

Great Barrier Reef Foundation

ABN 82 090 616 443

Financial report for the period ended 30 June 2020

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Financial report - 30 June 2020

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Great Barrier Reef Foundation Annual report for the year ended 30 June 2020

Directors' report

All of us are guardians of the Great Barrier Reef (the Reef), the largest living thing on Earth – a unique icon and irreplaceable ecosystem. Protecting the Reef and the thousands of species of marine life who call it home is a task that requires the best, from all of us.

Taking aggressive action on climate change is essential to the future of our Reef and reefs worldwide. The Great Barrier Reef Foundation (the Foundation) is committed to do everything it can to help achieve the lower temperature rise targets in the Paris Agreement. With the world already experiencing 1 degree of warming leading to mass coral bleaching on the Reef, the third in five years, local actions to build the Reef's resilience are also clearly essential. Building such resilience is the Foundation's major activity.

This past year will be long remembered as extraordinary, as Australians and people the world over were confronted with major challenges and forced to face a new normal. Climate change contributed to unprecedented bush fires and another summer of mass bleaching on the Reef, the most widespread yet. As a once in a century global pandemic continues to take a devastating toll, we remain committed to deliver on our ambitious portfolio of projects, initiatives and partnerships to deliver a brighter outlook for the Reef and coral reefs around the world.

Australia has a remarkable community of charities, who have each experienced the shocks of this new normal triggered by COVID-19 in their own unique way. The Foundation, like so many charities, has had to adapt strategies and operations. We've directed the necessary resources to ensure our operational and financial stability for both the short and long term. We've followed the advice from Australia's peak charity body, the Australian Charities and Not-for-profits Commission (ACNC), implementing best practice to ensure business continuity, including safeguarding and growing the cash reserves needed to weather unpredictable future conditions.

We have now completed the foundational work required to deliver Australia's largest environmental fundraising campaign to leverage the Australian Government's investment in the five-year Reef Trust Partnership. With the entire not-for-profit sector, both in Australia and internationally, forecast to experience significant declines in fundraising revenue, the Foundation is prudently reviewing and adapting its fundraising strategy, timing and execution as needed to appropriately reflect the current challenges.

A *Year in Review* profiling key project achievements will be published as a companion to the Annual Report. Our project portfolio continued to deepen and expand with more than 60 Reef-saving projects now underway and making a difference.

We are extremely pleased to work with so many individuals and institutions from science, conservation, First Nations, community and government to deliver a true Team Australia response to work to save our irreplaceable ecosystem. More than 60 project delivery partners including Australia's leading science institutions – the Australian Institute of Marine Science, CSIRO, universities, and the Great Barrier Reef Marine Park Authority included – helped us deliver critical Reef projects throughout the year, and will continue to do so.

Reef Trust Partnership

Key to this is the Reef Trust Partnership (the Partnership), the landmark Australian Government investment in response to the summers of 2016 and 2017 which saw unprecedented coral loss due to climate change. The Partnership is a platform for science, innovation and community to come together with the conditions and the resources to set a new pathway for Reef protection and recovery in Australia.

Through this platform in 2019-20 – the Partnership's second year – we shifted from planning to action, setting up and implementing on-ground projects and large-scale, future-focussed programs. This year we:

- Initiated eight major regional water quality improvement programs, investing between \$3 million and \$27 million in each over three to four years
- Prepared more than 20 potentially game-changing water quality innovation and system change projects to begin in 2020-21, spanning \$10 million of innovations in technology, finance, data and planning
- Acted to control crown-of-thorns starfish outbreaks by ensuring a full complement of vessels to deliver the 2019-20 in-water COTS control program, establishing a new partnership to deliver the control program for the next two years and developing a new \$10 million COTS innovation program to launch in early 2020-21
- Created, with our Reef Restoration and Adaptation Program (RRAP) partners, the governance framework for the world's largest coral reefs adaptation program following the release of the RRAP investment case in April which identified 43 promising and realistic interventions for research and development out of more than 160 possibilities investigated
- Co-created a governance and co-design framework with Reef Traditional Owners, with 22 governance positions created and 17 Traditional Owners formally engaged through expert technical working groups and the overarching advisory group
- Delivered 25 community Reef protection projects that generated more than 7000 active engagements with community members and, in a bright outlook for the future, almost half the participants were young people aged 25 years or under
- Created a local-scale reef restoration program in Cairns-Port Douglas that brings together tourism operators, community groups, citizen scientists, Traditional Owners and scientists for a collaborative and integrated approach
- Commenced developing a critical Reef decision support system in partnership with the Great Barrier Reef Marine Park Authority

Signature initiatives

In addition to the Partnership, our separate signature Reef projects also made a significant impact this year.

