, CSIRO, James Cook University and The University of Queensland, to further innovate and scale up this critical work.

- Six Community Action Plans that were developed along the length of the Reef in the year ended 30 June 2021 will start implementing projects in the new financial year, feeding into Reef monitoring, management planning and reporting to best harness the efforts of the hundreds of community champions who take action every day to save the Reef.

In delivering the RTP, we are continuing a 20-year relationship with Australia's leading science and research institutions, such as CSIRO, the Australian Institute of Marine Science and the Great Barrier Reef Marine Park Authority.

This year saw the Foundation's contribution at a global level intensify as we became founding members of the United Nations Decade of Ocean Science for Sustainable Development, and the landmark *Reef Recovery 2030* initiative was endorsed as a flagship action. With six interconnected pillars of activity spanning water quality, climate action, island and coastal restoration, and Reef protection, restoration and adaptation, the Foundation's bold ambition for 2030 revolves around a core focus: healthy reefs need healthy reef communities. Millions of people around the world rely on coral reefs for their livelihoods, and, with reefs on the front line of climate change, this represents not just an ecological crisis, but a humanitarian one.

It's this interdependency between coastal communities and their coral reefs that spurred the Foundation's *Resilient Reefs Initiative* – a global partnership to support five World Heritage Reef sites in Australia, Palau, Belize and New Caledonia and the communities that depend on them by strengthening their ability to prepare for and recover from disturbances, adapt to changing circumstances and plan for the future. As of 30 June 2021, the initiative is preparing to invest its first seed funding for projects at two pilot sites, and the establishment of four Chief Resilience Officers will soon be in place.

As this global initiative accelerates, the legacy of the *Raine Island Recovery Project* is being realised. A report released by the project's partners in September 2020 has revealed that an additional 640,000 turtle hatchlings have begun life on the Reef because of the initiative.

As a result of the success at Raine Island – both in restoring the ecosystem and in reimagining how government, Traditional Owners and corporate investment can work together – the Foundation's *Reef Islands Initiative* was established and in 2020-21 announced its third site, Avoid Island south of Mackay. Avoid Island is the second largest nesting site for the vulnerable flatback turtle, which is only found on the Reef. With partners Queensland Trust for Nature and Koinmerburra Aboriginal Corporation, we're transforming the island into a hub of education and citizen science. In 2020-21 we also launched the first project at the Initiative's Whitsundays site during coral spawning season, training tourism operators in deploying Coral IVF, as a pilot to test the opportunity to scale this at key sites along the Reef each year. The Whitsunday Healthy Heart Project also launched in 2020-21, aiming to achieve the Reef's first carbon neutral tourism destination.

The Foundation firmly believes everyone is capable of doing more when it comes to sustainability. In late 2020 the Foundation's Board endorsed a public-facing Sustainability Commitment and a set of annual targets that align with the UN's Sustainable Development Goals. This was an important step for our organisation, to formalise our commitment and ensure our accountability to achieving them. In the first year of running a formal Sustainability Commitment process, the majority of key objectives were achieved including becoming a certified carbon neutral organisation and finalising a Reconciliation Action Plan.

The world has had to continue to adapt to the changing conditions and challenges due to the COVID-19 pandemic. Our priorities in responding to the crisis have been the safety of our people and our partners and to ensure the financial sustainability of the organisation.

For the past 20 years, the Foundation has been an organisation that doesn't focus on what we know or have done, but rather what we don't know and could do. This ambition is fuelled by the remarkable and generous support of our partners and donors. We continue to be inspired by the heartfelt stories behind the many who contribute to the mission. We take seriously our position as a partner of choice to government, industry and community and say thank you to everyone we have the privilege to work alongside.

Driving us forward, through so much change and uncertainty, is an esteemed volunteer Board and network of committee members. This group of individuals brings their extensive experiences and skills to the collective protection effort and each make a meaningful contribution to our work, our approach and our impact. The Foundation's dedicated team of staff continues to rise to each challenge, undeterred by disruption and with unparalleled passion and commitment, providing hope for the future of our reefs.

With this support we're making an impact, but there's a lot more to do. With the challenge to save the Reef resting on our generation's shoulders, the Foundation is determined to make a difference and play our part in ensuring that coral reefs are enjoyed by generations to come.

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

For the period 1 July 2020 to 30 June 2021, the Foundation had an Operating surplus of \$998,192 (30 June 2020: Operating surplus \$105,962). \$550,975 of this Operating surplus relates to funds received in the financial year restricted to specific Reef Programs to be delivered in future years.

As at 30 June 2021, \$3,869,449 (30 June 2020: \$2,877,104 restricted reserves) is considered tied funds for application towards future project commitments.

Regarding funding for the Reef Trust Partnership, as at 30 June 2021, a balance of \$365,848,885 (as at 30 June 2020: \$418,811,196) is deferred revenue that is considered tied funds for application towards future RTP project commitments.

Operations

The total number of employees as at 30 June 2021 was 42.5 FTE (30 June 2020: 38.6 FTE). The work of employees is supplemented by the Foundation's network of supporters and partners, in particular pro bono partners and committee members.

Pro bono partners

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

The organisations that provided pro bono services in the year ended 30 June 2021, include:

- Google (Advertising)
- Lendlease (Advertising)

- Giuntabell (IT)
- Tactical Directions (Marketing)
- PwC Australia (Accounting)

For the year ended 30 June 2021, these organisations have collectively provided pro bono services valued at \$682,424 (30 June 2020: \$288,857).

