

Susan McKinnon Foundation

ABN 28 739 100 711

Financial Statements

For the Year Ended 30 June 2019

Susan McKinnon Foundation

ABN 28 739 100 711

Contents

For the Year Ended 30 June 2019

	Page
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Trustees' Declaration	10
Compilation Report	11

Susan McKinnon Foundation

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	2019	2018
	\$	\$
Income		
Donations Received	37,800,246	11,785,054
Investment Income	16,152,960	4,369,397
Interest Income	779,177	26,042
(Decrease)/Increase in Market Value of Investments	(8,019,835)	5,659,730
Foreign Currency Movement in Investment	725,730	-
	<u>47,438,278</u>	21,840,223
Expenditure		
Charitable Donations/Grants	(3,622,331)	(1,689,000)
Marketing	-	(40,737)
Travel Expenses	(8,434)	(5,894)
Salary and Wages	(152,154)	(156,854)
Superannuation Expense	(14,455)	(14,901)
Other Expenses	(467,760)	(37,256)
	<u>(4,265,134)</u>	(1,944,642)
Net profit before tax	43,173,144	19,895,581
Income tax expense	-	-
Net profit after tax	<u>43,173,144</u>	19,895,581

The accompanying notes form part of these financial statements.

Susan McKinnon Foundation

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Statement of Financial Position As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	3	27,669,809	471,419
Trade and Other Receivables	4	4,914,116	1,317,517
Other Assets		516	-
TOTAL CURRENT ASSETS		<u>32,584,441</u>	<u>1,788,936</u>
NON-CURRENT ASSETS			
Investments	5	82,841,446	70,340,403
Plant & Equipment	6	1,319	-
TOTAL NON-CURRENT ASSETS		<u>82,842,765</u>	<u>70,340,403</u>
TOTAL ASSETS		<u>115,427,206</u>	<u>72,129,339</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	130,510	5,787
TOTAL CURRENT LIABILITIES		<u>130,510</u>	<u>5,787</u>
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		<u>130,510</u>	<u>5,787</u>
NET ASSETS		<u>115,296,696</u>	<u>72,123,552</u>
EQUITY			
Issued Capital		1	1
Retained Earnings		115,296,695	72,123,552
TOTAL EQUITY		<u>115,296,696</u>	<u>72,123,553</u>

The accompanying notes form part of these financial statements.

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ABN 28 739 100 711

Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2018	1	72,123,551	72,123,552
Profit for the year	-	43,173,144	43,173,144
Balance at 30 June 2019	1	115,296,695	115,296,696

2018

	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2017	1	52,227,970	52,227,971
Profit for the year	-	19,895,581	19,895,581
Balance at 30 June 2018	1	72,123,551	72,123,552

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from donations and dividends	13,826,033	4,378,194
Payments to suppliers and employees	(3,966,919)	(1,952,723)
Interest received	779,177	26,042
Net cash provided by/(used in) operating activities	9 <u>10,638,291</u>	<u>2,451,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	54,992,231	-
Purchase of investments	(37,704,499)	(2,000,000)
Purchase of property, plant and equipment	(1,903)	-
Net cash provided by/(used in) investing activities	<u>17,285,829</u>	<u>(2,000,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	27,924,120	451,513
Cash and cash equivalents at beginning of year	471,419	19,906
Effect of exchange rates on cash holdings in foreign currencies	(725,730)	-
Cash and cash equivalents at end of financial year	3 <u>27,669,809</u>	<u>471,419</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Basis of Preparation

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.

2 Summary of Significant Accounting Policies

(a) Revenue

Donations

Donations are brought to account on a cash received basis.

Interest and Dividends

Interest and dividend income are recognised on an accrual basis.

Distributions

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

(b) Property, plant and equipment

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

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

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the entity, commencing from the time the asset is held for use.

Leasehold improvements are depreciated over the shorter of either the unexpired portion of the lease or the estimated useful lives of the improvements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(c) Employee provisions

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

(e) Trade and other receivables

Trade and other receivables 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)

Revenue, 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).

Receivables and payable are stated inclusive of GST. 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 in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

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

(j) Trade and other payables

Trade 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

Message 4U Pty Ltd

The director of the trustee Foundation, Grant Rule, is a director and co-founder at Message 4U Pty Ltd. In FY2018, Message 4U Pty Ltd provided 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. No pro bono services were provided in FY2019.

The Foundation maintains commercial relationships with several third parties with which Message 4U Pty Ltd maintains relationships. In all cases relationships are either maintained on an arms length basis, or the Foundation benefits by virtue of its connections with Message 4U Pty Ltd.

3 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank	27,669,808	471,418
Cash on hand	1	1
	<u>27,669,809</u>	<u>471,419</u>

4 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Franking credits receivable	4,647,634	1,295,637
GST receivable	215,572	2,010
Accrued income	50,910	19,870
	<u>4,914,116</u>	<u>1,317,517</u>

Susan McKinnon Foundation

ABN 28 739 100 711

Notes to the Financial Statements For the Year Ended 30 June 2019

5 Investments

	2019	2018
	\$	\$
NON-CURRENT		
Crestone	16,243,977	-
Message Media	41,154,501	57,756,110
Morgan Stanley	3,440,649	-
Quilvest	15,460,723	-
Squibb	-	10,583,554
Other investments	6,541,596	2,000,738
	<u>82,841,446</u>	<u>70,340,402</u>

6 Property, plant and equipment

	2019	2018
	\$	\$
Plant and equipment		
At cost	1,903	1,816
Accumulated depreciation	(584)	(1,816)
Net carrying amount	<u>1,319</u>	<u>-</u>

7 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Accounts payable	124,562	394
PAYG withholding payable	3,870	3,211
Credit card	2,078	2,182
	<u>130,510</u>	<u>5,787</u>

8 Related Parties

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

In 2019, the Foundation donated \$200,000 (2018: NIL) to The Conversation and NewDemocracy for the Public Interest Journalism Initiative (PIJI) project. These two organisations have acted as partners for this project.

Grant Rule, a director of the Susan McKinnon Foundation, is on the advisory board of the PIJI project. The role is advisory only and has no fiduciary duties. Neither NewDemocracy nor The Conversation are related parties.

Susan McKinnon Foundation

ABN 28 739 100 711

Notes to the Financial Statements For the Year Ended 30 June 2019

9 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Net profit for the year	43,173,144	19,895,581
Non-cash flows in profit:		
- depreciation	584	580
- fair value movements on investments	8,737,201	(5,694,579)
- receipt of donated assets	(37,800,246)	(10,583,554)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(3,596,599)	(1,157,854)
- (increase)/decrease in other assets	(516)	-
- increase/(decrease) in trade and other payables	124,723	(8,661)
Cashflows from operations	<u>10,638,291</u>	<u>2,451,513</u>

10 Events Occurring After the Reporting Date

On 17 July 2019, the Foundation sold 159,157 shares to Message4U Pty Ltd at a price of \$16.336 per share with a transaction completion date at 9 August 2019.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

11 Statutory Information

The registered office and principal place of business of the company is:

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

Susan McKinnon Foundation

ABN 28 739 100 711

Trustees' Declaration

The Trustees declare that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company 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 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
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 Trustees.

M. Schoenfeld
Director

Trustee

[Handwritten Signature]

Trustee

Dated 16 Jan 2020

16 Jan 2020

**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 2019, 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 2019 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

Sam Claringbold
SAM CLARINGBOLD
Partner

Signed at Melbourne this 21st day of January 2020