We counted more than 64,000 endangered green turtles on Raine Island during the 2019-20 nesting season – the largest number seen since our long-term project to restore the world's largest green turtle nesting site began five years ago. Working with our partners, we completed the project's third and final sand moving mission which has doubled the safe nesting area for these endangered turtles.

Building on the success of the Raine Island Recovery Project, our Reef Islands Initiative delivered on and expanded its mission to restore priority islands on the Great Barrier Reef. In 2019-20, the remarkable results achieved on Lady Elliot Island included operating on 100% renewable energy through a combination of solar panels and batteries, a 125% increase in turtle habitat at the island's main nesting beach, and restoring a quarter of the island's native habitat with native coral cay plants.

This year we also added the Whitsundays to our islands portfolio and delivered some early success in restoring damaged reefs through working with local tourism operators whose normal operations were temporarily halted due to COVID-19, redeploying their resources to reef-saving actions.

Our coral IVF program reared and settled millions of new coral babies onto reefs near Cairns, including world-first coral larvae deliveries by Reef RangerBot.

Through our global Resilient Reefs Initiative, the world's first reef Chief Resilience Officers were appointed to World Heritage reefs in Ningaloo and New Caledonia. With climate change and local threats jeopardising the future of coral reefs globally, our initiative is taking a world-leading approach to develop new solutions to combat these threats, with the Chief Resilience Officers playing an integral role.

Saving the Reef is a huge task that needs everyone working together

One of the brightest spots of 2019-20 has been the support we've received from our partners and donors whose own stories and reasons for helping our reefs and our planet, continue to inspire us.

Our research and project partners are the best and brightest in Australia and internationally. Our Board and committee members are esteemed leaders of business, science, community, Traditional Owners and industry, who have graciously given their time and expertise to guide and help us deliver our Reef-saving programs. And our dedicated team of staff has again risen to the challenge with unparalleled passion and commitment.

With this support, we're making an impact, but there's a lot more to do. Whatever the new normal brings, the Foundation is, and always will be, the action station for the Reef, bringing together people and science to save the largest living thing on Earth.

Change in reporting cycle

In 2018, the Board changed the Foundation's annual reporting cycle from calendar year to financial year to align with the majority of other reporting cycles of our partners. This is the first full annual year report under this new reporting cycle. The previous financial report covered a six-month period (1 January 2019 – 30 June 2019) so this annual report compares the 12-month period ended 30 June 2020 with the six-month period ended 30 June 2019. Our next Annual Report will compare a more conventional 12-month period with a 12-month period.

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 operations¹

For the period 1 July 2019 to 30 June 2020, the Foundation made a net surplus of \$105,962 (6 months to 30 June 2019: surplus \$441,319) comprised of an operating surplus from untied or unrestricted funds of \$570,128 and a deficit of \$464,164 from tied or restricted funds (excluding Reef Trust Partnership funds). This deficit reflects the timing of revenue committed to projects being received in prior financial years, ahead of the correlated project delivery expenses which span multiple financial years for multi-year research projects.

As at 30 June 2020, \$2,877,105 (30 June 2019: \$3,524,366 restricted reserves) is considered tied or restricted funds for application towards future research project commitments.

In addition, as at 30 June 2020, a balance of \$418,811,196 (as at 30 June 2019: \$443,782,430) is deferred revenue that is considered tied or restricted funds for application towards future research project commitments.

¹ Unless otherwise noted, all comparisons for 2019 represent the six months from 1 January 2019 to 30 June 2019

Operations

The total number of employees at 30 June 2020 was 38.62 FTE (30 June 2019: 23 FTE). The work of employees is supplemented by the Foundation's network of supporters and partners, in particular pro bono partners and committees.

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 organisations that provided pro bono services in the year ended 30 June 2020, include:

- Allens Linklaters (Legal)
- Biopixel (Digital)
- Creating Value Group (ICT Strategy)
- Google (Advertising)
- Giuntabell (IT)
- JSA Creative (Marketing)
- KPMG (Internal Auditing)
- PwC Australia (Accounting)

For the year ended 30 June 2020, these organisations have collectively provided pro bono services valued at \$288,857 (six months to 30 June 2019: \$91,221).