Future in-kind contributions, being provided as part of the existing Reef Trust Partnership projects, will be reported at the completion of each project and therefore are not accounted for in this reporting period.

The principal project investments and funding beneficiaries for the year ended 30 June 2021 were:

Projects / Programs	Project Investment (\$)	Project Delivery Partners
Resilient Reefs Initiative	782,903	AECOM Australia Pty Ltd
		Association Blue Finance ECRE (Economics for Coral Reef Ecosystems) Committee (Inc.)
		Australian Government Department of Biodiversity, Conservation and Attractions
		Belize Coastal Zone Management Authority and Institute TIN 16345
		Conservatoire d'espaces naturels Nouvelle-Calédonie (CEN)
		The Nature Conservancy
		United Nations Educational, Scientific, and Cultural
Reef Islands Initiative	1,258,415	Australian Institute of Marine Science
		CCIG Investments Pty Ltd t/a Daydream Island Resort
		Central Queensland University
		Lady Elliot Island Eco Resort
		Landscapes Queensland Limited
		Reef Catchments Ltd
		Reef Ecologic Pty Ltd
		The University of Queensland
		University of the Sunshine Coast
eReefs 2.0	60,980	Truii Pty Ltd
Innovations	85,000	Fundacao Educacional Ciencia Desenvolvimento
		Southern Cross University
		The University of Queensland
Coral Atlas	600,000	The University of Queensland
Reef Trust Partnership – Water Quality Improvement	22,086,153	Agersens Pty Ltd
		Agro Group Pty Ltd
		Alluvium Consulting Australia Pty Ltd
		Australian Seaweed Institute Pty Ltd
		BRIA Irrigators Ltd
		Catchment Solutions Pty Ltd
		Commonwealth Scientific and Industrial Research Organisation (CSIRO)
		Cultivate Farms Pty Ltd

Projects / Programs	Project Investment (\$)	Project Delivery Partners
		Farmacist Pty Ltd
		Fitzroy Basin Association Inc
		FNQ NRM Ltd t/a Terrain Natural Resource Management
		Greening Australia Ltd
		Griffith University
		Herbert Cane Productivity Services Limited
		Intellidesign Pty Ltd
		James Cook University
		Jaragun Pty Ltd
		Liquaforce Pty Ltd
		Local Government Association of Queensland
		Mackay Area Productivity Services Limited
		Mackay Canegrowers Limited
		Mary River Catchment Coordination Association Inc
		NCEconomics Pty Ltd
		NQ Dry Tropics Ltd
		NQ NRM Alliance Ltd t/a Corporate Nature
		Queensland Farmers' Federation Ltd
		Queensland Government Department of Environment and Science
		Reef Catchments Ltd
		Resource Consulting Services Pty Ltd
		Sugar Research Australia Ltd
		The Nature Conservancy Limited as the Trustee for the Nature Conservancy Australia Trust
		Tree Crop Technologies Pty Ltd (T/A Verterra)
		Water IP
Reef Trust Partnership – Crown-of-Thorns Starfish Control	14,309,737	Australian Institute of Marine Science
		Babel-sbf Pty Ltd
		Commonwealth Scientific and Industrial Research Organisation (CSIRO)
		James Cook University
		Marenray Pty Ltd
		Queensland University of Technology
		Reef and Rainforest Research Centre Ltd (RRRC)
		Southern Cross University
		The Commonwealth of Australia acting through the Great Barrier Reef Marine Park Authority
		The University of Queensland
		University of Sydney
		University of the Sunshine Coast
Reef Trust Partnership – Reef Restoration and Adaptation Science	9,952,249	Australian Institute of Marine Science
		Commonwealth Scientific and Industrial Research Organisation (CSIRO)
		James Cook University
		Queensland University of Technology

Projects / Programs	Project Investment (\$)	Project Delivery Partners
		Southern Cross University
		Taronga Conservation Society Australia
Reef Trust Partnership – Traditional Owner Reef Protection	755,920	Balkanu Cape York Development Corporation Pty Ltd
		Chantal Althea Roelofs
		Dawul Wuru Aboriginal Corporation
		Djarnda Enterprises Pty Ltd
		Djunbunji Limited
		FNQ NRM Ltd t/a Terrain Natural Resource Management
		Gidarjil Development Corporation Ltd
		Girringun Aboriginal Corporation
		Ipima Ikaya Aboriginal Corporation RNTBC
		Jabalbina Yalanji Aboriginal Corporation RNTBC
		Mandubarra Aboriginal Land and Sea Inc.
		Nick Pty Ltd t/a Nick Did this
		North Australian Indigenous Land and Sea Management Alliance Ltd
		Radiant Life Education Ltd
		South Cape York Catchments Inc
		Wanyurr-Majay Aboriginal Corporation RNTBC
		Wuthathi Aboriginal Corporation RNTBC
		Yuku-Baja-Muliku Landowner & Reserves Ltd
		Yuwi Aboriginal Corporation RNTBC
Reef Trust Partnership – Community Reef Protection	1,103,111	Australian Trust for Conservation Volunteers
		Bowen Tourism and Business
		Bundaberg Fruit & Vegetable Growers Cooperative Limited
		Burnett Mary Regional Group for Natural Resource Management Ltd
		Cairns and Far North Environment Centre Inc.
		Cape York Natural Resource Management Ltd
		Capricornia Catchments Inc
		Douglas Shire Council
		Fitzroy Basin Association Inc
		Gidarjil Development Corporation Ltd
		Great Barrier Reef Research Expeditions Inc t/a Great Barrier Reef Legacy
		Johnstone River Catchment Management Association Inc
		Magnetic Island Community Development Association Inc
		Marine Discoveries Pty Ltd ATF Phillips Family Trust
		NQ Dry Tropics Ltd
		OzFish Unlimited
		Queensland University of Technology
		Reef Catchments Ltd
		Reef Check Foundation Limited
		Reef Ecologic Pty Ltd

