

Susan McKinnon Foundation
(ABN: 28 739 100 711)

Financial Statements

For the Year ended 30 June 2018

Susan McKinnon Foundation

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Susan McKinnon Foundation

ABN 28 739 100 711

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Income			
Donations Received		11,785,054	43,409,357
Investment Income		4,369,397	773,712
Interest Income		26,042	1,812
Increase in Market Value of Investments		5,659,730	445,927
		<u>21,840,223</u>	<u>44,630,808</u>
Expenditure			
Charitable Donations/Grants		1,689,000	663,000
Marketing		40,737	6,226
Travel Expenses		5,894	4,105
Salary and Wages		156,854	135,611
Superannuation Expense		14,901	12,883
Other Expenses		37,256	33,554
		<u>1,944,642</u>	<u>855,379</u>
Current year surplus before income tax			
Income tax expense		-	-
Net current year surplus		<u>19,895,581</u>	<u>43,775,429</u>

The accompanying notes form part of these financial statements.

Susan McKinnon Foundation

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash on hand	2	1	1
Cash at bank	2	471,418	19,905
Accounts receivable and other debtors	3	1,317,517	159,663
TOTAL CURRENT ASSETS		<u>1,788,936</u>	<u>179,569</u>
NON-CURRENT ASSETS			
Plant and equipment	4	-	580
Investments	5	70,340,403	52,062,270
TOTAL NON-CURRENT ASSETS		<u>70,340,403</u>	<u>52,062,850</u>
TOTAL ASSETS		<u>72,129,339</u>	<u>52,242,419</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	6	5,787	14,448
TOTAL CURRENT LIABILITIES		<u>5,787</u>	<u>14,448</u>
TOTAL LIABILITIES		<u>5,787</u>	<u>14,448</u>
NET ASSETS		<u>72,123,552</u>	<u>52,227,971</u>
EQUITY			
Retained earnings		52,227,970	8,452,541
Share Capital		1	1
Net Profit/Loss		19,895,581	43,775,429
TOTAL EQUITY		<u>72,123,552</u>	<u>52,227,971</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained Surplus
	\$
Balance at 1 July 2016	8,452,542
Comprehensive income	
Surplus for the year attributable to members of the entity	43,775,429
Share Capital contributed	-
Balance at 30 June 2017	<u>52,227,971</u>
Comprehensive income	
Surplus for the year attributable to members of the entity	19,895,581
Share Capital contributed	-
Balance at 30 June 2018	<u>72,123,552</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donations and dividends		4,378,194	705,781
Payments to suppliers and employees		(1,952,723)	(860,740)
Interest received		26,042	1,812
Net cash (used in)/generated from operating activities	7	2,451,513	(153,147)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		-	-
Payment for investments		(2,000,000)	-
Net cash used in investing activities		(2,000,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of share capital		-	-
Net cash used in financing activities		-	-
Net increase/(decrease) in cash held		451,513	(153,147)
Cash on hand at the beginning of the financial year		19,906	173,053
Cash on hand at the end of the financial year	2	471,419	19,906

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The trustees have prepared the financial statements on the basis that the trust is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the *Private Ancillary Fund Guidelines (2009)*.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the trustees have determined are appropriate. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

a. **Revenue**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major activities of the trust as follows:

Donations: donations are brought to account on a cash received basis.

Interest and Dividends: Interest and dividend income is recognised on an accrual basis.

Distributions: Distributions are recognised as revenue when the right to receive payment is established.

b. **Property, Plant and Equipment**

Cost and valuation

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation

Plant and equipment

Plant and equipment is measured on the cost basis.

The trustees to ensure it is not in excess of the recoverable amount from those assets review the carrying amount of plant and equipment annually. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

c. **Employee Provisions**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and superannuation. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and superannuation are recognised as part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

d. **Cash and Cash Equivalents**

Cash on hand equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

e. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

f. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

g. **Income Tax**

The Foundation is exempt from taxation under Section 50-5 of the Income Tax Assessment Act 1997. The Foundation is entitled to a refund of imputation credits which arise on the Foundation's investments.

h. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. **Investments**

Purchases and sales of investments are recognised on trade date – the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred substantially all the risks and rewards of ownership.