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 2020 were:

Projects / Programs	Project Investment (\$)	Project Delivery Partners
Resilient Reefs Initiative	884,896	AECOM Australia
		Conservatoire d'espaces naturels de Nouvelle-Caledonie
		Department of Biodiversity, Conservation & Attractions (WA)
		The Nature Conservancy
		UNESCO World Heritage Centre
Raine Island Recovery Project	690,000	Queensland Parks and Wildlife Service
Reef Islands Initiative	1,251,991	Ecosure
		Lady Elliot Island Eco Resort
		Queensland Parks and Wildlife Service
		Reef Ecologic
		TerraForm Design
		University of the Sunshine Coast
eReefs	576,250	Australian Institute of Marine Science
		Bureau of Meteorology
		CSIRO
		Department of Environment and Science (Qld)
Innovations	433,674	Federal University of Rio De Janeiro
		Southern Cross University

Projects / Programs	Project Investment (\$)	Project Delivery Partners
		The University of Queensland
Coral Atlas	730,500	The University of Queensland
Reef Trust Partnership – Water Quality Improvement	10,520,374	Alluvium Consulting
		BRIA (Burdekin River Irrigation Area) Irrigators Ltd
		Burnett Mary Regional Group for NRM Ltd
		C2O Consulting
		Catchment Solutions Pty Limited
		CSIRO
		Farmacist Pty Ltd
		Fitzroy Basin Association Inc
		Greening Australia Ltd
		Mary River Catchment Coordination Association Inc
		NQ Dry Tropics Ltd
		Queensland Cane Growers Organisation Ltd
		Queensland Farmers Federation
		Reef Catchments Ltd
		Resource Consulting Services Pty Ltd
		Star Economics Pty Ltd
		Sugar Research Australia Ltd
		Terrain Natural Resource Management
Reef Trust Partnership – Crown-of-Thorns Starfish Control	10,036,188	Great Barrier Reef Marine Park Authority
		Murdoch University
		Reef & Rainforest Research Centre
Reef Trust Partnership – Reef Restoration and Adaptation Science	613,840	Australian Institute of Marine Science
		CSIRO
Reef Trust Partnership – Traditional Owner Reef Protection	487,654	Balkanu Cape York Development Corporation Pty Ltd
		Dawul Wuru Aboriginal Corporation
		Gidarjil Development Corporation Ltd
		Girringun Aboriginal Corporation
		Ipima Ikaya Aboriginal Corporation RNTBC
		Kiorion Pty Ltd
		Mandubarra Aboriginal Land and Sea Inc
		Radiant Life Education Ltd
		South Cape York Catchments Inc
		Wuthathi Aboriginal Corporation
		Yuku Baja Muliku Landowner & Reserves Ltd
Reef Trust Partnership – Community Reef Protection	557,274	Cairns and Far North Environment Centre
		Conservation Management
		Digital Storytellers Limited
		Earthwatch Institute

Projects / Programs	Project Investment (\$)	Project Delivery Partners
		Evidn Pty Ltd
		Fitzroy Basin Association Inc
		Gidarjil Development Corporation Ltd
		Great Barrier Reef Research Expeditions Inc
		James Cook University
		Kiorion Pty Ltd
		Lady Musgrave Experience (Marine Seek)
		Marine Discoveries
		Port Douglas Daintree Tourism
		Reef Catchments Ltd
		Reef Check Foundation Ltd
		Reef Ecologic Pty Ltd
		Science Under Sail Australia
		The University of Queensland
		Turtle Care Volunteers Queensland Inc
Reef Trust Partnership – Integrated Monitoring and Reporting	120,000	CSIRO
Other	39,450	Department of Environment and Science (Qld)
		The University of Newcastle Australia

Benchmarking

Administration and Fundraising costs

Our donors naturally expect that the majority of their donations will be directed to projects and activities that protect and restore the Great Barrier 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.

In 2018 the Foundation sought independent advice from corporate advisers PwC to develop a methodology for measuring the Foundation's administration and fundraising ratios. These ratios were benchmarked to publicly available information from similar conservation charities. The Foundation's performance is rated favourably to those organisations.

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

The Reef Trust Partnership grant agreement allocates \$44,330,300 (or 10%) for administrative activities over six years (1 July 2018 to 30 June 2024). From 1 July 2019 to 30 June 2020, the Foundation's expenses for administrative activities related to the Reef Trust Partnership were \$7,325,533 (9.9% of the annual allocation). These costs were incurred to establish and maintain appropriate governance frameworks, including systems and processes, effective project management and scaling up activities as required by the grant agreement. This was anticipated to be higher in the early years of the Reef Trust Partnership and to taper in subsequent years.

Directors and meetings of directors (01/07/2019 – 30/06/2020)

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	5
Maureen Dougherty <i>BMEng, MEng, Fellow of the Royal Aeronautical Society</i>	04/11/2015		5	2
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	4
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	4
Amanda McCluskey <i>BEcon (Hons)</i>	31/08/2009	15/08/2019	0	0
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	3
Phillip Strachan <i>BCom, FCPA, MAICD</i>	23/12/2003		5	5
Olivia Wirth <i>BComm</i>	30/01/2018		5	3
Dean Knudson (<i>Commonwealth Observer</i>)	23/08/2018		5	1*
Josh Thomas (<i>Observer</i>)	03/10/2019		3	3

* Stephen Oxley was Commonwealth Observer Proxy for Dean Knudson at three (3) meetings.