Projects / Programs	Project Investment (\$)	Project Delivery Partners
		Reef Magic Cruises Pty Ltd
		South Cape York Catchments Inc
		The University of Queensland
		Townsville City Council
		Turtle Care Volunteers Queensland Inc
		University of Technology Sydney
		Wavelength Reef Cruises
		Whitsunday Regional Council
Reef Trust Partnership – Integrated Monitoring and Reporting	1,837,061	Aurecon Australasia Pty Ltd
		Australian Institute of Marine Science
		Citizens of the Great Barrier Reef
		Commonwealth Scientific and Industrial Research Organisation (CSIRO)
		SeeSide Dialogue
Other programs	124,817	Queensland Government Department of Environment and Science

Benchmarking

Administration and Fundraising costs

Our donors naturally expect that most of their donations will be directed to projects and activities that protect and restore the Reef. The Foundation has always strived to minimise its administration and fundraising overheads to ensure the greatest impact for our partners and for the Reef.

For the year ended 30 June 2021, the cost of administration and cost of fundraising as a percentage of total expenses were 8.1% and 2.9% respectively (30 June 2020: 15.8% and 4.9% respectively).

For the year ended 30 June 2021, the Foundation's administrative expenses related to the Reef Trust Partnership were \$6,738,697 (9.12% of the annual allocation based on a pro-rata allocation of the total allocation of \$44,330,300 for administrative activities over the six years). Overall Reef Trust Partnership administrative expenses to 30 June 2021 were \$21,985,431 (9.92% of the pro-rata annual allocation).

Directors and meetings of directors (01/07/2020 – 30/06/2021)

Directors	Board start date	Board retired date	No. of meetings eligible to attend	No. of meetings attended
John Schubert AO (Chairman) <i>BCEng (Hons 1), PhD (Chem Eng), FIEAust, CPEng, FTS, FIChemE</i>	04/11/2001		5	5
Anna Marsden (Managing Director) <i>BArts</i>	25/03/2016		5	5
Michael Cameron <i>BBus, FCPA, FCA, FAICD</i>	09/06/2010		5	3
Maureen Dougherty <i>BMEng, MEng, Fellow of the Royal Aeronautical Society</i>	04/11/2015	13/10/2020	2	0
Stephen Fitzgerald AO <i>BEcon</i>	25/11/2010		5	4

Paul Greenfield AO <i>BEcon QLD, BE (Hons) NSW, PhD NSW, FIE Aust, FTSE, FIChemEng, MAIChe</i>	21/12/2007		5	5
John Gunn <i>BSc (Hons 1), FTSE</i>	07/03/2018		5	4
Cindy Hook <i>BAcc, CPA</i>	09/05/2018		5	5
Grant King <i>BEng, MMA, FAICD</i>	28/11/2017		5	5
Russell Reichelt <i>BSc PhD, FAICD, FTSE</i>	31/08/2004		5	5
Steven Sargent <i>BBus, Fellow with the Australian Academy of Technology Sciences and Engineering</i>	18/02/2015		5	4
Phillip Strachan <i>BCom, FCPA, MAICD</i>	23/12/2003		5	5
Olivia Wirth <i>BComm</i>	30/01/2018		5	2
Dean Knudson (<i>Commonwealth Observer</i>)	23/08/2018	29/10/2020	1	0*
James Larsen (<i>Commonwealth Observer</i>)	29/10/2020	13/08/2021	2	1+
Chris Locke (<i>Commonwealth Observer</i>)	13/08/2021		2	1^
Josh Thomas (<i>Observer</i>)	03/10/2019		5	2

* James Larsen attended as Commonwealth Observer proxy for Dean Knudson at one meeting

+ Stephen Oxley attended as Commonwealth Observer proxy for James Larsen at one meeting

^ Simon Banks attended as Commonwealth Observer proxy for Chris Locke at one meeting

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

Audit, Risk and Compliance Committee			No. of meetings eligible to attend	No. of meetings attended
Phillip Strachan	Chair		5	5
Ruth Coulson	Member		5	5
Tendai Mkwanzani	Member		5	5
Helen Moore (from 13/08/2020)	Member		5	4
Anthony Rose	Member		5	4
Erin Strang (from 13/08/2020)	Member		5	4

International Scientific Advisory Committee			No. of meetings eligible to attend	No. of meetings attended
Paul Greenfield AO	Chair		1	1
Anna Marsden	Managing Director		1	1
Chris Cocklin	Member		1	1
Bronwyn Harch	Member		1	1
Paul Hardisty	Member		1	1
Peter Mumby	Member		1	1
Steve Sargent	Member		1	0
John Schubert AO	Member		1	1
David Wachenfeld	Member		1	1
Alistair Hobday (from 13/08/2020)	Member		1	1
Tony Worby (until 13/08/2020)	Member		0	0
Ove Hoegh-Guldberg (from 02/09/2020)	Member		1	1
Christopher Barner-Kowollik (from 02/09/2020)	Member		1	0*
Mario Pinto (from 02/09/2020)	Member		1	0+