Gains or losses arising from changes in the fair value of investments are deferred as an

Susan McKinnon Foundation

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

unrealised gain or loss through the Income Statement every year. The fair values of quoted investments are based on current bid prices.

j. **Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid.

k. **Related Party Disclosures**

Message4U Pty Ltd

The director of the trustee Foundation, Grant Rule, is a director and co-founder at Message4U Pty Ltd. Message4U provides IT, accounting and administrative support to the foundation, including bank and investment transactions, and office space for the trustee. These services are provided pro bono.

The Foundation maintains commercial relationships with several third parties with which Message4U maintains relationships. In all cases relationships are either maintained on an arms length basis, or the Foundation benefits by virtue of its connections with Message4U.

NOTE 2: CASH ON HAND

	2018	2017
	\$	\$
Cash at bank – SMF – Westpac Main Account	471,418	19,905
Cash on Hand	1	1
	471,419	19,906

NOTE 3: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2018	2017
	\$	\$
CURRENT		
Franking credits receivable	1,295,637	158,259
GST Receivable	2,010	1,404
Accrued Income	19,870	-
Total current accounts receivable and other debtors	1,317,517	159,663

NOTE 4: PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Plant and Equipment		
Plant and equipment:		
At cost	1,816	1,816
Less accumulated depreciation	(1,816)	(1,236)
Net carrying amount	-	580

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NOTE 5: INVESTMENTS

	2018	2017
	\$	\$
Investments at cost	61,403,655	48,819,363
Change in market value	8,936,748	3,242,907
	<u>70,340,403</u>	<u>52,062,270</u>

Investments include shares held in Message4U Pty Ltd and Squibb Pty Ltd. These shares are carried at a director's valuation agreed by Trustees of the Foundation. This valuation is reviewed and updated annually.

NOTE 6: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2018	2017
	\$	\$
CURRENT		
Credit Card	2,182	9
Accounts Payable	394	10,790
PAYG Withholding Payable	3,211	3,649
	<u>5,787</u>	<u>14,448</u>

NOTE 7: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of cash flows from operating activities with net current year surplus		
Net current year surplus	19,895,581	43,775,429
Non-cash flows in current year surplus:		
- Movement in market values	(5,694,579)	(445,927)
- Receipt of donated assets	(10,583,554)	(43,319,355)
- depreciation and amortisation	580	908
Changes in assets and liabilities:		
- (increase)/decrease in accounts receivable and other debtors	(1,157,854)	(157,933)
- (decrease)/increase in accounts payable and other payables	(8,661)	(6,269)
	<u>2,451,513</u>	<u>(153,147)</u>

NOTE 8: ENTITY DETAILS

The registered office of the company is:

Susan McKinnon Philanthropy Pty Ltd
Level 6, 126 Wellington Parade
East Melbourne 3002

The principal place of business is:

Susan McKinnon Philanthropy Pty Ltd
Level 6, 126 Wellington Parade
East Melbourne 3002

Susan McKinnon Foundation

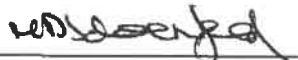
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TRUSTEE'S STATEMENT TO THE BENEFICIARIES

The directors of the company, Susan McKinnon Foundation declare that:

1. The financial statements and notes, as set out on pages 1 to 9 present fairly the trust's financial position as at 30 June 2018 and the performance for the financial year ended on the date of the trust is accordance with Australian Accounting Standards and other mandatory professional reporting requirements:
2. In the directors' opinion there are reasonable grounds to believe that the company 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 Board of Directors of the trustee company.

Director 

Dated 12 - 2 - 2019

**Susan McKinnon Foundation
ABN 28 739 100 711****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SUSAN MCKINNON FOUNDATION****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report and the compliance with the Private Ancillary Fund Guidelines 2009 of Susan McKinnon Foundation (the "Foundation"), which comprises the balance sheet as at 30 June 2018, the statement of profit or loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Foundation as at 30 June 2018 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements statements and requirements of the Private Ancillary Fund Guidelines 2009.

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 (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.

Trustees' Responsibility for the Financial Report

The trustees' are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 to the financial report are appropriate to meet the needs of the trustees and Private Ancillary Fund Guidelines 2009. The trustees' responsibility also includes such internal control as the trustees determine is necessary to enable the preparation of a financial report that 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 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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Further information about our responsibilities can be found at <http://www.auasb.gov.au/Home.aspx>

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.

JTP Assurance

JTP Assurance

Chartered Accountants

Signed at Melbourne this 12 day of February 2019



SAM GLARINGBOLD

Partner