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 (from 13/02/20)	Member	1	1
Clayton Herbert (until 03/02/20)	Member	4	4
Trevor Mahony (until 25/02/20)	Member	4	3
Tendai Mkwanzani	Member	5	3
Helen Moore (from 13/08/20)	Member	0	0
Anthony Rose	Member	5	5
Erin Strang (from 13/08/20)	Member	0	0
Rowena Craze	Independent Auditor	5	2
Mike Reid	Independent Auditor	5	2
Anna Marsden	Managing Director	5	5

International Scientific Advisory Committee		No. of meetings eligible to attend	No. of meetings attended
Paul Greenfield AO	Chair	2	2
Anna Marsden	Managing Director	2	2
Chris Cocklin	Member	2	2
Bronwyn Harch	Member	2	1
Paul Hardisty	Member	2	2
Peter Mumby (from 03/10/19)	Member	2	2
Russell Reichelt (until 03/10/19)	Member	0	0
Christian Roth (until 03/10/19)	Member	1	1
Steve Sargent	Member	2	2
John Schubert AO	Member	2	1
David Wachenfeld (from 03/10/19)	Member	2	2
Tony Worby (from 03/10/19)	Member	1	1

Investment Committee		No. of meetings eligible to attend	No. of meetings attended
Stephen Fitzgerald AO	Chair	4	4
Anna Marsden	Managing Director	4	4
Gary Brader (from 03/10/19)	Member	4	4
Anthony Rose	Member	4	4
Andrew Spence (from 03/10/19)	Member	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 2019-20 Year as strategic discussions relating to this Committee's charter were held at Board meetings.

Partnership Management Committee		No. of meetings eligible to attend	No. of meetings attended
John Gunn	Co-Chair	5	4
Steve Sargent	Co-Chair	5	3
Deb Callister ^a	Member	5	3
Geoff Garrett AO	Member	5	5
Paul Greenfield AO	Member	5	4
Larissa Hale	Member	5	2
Ove Hoegh-Guldberg	Member	5	2
Jessica Hoey (from 13/02/20)	Member	2	2
Margaret Johnson (until 13/02/20) ^b	Member	2	0
Wendy Morris	Member	5	5
Elisa Nichols ^c	Member	5	4
Theresa Fyffe	Employee	5	4

a Craig Moore was proxy for Deb Callister for two (2) meetings.

b Jessica Hoey was Proxy for Margaret Johnson at two (2) meetings.

c Louise Smyth was Proxy for Elisa Nichols at one (1) meeting.

Philanthropy Committee

The Philanthropy Committee meets on an ad hoc basis to guide the development and implementation of the Foundation's fundraising programs. Given the importance of these programs, strategic discussions and oversight of fundraising was elevated to occur at Board meetings in 2019-20. In February 2020, as a recommendation of planning for the Foundation's major gift campaign, the Board approved to change the name and purpose of this Committee to the Campaign Committee which will provide strategic oversight to major gift activities led by the Foundation.

Resilient Reefs Project Board		No. of meetings eligible to attend	No. of meetings attended
Phillip Strachan	Chair	4	4
Steve Box	Member (from 23/06/20)	1	1
Samuel Carter	Member	4	3
Rili Djohani	Member (from 23/06/20)	1	1
Caleb McClennen	Member	4	4
Amanda McCluskey	Member	4	4
Peter Mumby	Member	4	4
Theresa Fyffe	Employee	4	3

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 2020, the Foundation paid a premium of \$20,336 (2019: \$18,508) 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 on behalf of the Foundation which requires 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 2020, the number of members was 137 (2019: 114).

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, 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*.

Events subsequent to balance date

The presence and global community impacts of COVID-19 in early 2020 have impacted some areas of the Foundation's business activities, such as fundraising and investment rates of returns. At reporting date, these impacts are expected to continue into the next financial year with the ongoing presence of this extraordinary event. The Foundation Board and management have developed and implemented management strategies in response, and continue to closely monitor the situation.

Since balance date, COVID-19 continues to cause disruption to populations, business and economic activity. The Board and management have made best estimates without complete certainty of potential impacts that COVID-19 may have on the Foundation and its financial performance and position. However, the situation is evolving and could have further impact on the Foundation.