* Kerri Wilson attended as proxy for Christopher Barner-Kowollik

+ Brendan Mackey attended as proxy for Mario Pinto

Investment Committee		No. of meetings eligible to attend	No. of meetings attended
Stephen Fitzgerald AO	Chair	1	1
Anna Marsden	Managing Director	1	1
Gary Brader	Member	1	1
Anthony Rose	Member	1	1
Andrew Spence	Member	1	1

Partnership Management Committee		No. of meetings eligible to attend	No. of meetings attended
John Gunn	Co-Chair	4	4
Steve Sargent (until 16/10/2020)	Co-Chair	2	2
Deb Callister	Member	4	2*
Geoff Garrett AO	Member	4	4
Paul Greenfield AO	Member	4	4
Larissa Hale	Member	4	2
Ove Hoegh-Guldberg	Member	4	4
Jessica Hoey	Member	4	4
Wendy Morris	Member	4	4
Elisa Nichols	Member	4	4
Theresa Fyffe	Employee	4	4

* Craig Moore attended as proxy for Deb Callister for two meetings

Resilient Reefs Project Board		No. of meetings eligible to attend	No. of meetings attended
Phillip Strachan	Chair	4	4
Steve Box	Member	4	4
Samuel Carter	Member	4	3
Rili Djohani	Member	4	3
Caleb McClennen	Member	4	3
Amanda McCluskey	Member	4	3
Peter Mumby	Member	4	2
Theresa Fyffe	Employee	4	4

Nominations Committee

The Nominations Committee meets on an ad hoc basis to assist in identifying candidates for the Board, Committees, and Managing Director roles. The Nominations Committee did not meet during the financial year.

Dividends

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

Insurance of officers

During the year ended 30 June 2021, the Foundation paid a premium of \$22,461 (2020: \$20,336) inclusive of stamp duty, a broker's fee and GST, to insure the directors, secretary, senior officers and committee members of the Foundation.

Proceedings on behalf of the Foundation

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

Indemnification of officers, committee members and auditor

Under section 65 of the Foundation's constitution, the Foundation indemnifies each person who is or has been a director, secretary, officer or committee member 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, secretary, officer or committee member of the Foundation and extends to the payment of legal costs described therein.

The Foundation has not otherwise during or since the end of 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 *Australia Charities and Not-for-profits Commission Act* is set out on page 12.

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.

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 30 June 2021, the number of members was 150 (30 June 2020: 137).

State Government fundraising legislative 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*
- Victoria: *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 Agriculture, Water and the Environment (established 1 February 2020, formerly the Department of Environment and Energy) and the Australian Taxation Office in order to remain on the Register of Environmental Organisations (REO). This register lists environmental organisations, including 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*.

Events subsequent to balance date

Since balance date, the COVID-19 pandemic continues to cause disruption domestically and internationally. Impacts to Foundation operations and fundraising are expected to continue into the new financial year and the Board and management have revised strategies to minimise impact to the Foundation and enable us to continue to deliver on our mission as we monitor and respond to the changing conditions.

Other than the above development, no other item, transaction or event of a material and unusual nature has occurred to year end which will, in the opinion of the directors, to affect significantly the operations of the Foundation, the results 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 Schubert AO
Chairman

Date 04 November 2021



Anna Marsden
Managing Director

Date 04 November 2021



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Great Barrier Reef Foundation

In relation to our audit of the financial report of Great Barrier Reef Foundation for the financial year ended 30 June 2021, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid'.

Mike Reid
Partner
4 November 2021

Corporate governance statement

The 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 (the Board). 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 our mission: 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.

All members of the Board are appointed through the constitution and are themselves members of the company. Non-executive directors 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 to discharge their duties where necessary. There are conflict of interest provisions in the constitution and in company law, applicable to the directors, together with an internal policy.

The Foundation's constitution governs the regulations of meetings and proceedings of the Board, 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 major research projects;
- Prepare and approve policy statements;
- Review and monitor the performance of management; and
- 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 reviewing annual budgets and long-term projections;
- Provides strategic financial advice and support to management;
- Reviews the compliance framework;
- Reviews the risk management register and strategies;
- Provides oversight of internal controls; and
- Advises the Board on financial matters including the formation of policies and guidelines related to financial management, and the monitoring of financial performance.

The Investment Committee assists the Board in implementing and managing the Foundation's investment strategy, investment risk management and investment exposure.

The Nominations Committee provides advice to the Board on potential candidates that fill the requirements of key positions on the Board, Committees and the Managing Director role. The International Scientific Advisory Committee is appointed to assist the Board in establishing the research vision for the Foundation outlining and focusing the Foundation's research investment priorities and opportunities and to provide strategic guidance for the Board in respect of the current and possible project portfolios in which the Foundation should invest.

The Resilient Reefs Project Board assists the Board in identifying and managing the progress, budget, allocation, opportunities, risk and reputational aspects of the Resilient Reefs Project including ensuring that the appropriation of funds is in accordance with the terms of the grant agreement.

The Partnership Management Committee assists the Board in identifying and managing the progress, budget, allocation, opportunities, risk and reputational aspects of the Reef Trust Partnership portfolio including ensuring that the appropriation of funds is in accordance with the terms of the grant agreement.

