

# **The Order of Australia Association Foundation**

**ABN 89 109 314 142**

**Annual Report – For the year ended 30 June 2019**

**The Order of Australia Association Foundation**

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**For the year ended 30 June 2019**

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**The Order of Australia Association Foundation  
Trustees' report  
For the year ended 30 June 2019**

The directors of The Order of Australia Association Foundation Ltd ("the Trustee Company") as Trustee of The Order of Australia Association Foundation ("the Foundation") present this report together with the financial statements of the Foundation for the year ended 30 June 2019 and the auditor's report herein.

**Principal activity**

The Foundation was formed on 29 April 1999 pursuant to a Deed of Trust settled by five founders, being former Presidents of the Association, namely Rt Hon Sir Zelman Cowen PC, AK, GCMG, GCVO, KStJ; The Hon Sir Charles Court AK, KCMG, OBE; Sir Eric Neal AC, CVO; Sir James Gobbo AC; and General Sir Phillip Bennett AC, KBE, DSO, KStJ; who were desirous to establish a Foundation via a Public Trust Fund.

The Foundation is confirmed as a Deductible Gift Recipient under Item 2 of Section 30-15 of the Income Tax Assessment Act 1997.

The Trustee Company was incorporated as a Company limited by guarantee on 16 September 2003, and on behalf of the Trustee Company, the directors present the Annual Accounts of the Foundation for the year ended 30 June 2019. At the date of this report, the directors of the Trustee Company are Hugh M Morgan AC (Chairman), N Ross Adler AC, Peter Benson AM, Bonita L Boezeman AO, Dina L Browne AO, Robert G Gerard AO, Elaine M Murphy AM, Barry N Nunn AO, Nicholas T Paspaley AC, Paul L Wheelton AM KSJ, Leo E Tutt (Treasurer, appointed on 01/08/2019), Hugh M Morgan (Secretary appointed on 20/08/2018), Brian O'Keeffe AO (Resigned on 20/08/2018), Michael J Kent AM KCSJ (Resigned on 06/12/2018) and Darvell M Hutchinson AM (Resigned on 30/06/2019).

The principal activity of the Foundation during the year to 30 June 2019 was the giving of grants to universities for awards of The Order of Australia Association Foundation Prize, and the fundraising efforts to enable sponsorship and payment of such grants.

**Revenue**

Total revenue for the year increased to \$205,209 (previous 9 month period \$200,069).

**Donations Received**

Donations received during the year totalled \$99,126 (previous 9 month period \$131,358) of which \$55,000 (previous 9 month period \$90,000) represented donations from prize donors.

The 2018 Order of Australia Association Foundation Prize was presented in May 2019 by His Excellency, the Honourable Justice Alan Blow AO, Chief Justice of the Supreme Court of Tasmania to the following aspiring young awardee's as a result of funding generously donated by the designated donor:

<b>Awardee</b>	<b>Place of education</b>	<b>Designated Donor</b>
Jeremy Doupe	University of Melbourne	The Family of Jack Mayer Joel OAM
Hannah Gandy	La Trobe University	Freemasons Victoria

Donations received towards our General Fund for the year were \$44,126 (previous 9 month period \$41,358), kindly donated by members of the Association.

**The Order of Australia Association Foundation  
Trustees' report  
For the year ended 30 June 2019**

Some Association members contribute to their pledges of giving donations over five years to become a Member of a particular category of the Foundation. We thank them for their ongoing commitment.

The Foundation expresses its thanks to all General Fund donors who helped to build the corpus fund during 2019. Donations of \$1,000 or more are listed further on.

Branches and regional groups of the Association are warmly encouraged to hold social functions in support of donations to our General Fund.

The Directors of the Trustee Company sincerely thank all prize donors, past and present, who have most generously supported our Foundation, which has resulted in 41 scholarships actually being presented up to the 2018 awards, and 1 more to 2019 awardees.

The need to expand the corpus of the Foundation to a base of \$5 million remains paramount, so that it can fund scholarships and other projects befitting the aims of the Foundation.

**Net Surplus**

The net surplus of the Foundation for the year ended 30 June 2019 was \$148,280 (previous 9 month period \$76,661).

**Investments**

The share investment portfolio held by the Foundation at 30 June 2019, at market value, was \$1,163,278 (30 June 2018: \$1,041,028).

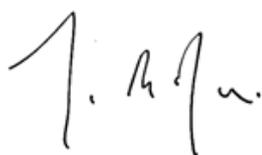
**Auditors**

In October 2012, Deloitte Touche Tohmatsu kindly agreed to be appointed our auditors, and their services and advice has been invaluable. The Trustee thanks them once more for their generous honorary services for the current year.

**Subsequent Events**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Foundation, to affect significantly the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation, in future financial years.

Signed on behalf of the Trustee



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Hugh M Morgan AC  
Chairman of Directors



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Leo E Tutt AM  
Treasurer and Director

20 December 2019

**The Order of Australia Association Foundation  
Trustees' declaration  
For the year ended 30 June 2019**

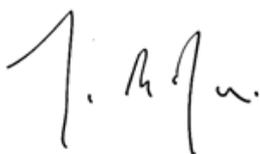
As detailed in Note 1 to the financial statements, the trust is not a reporting entity because in the opinion of the directors of the Trustee company there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Trustees' reporting requirements.

The Directors of the Trustee company declare that:

- the attached financial statements and notes thereto comply with Accounting Standards as set out in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- in the Trustee's opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Trustee company.