Other than the above development, no other item, transaction or event of a material and unusual nature has occurred since 30 June 2020 which is likely, 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 29 October 2020



Anna Marsden
Managing Director

Date 29 October 2020



**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 2020, 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
29 October 2020

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 (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 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 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 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 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 development of 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 property acquisition, 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 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 Philanthropy Committee is appointed to assist the Board in monitoring the advancement of the Foundation's philanthropic programs. As part of the feasibility to progress the Foundation's Capital Campaign, it was determined that a Campaign Committee was needed to provide strategic advice, networks and guide activities to achieve campaign targets. Therefore, in February 2020, the Philanthropy Committee was transitioned to become the Campaign Committee to better reflect the strategic needs of the organisation and avoid unnecessary duplication. The committee is currently a management-led forum, meeting fortnightly since March 2020.

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 their 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, together with the Foundation's Constitution, are available online at www.barrierreef.org.

Great Barrier Reef Foundation

ABN 82 090 616 443

Financial report - 30 June 2020

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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 29 October 2020.

Great Barrier Reef Foundation
Statement of profit or loss and other comprehensive income
for the year ended 30 June 2020

	Notes	1 Jul 2019 to 30 Jun 2020 \$	1 Jan 2019 to 30 Jun 2019 \$
Revenue	2	36,025,792	17,162,020
Other income	3(a)	748,625	167,732
Other gains/(losses) – net	3(b)	(5,194)	-
Project investments		(27,474,771)	(12,315,270)
Employee benefits expense		(5,301,441)	(2,340,522)
Engagement and communications expense		(1,409,071)	(323,112)
Occupancy and administration expense		(1,943,052)	(1,246,512)
Business development costs		(98,304)	(456,899)
Depreciation and amortisation expense		(343,026)	(155,288)
Finance expenses	3(c)	(93,596)	(50,830)
Operating surplus before income tax		105,962	441,319
Income tax expense		-	-
Operating surplus for the year/period		105,962	441,319
Other comprehensive income for the year/period		-	-
Total comprehensive income for the year/period		105,962	441,319

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 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	141,674,808	171,050,021
Trade and other receivables	6	3,893,742	2,856,231
Other financial assets	7	75,015,356	279,836,435
Other current assets	8	58,806	126,926
Total current assets		220,642,712	453,869,613
Non-current assets			
Term deposits		206,343,422	-
Property, plant and equipment	9	1,285,311	1,497,670
Intangible assets	10	156,318	198,536
Total non-current assets		207,785,051	1,696,206
Total assets		428,427,763	455,565,819
LIABILITIES			
Current liabilities			
Trade and other payables	11	3,582,209	5,826,470
Deferred revenue	12	109,137,706	96,467,102
Provisions	13	387,670	270,103
Lease liabilities	14	261,366	219,432
Total current liabilities		113,368,951	102,783,107
Non-current liabilities			
Deferred revenue	12	309,673,490	347,315,328
Provisions	13	5,491	17,245
Lease liabilities	14	1,098,208	1,274,478
Total non-current liabilities		310,777,189	348,607,051
Total liabilities		424,146,140	451,390,158
Net assets		4,281,623	4,175,661
FUNDS			
Restricted reserves	5, 15(a)	2,877,104	3,524,366
Retained operating surplus	15(b)	1,404,519	651,295
Total funds		4,281,623	4,175,661

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 2020**

	Notes	Restricted reserves \$	Retained operating surplus \$	Total equity \$
Balance at 1 January 2019		4,458,649	570,122	5,028,771
Adjustment on adoption of AASB 16		-	(7,843)	(7,843)
Adjustment on adoption of AASB 15		-	(1,286,586)	(1,286,586)
Restated total equity at the beginning of the financial year		4,458,649	(724,307)	3,734,342
Surplus for the period		-	441,319	441,319
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	441,319	441,319
Transfer to/(from) retained opening surplus to/(from) restricted reserves	15	(934,283)	934,283	-
Balance at 30 June 2019		3,524,366	651,295	4,175,661
Balance at 1 July 2019		3,524,366	651,295	4,175,661
Surplus for the period		-	105,962	105,962
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	105,962	105,962
Transfer to/(from) retained opening surplus to/(from) restricted reserves	15	(647,262)	647,262	-
Balance at 30 June 2020		2,877,104	1,404,519	4,281,623