The Public Fund Committee is appointed by the Board to approve the release of contributions to the public fund of the Foundation, in fulfilment of the requirements of the Australian Taxation Office.

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 appropriate benchmarking and 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 are available online at www.barrierreef.org.

Great Barrier Reef Foundation

ABN 82 090 616 443

Financial report - 30 June 2021

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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 3, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 04 November 2021.

Great Barrier Reef Foundation
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue	2	65,210,039	36,025,792
Other income	3(a)	1,372,552	748,625
Other losses – net	3(b)	(1,406)	(5,194)
Project cost		(56,308,760)	(27,474,771)
Employee benefits expense		(6,059,827)	(5,301,441)
Engagement and communications expense		(1,658,112)	(1,409,071)
Occupancy and administration expense		(984,055)	(1,943,052)
Business development costs		(141,431)	(98,304)
Depreciation and amortisation expense		(344,643)	(343,026)
Finance expenses	3(c)	(86,165)	(93,596)
Operating surplus before income tax		998,192	105,962
Income tax expense		-	-
Operating surplus for the year		998,192	105,962
Other comprehensive income for the year		-	-
Total comprehensive income for the year		998,192	105,962

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 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	106,105,056	141,674,808
Trade and other receivables	5	3,456,885	3,893,742
Other financial assets	6	100,639,684	75,015,356
Other current assets	7	185,137	58,806
Total current assets		<u>210,386,762</u>	<u>220,642,712</u>
Non-current assets			
Term deposits		172,903,422	206,343,422
Property, plant and equipment	8	987,776	1,285,311
Intangible assets	9	114,902	156,318
Total non-current assets		<u>174,006,100</u>	<u>207,785,051</u>
Total assets		<u>384,392,862</u>	<u>428,427,763</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	11,838,636	3,582,209
Deferred revenue	11	126,630,152	109,137,706
Provisions	12	310,670	387,670
Lease liabilities	13	290,204	261,366
Total current liabilities		<u>139,069,662</u>	<u>113,368,951</u>
Non-current liabilities			
Deferred revenue	11	239,218,733	309,673,490
Provisions	12	14,329	5,491
Lease liabilities	13	810,323	1,098,208
Total non-current liabilities		<u>240,043,385</u>	<u>310,777,189</u>
Total liabilities		<u>379,113,047</u>	<u>424,146,140</u>
Net assets		<u>5,279,815</u>	<u>4,281,623</u>
FUNDS			
Restricted reserves	14(a), 15	3,869,449	2,877,104
Retained operating surplus	14(b)	1,410,366	1,404,519
Total funds		<u>5,279,815</u>	<u>4,281,623</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 30 June 2021

	Notes	Restricted reserves \$	Retained operating surplus \$	Total equity \$
Balance at 1 July 2019		3,524,366	651,295	4,175,661
Surplus for the year		-	105,962	105,962
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	105,962	105,962
Transfer to/(from) retained opening surplus to/(from) restricted reserves	14	(647,262)	647,262	-
Balance at 30 June 2020		2,877,104	1,404,519	4,281,623
Balance at 1 July 2020		2,877,104	1,404,519	4,281,623
Surplus for the year		-	998,192	998,192
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	998,192	998,192
Transfer to/(from) retained opening surplus to/(from) restricted reserves	14	992,345	(992,345)	-
Balance at 30 June 2021		3,869,449	1,410,366	5,279,815

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 30 June 2021

	2021	2020
Notes	\$	\$
Cash flows from operating activities		
Grants and donations received (inclusive of GST)	6,943,461	5,537,830
Payments to tax authority, suppliers and researchers (inclusive of GST)	(51,040,956)	(34,069,455)
Employment costs	(6,127,989)	(5,195,628)
Net cash (outflow) from operating activities	(50,225,484)	(33,727,253)
	20(a)	
Cash flows from investing activities		
Payments for property, plant and equipment (exclusive of GST)	(7,098)	-
Transfer from/(to) term deposits	7,801,145	(1,501,843)
Transfer from/(to) term deposits held as bank guarantees	14,527	(20,500)
Interest received on financial assets held as investments	7,177,781	6,187,508
Net cash inflow from investing activities	14,986,355	4,665,165
Cash flows from financing activities		
Lease payments	(330,623)	(313,125)
Net cash (outflow) from financing activities	(330,623)	(313,125)
Net (decrease) in cash and cash equivalents		
	(35,569,752)	(29,375,213)
Cash and cash equivalents at the beginning of the financial year	141,674,808	171,050,021
Cash and cash equivalents at end of year	106,105,056	141,674,808
	4	

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 (the 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 the annual reporting period commencing 1 July 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material* [AASB 101 and AASB 108]
- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business* [AASB 3]
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform* [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia* [AASB 1054]
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*.

The adoption of these amendments did not have any impact on the current year or any prior year and is not likely to effect future years.

(iv) 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.

(v) Comparatives

When required by accounting standards, comparative information is adjusted to conform to changes for the current financial year.

(vi) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Foundation.

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

1 Summary of significant accounting policies (continued)

(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 from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Foundation expects to be entitled in exchange for transferring promised goods or service to a customer, net of goods and service tax, returns, rebates and discounts. A transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Deferred revenue and deferred interest are classified as follows:

- Current: project deliveries within 12 months; and
- Non-current: remaining project deliveries beyond 12 months.