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 2020

	1 Jul 2019 to	1 Jan 2019 to
	30 Jun 2020	30 Jun 2019
Notes	\$	\$
Cash flows from operating activities		
Grants and donations received (inclusive of GST)	5,537,830	4,846,760
Payments to tax authority, suppliers and researchers (inclusive of GST)	(34,069,455)	(9,762,231)
Employment costs	(5,195,628)	(2,278,282)
Net cash (outflow) from operating activities	(33,727,253)	(7,193,753)
	21(a)	
Cash flows from investing activities		
Transfer to term deposits	(1,501,843)	(279,466,597)
Transfer to term deposits held as bank guarantees	(20,500)	(35,000)
Payments for intangibles	-	(26,200)
Interest received on financial assets held as investments	6,187,508	6,937,749
Net cash inflow (outflow) from investing activities	4,665,165	(272,590,048)
Cash flows from financing activities		
Lease payments	(313,125)	(144,541)
Net cash (outflow) from financing activities	(313,125)	(144,541)
Net (decrease) in cash and cash equivalents		
	(29,375,213)	(279,928,342)
Cash and cash equivalents at the beginning of the financial year	171,050,021	450,978,363
Cash and cash equivalents at end of year	141,674,808	171,050,021
	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.

(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 2019:

- *AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*

This standard did not have any material impact on the current period or any prior period and is not expected to have a material affect on future periods.

(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.

Deferred revenue amounting to \$347,315,328 were reclassified in the comparative period ended 30 June 2019 from current to non-current liabilities in the statement of financial position to align with the presentation of the financial year ended 30 June 2020 - based on the timing of project deliveries, refer to note 1(b).

Term deposits amounting to \$279,466,597 were reclassified in the comparative period ended 30 June 2019 from cash and cash equivalents to other financial assets in the statements of financial position to align with the presentation of the financial year ended 30 June 2020 - based on the duration of term deposits, refer note 1(h). Further, transfer to term deposits for the same amount was presented under cash flows from investing activities in the in the statement of cash flows for the comparative period ended 30 June 2019.

(vi) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 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. 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 is classified as follows:

- Current: project deliveries within 12 months
- 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. 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.

(c) Income tax

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

1 Summary of significant accounting policies (continued)

(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,
- 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.

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.

1 Summary of significant accounting policies (continued)

(d) Leases (continued)

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 underlying asset's useful life.

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.

(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.

1 Summary of significant accounting policies (continued)

(i) Trade and other receivables (continued)

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 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 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 2020
(continued)

2 Revenue

	1 Jul 2019 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019
	\$	\$
Project grants received	1,593,122	545,500
Government research contributions	31,513,799	14,745,262
Donations	2,370,911	1,201,461
Donations - Chairman's Panel	423,000	434,090
Grants received - project fees	-	112,500
Membership fees - Chairman's Panel	113,240	110,200
Royalties - cause related marketing	11,720	13,007
	36,025,792	17,162,020

For the year ended 30 June 2020, the Foundation derived revenue from contracts with partners from the delivery of project investments over time of \$33,900,739 (1 January 2019 to 30 June 2019: \$15,335,430).

3 Other income and expense items

(a) Other income

	1 Jul 2019 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019
	\$	\$
Government COVID-19 grants	401,000	-
Pro bono services	288,857	91,221
Interest income	50,600	30,061
Other revenue	8,168	46,450
	748,625	167,732

(b) Other gains/(losses)

	1 Jul 2019 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019
	\$	\$
Net gain/(loss) on disposal of property, plant and equipment	(6,045)	-
Net foreign exchange gains/(losses)	851	-
	(5,194)	-

(c) Finance expenses

	1 Jul 2019 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019
	\$	\$
Interest and finance charges paid/payable	9,296	6,082
Interest on leases	84,300	44,748
Finance costs expensed	93,596	50,830

4 Current assets - Cash and cash equivalents

	2020	2019
	\$	\$
Public fund accounts (a)	70,337	80,520
Operating accounts	1,212,464	874,527
Project accounts (b)	18,670,944	11,464,986
Bank term deposits (c)	121,721,063	158,629,988
	141,674,808	171,050,021

(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.

(c) Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include \$121,721,063 (2019: \$158,629,988) 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 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.

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

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

	2020	2019
	\$	\$
<i>Funds recognised as restricted reserves:</i>		
eReefs	209,864	556,957
Sir Ian MacFarlane bequest	150,000	151,442
Reef Islands Initiative	2,096,117	1,667,866
Sponsorships	-	9,092
Other	421,123	1,139,009
Closing balance	<u>2,877,104</u>	<u>3,524,366</u>

6 Current assets - Trade and other receivables

	2020	2019
	\$	\$
Grants, donations and royalties receivable	1,161,077	2,187,940
Loss allowance	<u>(15,500)</u>	<u>(35,180)</u>
	1,145,577	2,152,760
Goods and services tax (GST) receivable	1,229,186	302,952
Interest receivable	1,515,586	399,325
Other receivables	<u>3,393</u>	<u>1,194</u>
	3,893,742	2,856,231