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

(i) Interest

Interest earned on term deposits that is restricted in accordance with grant agreements is deferred until the interest entitlement has been earned and recognised thereafter as the performance obligations of the contract are fulfilled. If there is no restriction on how the interest is spent, interest is recognised on an accruals basis when the interest entitlement is earned.

(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

Corporate grant revenue is recognised in profit or loss over time when the performance obligations of the contract are fulfilled.

(iv) Government grants

Government grant revenue is recognised in profit or loss over time when the performance obligations of the contract are fulfilled.

(v) Matched funding agreements

Grants received from matched funding agreements, where control of the grant requires the Foundation to obtain co-funding, are recognised as revenue to the extent that the corresponding co-funding amounts have been secured.

Where the co-funding has not been secured, the recognition of the grant revenue is deferred until the co-funding has been secured and the Foundation has met the performance obligations of the agreement.

(vi) Royalties

Revenue from royalties is recognised when the royalty is earned.

(vii) 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.

1 Summary of significant accounting policies (continued)

(c) Income tax

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

(d) Leases

Contracts may contain both lease and non-lease components. The Foundation allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Foundation is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Foundation under residual value guarantees;
- the exercise price of a purchase option if the Foundation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Foundation exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Foundation, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Foundation:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, eg term and security.

The Foundation is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1 Summary of significant accounting policies (continued)

(d) Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Foundation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the shorter of the asset's useful life and the extended lease term.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Foundation. These are used to maximise operational flexibility in terms of managing the assets used in the Foundation's operations. The majority of extension and termination options held are exercisable only by the Foundation and not by the respective lessor.

(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).

(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.

(h) Term deposits

Term deposits are deposits held with financial institutions with original maturities of three months or more. These amounts are reserved and their use is restricted for specific research projects and both the project and administration component of the Reef Trust Partnership.

Term deposits have been categorised as follows:

- Cash and cash equivalents for term deposits with maturity less than 3 months;
- Current assets for term deposits with maturity between 3 and 12 months; and
- Non-current assets for term deposits with maturity greater than 12 months.

1 Summary of significant accounting policies (continued)

(i) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Foundation holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of trade and other receivables, their carrying amount is considered to be the same as their fair value. The Foundation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. The accounting policy for right-of-use assets is detailed in note 1(d).

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 year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, 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 year.

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.

(k) 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.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Purchased software and development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Foundation are recognised as intangible assets. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of 5 years.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

1 Summary of significant accounting policies (continued)

(l) 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.

(m) 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 year. 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.

(n) 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

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the Foundation 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 financial 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.

(o) 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, with the GST component of cash flows arising from investing activities which are recoverable from, or payable to, the ATO classified as operating cash flows.

Great Barrier Reef Foundation
Notes to the financial statements
30 June 2021
(continued)

2 Revenue

	2021	2020
	\$	\$
Project funds	2,788,490	3,268,189
Government grants	61,365,076	31,513,799
Donations	1,007,685	1,130,564
Membership fees	48,788	113,240
	65,210,039	36,025,792

For the year ended 30 June 2021, the Foundation derived revenue from contracts with partners from the delivery of project investments over time of \$63,552,780 (2020: \$33,900,739).

3 Other income and expense items

(a) Other income

	2021	2020
	\$	\$
Government COVID-19 grants	663,500	401,000
Pro bono services	682,424	288,857
Interest income	21,520	50,600
Other revenue	5,108	8,168
	1,372,552	748,625

(b) Other gains/(losses)

	2021	2020
	\$	\$
Net loss on disposal of property, plant and equipment	(1,406)	(6,045)
Net foreign exchange gains	-	851
	(1,406)	(5,194)

(c) Finance expenses

	2021	2020
	\$	\$
Interest and finance charges paid/payable	14,589	9,296
Interest on leases	71,576	84,300
Finance expenses	86,165	93,596

4 Current assets - Cash and cash equivalents

	2021	2020
	\$	\$
Public fund accounts (a)	4,615,332	70,337
Operating accounts	2,122,155	1,212,464
Project accounts (b)	65,841,346	18,670,944
Bank term deposits (c)	33,526,223	121,721,063
	106,105,056	141,674,808

(a) Public fund account

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;
- 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 Public Fund Committee.

(b) Project accounts

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

(c) Bank term deposits

The cash and cash equivalents disclosed above and in the statement of cash flows include \$33,526,223 (2020: \$121,721,063) of restricted cash. These amounts are reserved and their use restricted for specific research projects, and the project and administration component of the Reef Trust Partnership.

5 Current assets - Trade and other receivables

	2021	2020
	\$	\$
Grants, donations and royalties receivable	615,018	1,161,077
Loss allowance	-	(15,500)
	615,018	1,145,577
Goods and services tax (GST) receivable	1,789,875	1,229,186
Interest receivable	1,044,459	1,515,586
Other receivables	7,533	3,393
	3,456,885	3,893,742

The Foundation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 30 June 2021 was determined as follows for receivables:

30 June 2021	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount – receivables	575,658	-	-	39,360	615,018
Loss allowance	-	-	-	-	-

30 June 2020	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	39.61%	
Gross carrying amount – receivables	1,117,000	4,180	765	39,132	1,161,077
Loss allowance	-	-	-	(15,500)	(15,500)

6 Current assets - Other financial assets

	2021	2020
	\$	\$
Term deposit held as security	375,828	390,356
Term deposits	100,263,856	74,625,000
	100,639,684	75,015,356

7 Current assets - Other current assets

	2021	2020
	\$	\$
Deposits paid	20,000	20,000
Prepayments	165,137	38,806
	185,137	58,806

8 Non-current assets - Property, plant and equipment

	Plant and equipment \$	Artwork \$	Right-of-use assets \$	Total \$
At 1 July 2019				
Cost	93,966	24,165	1,574,094	1,692,225
Accumulated depreciation	(46,841)	(10,835)	(136,879)	(194,555)
Net book amount	47,125	13,330	1,437,215	1,497,670
Year ended 30 June 2020				
Opening net book amount	47,125	13,330	1,437,215	1,497,670
Additions	-	-	94,494	94,494
Disposals	(580)	(5,465)	-	(6,045)
Depreciation	(11,263)	(1,614)	(287,931)	(300,808)
Closing net book amount	35,282	6,251	1,243,778	1,285,311
At 30 June 2020				
Cost	62,946	9,172	1,668,586	1,740,704
Accumulated depreciation	(27,664)	(2,921)	(424,808)	(455,393)
Net book amount	35,282	6,251	1,243,778	1,285,311
Year ended 30 June 2021				
Opening net book amount	35,282	6,251	1,243,778	1,285,311
Additions	7,098	-	-	7,098
Disposals	(1,406)	-	-	(1,406)
Depreciation	(9,949)	(625)	(292,653)	(303,227)
Closing net book amount	31,025	5,626	951,125	987,776
At 30 June 2021				
Cost	65,186	9,172	1,668,605	1,742,963
Accumulated depreciation	(34,161)	(3,546)	(717,480)	(755,187)
Net book amount	31,025	5,626	951,125	987,776

(a) Depreciation

Depreciation of \$303,227 (2020: \$300,808) is included in depreciation and amortisation expense in profit or loss.

(b) Right-of-use assets

The right-of-use assets relate entirely to property leases.

9 Non-current assets - Intangible assets

	Trademarks at cost \$	Software \$	Total \$
At 1 July 2019			
Cost	33,906	200,000	233,906
Accumulation amortisation	(25,370)	(10,000)	(35,370)
Net book amount	<u>8,536</u>	<u>190,000</u>	<u>198,536</u>
Year ended 30 June 2020			
Opening net book amount	8,536	190,000	198,536
Amortisation charge **	(2,218)	(40,000)	(42,218)
Closing net book amount	<u>6,318</u>	<u>150,000</u>	<u>156,318</u>
At 30 June 2020			
Cost	33,906	200,000	233,906
Accumulation amortisation	(27,588)	(50,000)	(77,588)
Net book amount	<u>6,318</u>	<u>150,000</u>	<u>156,318</u>
Year ended 30 June 2021			
Opening net book amount	6,318	150,000	156,318
Amortisation charge **	(1,416)	(40,000)	(41,416)
Closing net book amount	<u>4,902</u>	<u>110,000</u>	<u>114,902</u>
At 30 June 2021			
Cost	33,906	200,000	233,906
Accumulated amortisation	(29,004)	(90,000)	(119,004)
Net book amount	<u>4,902</u>	<u>110,000</u>	<u>114,902</u>

** Amortisation of \$41,416 (2020: \$42,218) is included in depreciation and amortisation expense in profit or loss.

10 Current liabilities - Trade and other payables

	2021 \$	2020 \$
Accounts payable	617,615	121,299
Project accrued expenses	11,221,021	3,460,910
	<u>11,838,636</u>	<u>3,582,209</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.

11 Deferred revenue

	2021 Current \$	2021 Non- current \$	Total \$	2020 Current \$	2020 Non- current \$	Total \$
Deferred revenue	126,630,152	239,218,733	365,848,885	109,137,706	309,673,490	418,811,196
					2021	2020
					\$	\$
Reef Trust Partnership				335,494,835		395,457,781
Interest - Reef Trust Partnership				22,295,033		18,089,343
Reef Islands Initiative				1,734,522		2,136,651
Resilient Reefs Project				5,684,596		2,714,625
Raine Island Recovery Project				324,339		324,339
Other				315,560		88,457
				365,848,885		418,811,196

12 Provisions

	2021 Current \$	2021 Non- current \$	Total \$	2020 Current \$	2020 Non- current \$	Total \$
Provision for employee benefits	310,670	14,329	324,999	387,670	5,491	393,161

13 Lease liabilities

	2021 Current \$	2021 Non- current \$	Total \$	2020 Current \$	2020 Non- current \$	Total \$
Lease liabilities	290,204	810,323	1,100,527	261,366	1,098,208	1,359,574

14 Funds

(a) Reserves

	2021	2020
	\$	\$
Restricted reserves	<u>3,869,449</u>	<u>2,877,104</u>

Movements:

Restricted reserves

Opening balance	2,877,104	3,524,366
Transfer to retained operating surplus (restricted expenses)	(2,755,930)	(4,688,064)
Transfer from retained operating surplus (restricted income)	<u>3,748,275</u>	<u>4,040,802</u>
Balance at 30 June	<u>3,869,449</u>	<u>2,877,104</u>

(b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2021	2020
	\$	\$
Balance at 1 July	1,404,519	651,295
Net operating surplus for the year	998,192	105,962
Transfer from retained operating surplus (restricted income)	(3,748,275)	(4,040,802)
Transfer to retained operating surplus (restricted expenses)	<u>2,755,930</u>	<u>4,688,064</u>
Balance at 30 June	<u>1,410,366</u>	<u>1,404,519</u>

15 Restricted reserves

Funds received for projects generally consist of two components. The first component is to be directed in its entirety towards projects. The second component is a management fee that can be used by the Foundation to manage the project and meet operating and administrative costs. 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.