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 2020 was determined as follows for receivables:

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)
30 June 2019	Current	More than 30 days past due	More than 60 past due	More than 120 days past due	Total
Expected loss rate	0%	56.6%	50%	0%	
Gross carrying amount – receivables	2,121,220	27,360	39,360	-	2,187,940
Loss allowance	-	(15,500)	(19,680)	-	(35,180)

7 Current assets - Other financial assets

	2020	2019
	\$	\$
Term deposit held as security	390,356	369,838
Term deposits	<u>74,625,000</u>	<u>279,466,597</u>
	75,015,356	279,836,435

8 Current assets - Other current assets

	2020	2019
	\$	\$
Deposits paid	20,000	750
Prepayments	38,806	126,176
	58,806	126,926

9 Non-current assets - Property, plant and equipment

	Plant and equipment \$	Leasehold improvements \$	Artwork \$	Right-of-use assets \$	Total \$
At 1 January 2019					
Cost	93,966	35,921	24,165	-	154,052
Accumulated depreciation	(40,744)	-	(9,978)	-	(50,722)
Net book amount	53,222	35,921	14,187	-	103,330
Year ended 30 June 2019					
Opening net book amount	53,222	35,921	14,187	-	103,330
Adjustment for change in accounting policy	-	-	-	1,538,173	1,538,173
Transfers	-	(35,921)	-	35,921	-
Depreciation charge	(6,097)	-	(857)	(136,879)	(143,833)
Closing net book amount	47,125	-	13,330	1,437,215	1,497,670
At 30 June 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 charge	(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

(a) Depreciation

Depreciation of \$300,808 (2019: \$143,833) 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.

10 Non-current assets - Intangible assets

	Trademarks at cost \$	Software \$	Total \$
At 1 January 2019			
Cost	32,706	175,000	207,706
Accumulation amortisation	(23,915)	-	(23,915)
Net book amount	<u>8,791</u>	<u>175,000</u>	<u>183,791</u>
Year ended 30 June 2019			
Opening net book amount	8,791	175,000	183,791
Additions	1,200	25,000	26,200
Amortisation charge **	(1,455)	(10,000)	(11,455)
Closing net book amount	<u>8,536</u>	<u>190,000</u>	<u>198,536</u>
At 30 June 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
Accumulated amortisation	(27,588)	(50,000)	(77,588)
Net book amount	<u>6,318</u>	<u>150,000</u>	<u>156,318</u>

** Amortisation of \$42,218 (2019: \$11,455) is included in depreciation and amortisation expense in profit or loss.

11 Current liabilities - Trade and other payables

	2020 \$	2019 \$
Accounts payable	121,299	935,453
Project accrued expenses	3,460,910	4,891,017
	<u>3,582,209</u>	<u>5,826,470</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 Deferred revenue

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Deferred revenue	109,137,706	309,673,490	418,811,196	96,467,102	347,315,328	443,782,430
					2020	2019
					\$	\$
Reef Trust Partnership				395,457,781		425,253,679
Interest - Reef Trust Partnership				18,089,343		10,836,174
Reef Islands Initiative				2,136,651		2,601,647
Resilient Reefs Project				2,714,625		3,895,295
Raine Island Recovery Project				324,339		1,195,635
Other				88,457		-
				418,811,196		443,782,430

13 Provisions

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Provision for employee benefits	387,670	5,491	393,161	270,103	17,245	287,348

14 Lease liabilities

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Lease liabilities	261,366	1,098,208	1,359,574	219,432	1,274,478	1,493,910

15 Funds

(a) Reserves

	2020	2019
	\$	\$
Restricted funds reserve	<u>2,877,104</u>	<u>3,524,366</u>

Movements:

Restricted funds reserve

Balance at 1 July 2019/1 January 2019	3,524,366	4,458,649
Transfer to retained operating surplus (restricted expenses)	(4,688,064)	(485,930)
Transfer from retained operating surplus (restricted income)	4,040,802	838,233
Transfer to retained operating surplus	-	(1,286,586)
Balance at 30 June	<u>2,877,104</u>	<u>3,524,366</u>

(b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2020	2019
	\$	\$
Balance at 1 July 2019/1 January 2019	651,295	570,122
Net operating surplus for the year/period	105,962	441,319
Adoption of AASB 16	-	(7,843)
Adoption of AASB 15	-	(1,286,586)
Transfer from retained operating surplus (restricted income)	(4,040,802)	(838,233)
Transfer to retained operating surplus (restricted expenses)	4,688,064	485,930
Transfer to retained operating surplus	-	1,286,586
Balance at 30 June	<u>1,404,519</u>	<u>651,295</u>

16 Contingent liabilities

The Foundation had bank guarantees at 30 June 2020 of \$690,356 (2019: \$669,837). The likelihood that these guarantees will be forfeited is remote.

17 Commitments

(a) Capital and other commitments

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

	2020	2019
	\$	\$
eReefs projects payable:		
Within one year	-	486,250
	-	486,250
Reef Trust Partnership projects payable:		
Within one year	21,475,989	11,504,745
Later than one year but not later than five years	10,322,473	3,889,737
	31,798,462	15,394,482
Resilient Reefs projects payable:		
Within one year	486,527	245,923
Later than one year but not later than five years	814,006	749,895
	1,300,533	995,818
Raine Island Recovery projects payable:		
Within one year	300,000	690,000
Later than one year but not later than five years	-	300,000
	300,000	990,000
Reef Islands Initiative projects payable:		
Within one year	877,330	165,296
Later than one year but not later than five years	1,334,408	-
	2,211,738	165,296
Other projects payable:		
Within one year	1,056,026	242,674
Later than one year but not later than five years	66,633	50,000
	1,122,659	292,674

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

	2020	2019
	\$	\$
Key management personnel compensation	<u>927,795</u>	<u>763,406</u>

Great Barrier Reef Foundation Board is comprised of volunteers and employees. Other committees are comprised of volunteers, employees and paid members.

(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:

	30 Jun 2020	30 Jun 2019
	\$	\$
Amounts recognised as revenue		
Grants and donations received	<u>360,128</u>	<u>343,634</u>

During the year Great Barrier Reef Foundation provided establishment funds of \$20,000 to Great Barrier Reef Foundation USA, Inc., a related entity with certain directors in common with the Foundation.

19 Events occurring after the reporting period

The presence and global community impacts of the coronavirus COVID-19 in early 2020 have impacted some areas of the Foundation's business activities, such as fundraising and investment rates of returns. At reporting date, these impacts are expected to continue into the next financial year with the ongoing presence of this extraordinary event. The Foundation Board and management have developed and implemented management strategies in response, and continue to closely monitor the situation.

Since balance date, COVID-19 continues to cause disruption to populations, business and economic activity. The Board and management have made best estimates without complete certainty of potential impacts that COVID-19 may have on the Foundation and its financial performance and position. However, the situation is evolving and could have further impact on the Foundation.

Other than the above development, no other item, transaction or event of a material and unusual nature has occurred since 30 June 2020 which is likely, 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.

20 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 2019 to 30 June 2020.

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

	1 Jul 2019 to 30 Jun 2020	1 Jul 2018 to 30 Jun 2019
	\$	\$
Revenue	29,828,803	18,075,177
Expenses		
Component 1 - Administrative Activities	(7,325,533)	(8,141,234)
Component 2 - Water Quality Activities	(10,525,082)	(7,043,259)
Component 3 – Crown of Thorns Starfish Control Activities	(10,036,188)	(15,000)
Component 4 – Reef Restoration and Adaptation Science Activities	(641,215)	(762,000)
Component 5 – Indigenous and Community Reef Protection Activities	(1,180,785)	(1,539,684)
Component 6 – Integrated Monitoring and Reporting Activities	(120,000)	(574,000)
Total expenses	(29,828,803)	(18,075,177)
Operating surplus for the year	-	-

(b) Statement of financial position

	2020	2019
	\$	\$
Current assets	210,510,009	441,414,167
Non-current assets	207,137,042	882,177
	417,647,051	442,296,344
Current liabilities	(107,288,159)	(94,216,329)
Non-current liabilities	(310,358,892)	(348,080,015)
	(417,647,051)	(442,296,344)
Net assets	-	-

21 Cash flow information

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

	2020	2019
	\$	\$
Surplus for the year/period	105,962	441,319
Adjustments for		
Depreciation and amortisation	343,026	155,288
Interest income	(50,600)	(30,061)
Net loss on sale of non-current assets	6,045	-
Interest on leases	84,300	43,700
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	78,750	(2,360,117)
Decrease in other operating assets	68,120	10,500
(Decrease)/Increase in trade and other payables	(2,244,266)	4,561,855
Increase in other operating liabilities	105,813	63,288
Decrease in deferred revenue	(32,224,403)	(10,079,525)
Net cash outflow from operating activities	(33,727,253)	(7,193,753)

In the directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 37 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 2020 and of its performance, as represented by the results of its operations and its cash flows, for the financial period 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

29 October 2020



Anna Catherine Marsden
Managing Director

29 October 2020



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Independent Auditor's Report to the Directors 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 2020, 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 2020 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
29 October 2020