Funds from bequests, sponsorships and interest earned on project funds are also considered to be restricted.

15 Restricted reserves (continued)

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

	2021	2020
	\$	\$
<i>Funds recognised as restricted reserves:</i>		
eReefs	-	209,864
Sir Ian MacFarlane bequest	150,000	150,000
Reef Islands Initiative	2,245,144	2,096,117
Other programs	1,474,305	421,123
	3,869,449	2,877,104

16 Contingent liabilities

The Foundation had bank guarantees at 30 June 2021 of \$675,828 (2020: \$690,356). The likelihood that these guarantees will be forfeited is remote.

17 Capital and other commitments

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

	2021	2020
	\$	\$
<i>Reef Trust Partnership projects commitments:</i>		
Within one year	68,286,259	21,475,989
Later than one year but not later than five years	56,127,055	10,322,473
	124,413,314	31,798,462
<i>Resilient Reefs projects commitments:</i>		
Within one year	820,159	486,527
Later than one year but not later than five years	57,170	814,006
	877,329	1,300,533
<i>Raine Island Recovery projects commitments:</i>		
Within one year	225,000	300,000
<i>Reef Islands Initiative projects commitments:</i>		
Within one year	132,000	877,330
Later than one year but not later than five years	324,500	1,334,408
	456,500	2,211,738
<i>Other projects commitments:</i>		
Within one year	182,399	1,056,026
Later than one year but not later than five years	-	66,633
	182,399	1,122,659

Contracts for revenue are committed and in place to cover the above listed commitments over the five year period. Contracts that can be terminated for convenience are not included in the amounts disclosed.

18 Related party transactions

(a) Key management personnel

	2021	2020
	\$	\$
Key management personnel compensation	962,672	927,795

The Foundation Board is comprised of volunteers and one employee. Foundation committees are comprised of volunteers, employees and paid members.

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

Directors of the 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:

	2021	2020
	\$	\$
Amounts recognised as revenue		
Grants and donations received	139,979	360,128

During the year, the Great Barrier Reef Foundation provided funds of \$11,487 (2020: \$20,000) to the Great Barrier Reef Foundation USA, Inc., a related entity with certain directors in common with the Foundation.

19 Events occurring after the reporting period

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

20 Cash flow information

(a) Reconciliation of surplus to net cash outflow from operating activities

	2021	2020
	\$	\$
Surplus for the year	998,192	105,962
Adjustments for		
Depreciation and amortisation	344,643	343,026
Interest income	(21,520)	(50,600)
Net loss on sale of non-current assets	1,406	6,045
Interest on leases	71,576	84,300
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(34,271)	78,750
(Increase)/decrease in other operating assets	(126,331)	68,120
Increase/(decrease) in trade and other payables	8,256,427	(2,244,266)
(Decrease)/increase in other operating liabilities	(68,162)	105,813
Decrease in deferred revenue	(59,647,444)	(32,224,403)
Net cash outflow from operating activities	(50,225,484)	(33,727,253)

21 Reef Trust Partnership

In accordance with Schedule 1 Section 2.2 of the Grant Agreement between the Reef Trust and Great Barrier Reef Foundation, the below summarised statement of profit or loss and other comprehensive income and statement of financial position have been prepared in respect of the Foundation's receipt and expenditure of the Reef Trust Partnership Grant and Other Contributions for each component for the year from 1 July 2020 to 30 June 2021.

(a) Statement of profit or loss and other comprehensive income

	1 Jul 2020 to 30 Jun 2021	1 Jul 2019 to 30 Jun 2020
	\$	\$
Revenue	59,962,946	29,828,803
Expenses		
Component 1 - Administrative Activities	(6,738,697)	(7,325,533)
Component 2 - Water Quality Activities	(24,014,449)	(10,525,082)
Component 3 – Crown of Thorns Starfish Control Activities	(14,497,414)	(10,036,188)
Component 4 – Reef Restoration and Adaptation Science Activities	(10,439,165)	(641,215)
Component 5 – Indigenous and Community Reef Protection Activities	(2,427,718)	(1,180,785)
Component 6 – Integrated Monitoring and Reporting Activities	(1,845,503)	(120,000)
Total expenses	(59,962,946)	(29,828,803)
Operating surplus for the year	-	-

(b) Statement of financial position

	2021	2020
	\$	\$
Current assets	196,614,096	210,510,009
Non-current assets	173,509,281	207,137,042
	370,123,377	417,647,051
Current liabilities	(130,399,315)	(107,288,159)
Non-current liabilities	(239,724,062)	(310,358,892)
	(370,123,377)	(417,647,051)
Net assets	-	-

In the directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 36 are in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Foundation's financial position as at 30 June 2021 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 the directors.



John Michael Schubert AO
Chairman

04 November 2021



Anna Catherine Marsden
Managing Director

04 November 2021



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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 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Foundation is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Foundation's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information 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 Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.



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- 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.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid'.

Mike Reid
Partner
Brisbane
4 November 2021