On behalf of the Directors:



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Hugh M Morgan AC  
Chairman of Directors



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Leo E Tutt AM  
Treasurer and Director

20 December 2019

**The Order of Australia Association Foundation**  
**Statement of surplus or deficit and other comprehensive income**  
**For the year ended 30 June 2019**

	Note	For the year ended 30 June 2019 \$	For the nine month period ended 30 June 2018 \$
<b>Revenue</b>			
Donations received	4	99,126	131,358
Franking Credits		53,664	10,215
Profit/(Loss) on Sale of Investments		(85,260)	30,334
Franked Dividends		125,218	23,833
Trust Distributions Received		10,821	3,605
Interest Revenue		1,640	724
		<u>205,209</u>	<u>200,069</u>
<b>Expenses</b>			
National Office Expenses		(7,528)	(8,237)
Award Launch Expenses		(1,364)	(1,039)
Bank Charges		(440)	(294)
Depreciation and Amortisation		-	(870)
Rent		(4,527)	(4,451)
Travelling Expense		(2,850)	(1,298)
Impairment Expense		-	(27,015)
General expenses		(220)	(204)
		<u>188,280</u>	<u>156,661</u>
<b>Operating surplus</b>		188,280	156,661
Scholarships Awarded		<u>(40,000)</u>	<u>(80,000)</u>
<b>Surplus before income tax expense</b>		148,280	76,661
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus after income tax expense for the year attributable to the members of The Order of Australia Association Foundation</b>	10	148,280	76,661
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to surplus or deficit</i>			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		<u>124,788</u>	<u>18,360</u>
Other comprehensive income for the year, net of tax		<u>124,788</u>	<u>18,360</u>
<b>Total comprehensive income for the year attributable to the members of The Order of Australia Association Foundation</b>		<u><u>273,068</u></u>	<u><u>95,021</u></u>

*The above statement of surplus or deficit and other comprehensive income should be read in conjunction with the accompanying notes*

**The Order of Australia Association Foundation**  
**Statement of financial position**  
**As at 30 June 2019**

	Note	As at 30 June 2019 \$	As at 30 June 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	265,428	196,289
Trade and other receivables	6	62,289	25,610
Total current assets		<u>327,717</u>	<u>221,899</u>
<b>Non-current assets</b>			
Financial assets at fair value through OCI	7	1,163,278	1,041,028
Total non-current assets		<u>1,163,278</u>	<u>1,041,028</u>
<b>Total assets</b>		<u>1,490,995</u>	<u>1,262,927</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Provisions	8	40,000	85,000
Total current liabilities		<u>40,000</u>	<u>85,000</u>
<b>Non-current liabilities</b>			
Provisions	8	40,000	40,000
Total non-current liabilities		<u>40,000</u>	<u>40,000</u>
<b>Total liabilities</b>		<u>80,000</u>	<u>125,000</u>
<b>Net assets</b>		<u>1,410,995</u>	<u>1,137,927</u>
<b>Equity</b>			
Investment Valuation Reserve	9	159,304	61,531
Accumulated members funds	10	1,251,691	1,076,396
<b>Total equity</b>		<u>1,410,995</u>	<u>1,137,927</u>

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

**The Order of Australia Association Foundation**  
**Statement of changes in equity**  
**For the year ended 30 June 2019**

	<b>Reserves</b>	<b>Accumulated members funds</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 October 2017	43,171	999,735	1,042,906
Surplus after income tax expense for the year	-	76,661	76,661
Other comprehensive income for the year, net of tax	18,360	-	18,360
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	18,360	76,661	95,021
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	<u>61,531</u>	<u>1,076,396</u>	<u>1,137,927</u>

	<b>Reserves</b>	<b>Accumulated members funds</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	61,531	1,076,396	1,137,927
Surplus after income tax expense for the year	-	148,280	148,280
Other comprehensive income for the year, net of tax	124,788	-	124,788
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	124,788	148,280	273,068
	<hr/>	<hr/>	<hr/>
Amount transferred to accumulated members funds	(27,015)	27,015	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	<u>159,304</u>	<u>1,251,691</u>	<u>1,410,995</u>

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

**The Order of Australia Association Foundation**  
**Statement of cash flows**  
**For the year ended 30 June 2019**

	For the year ended 30 June 2019 \$	For the nine month period ended 30 June 2018 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	94,126	131,358
Payments to suppliers	(16,486)	(17,192)
Grants paid to universities for prizes	(80,000)	(95,000)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	13 (2,360)	19,166
<b>Cash flows from investing activities</b>		
Interest, distributions & dividends received	154,220	46,837
Purchase of shares/prepayments	(86,771)	(345,001)
Proceeds from sale/buyback of shares	4,050	129,626
	<hr/>	<hr/>
Net cash from/(used in) investing activities	71,499	(168,538)
<b>Cash flows from financing activities</b>		
Net cash from financing activities	<hr/> -	<hr/> -
Net increase/(decrease) in cash and cash equivalents	69,139	(149,372)
Cash and cash equivalents at the beginning of the financial year	196,289	345,661
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	5 <u>265,428</u>	<u>196,289</u>

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

**The Order of Australia Association Foundation  
Notes to the financial statements  
30 June 2019**

**Note 1. Statement of compliance**

In the opinion of the Trustee, the Foundation is not a reporting entity. The financial report of the Foundation has been drawn up as a special purpose financial report for distribution to the members.

For the purposes of preparing the financial statements, the Foundation is a not-for-profit entity.

The special purpose financial report has been prepared in accordance with the recognition and measurement requirements specified by all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB").

The financial report does not include the disclosure requirements of all AASBs except for the following minimum requirements:

- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1054 Australian Additional Disclosures

**Note 2. Significant accounting policies**

**General information**

The Order of Australia Association Foundation (the Foundation) is a public trust fund established by a Deed of Trust. The Trustee Company of the Foundation is The Order of Australia Association Foundation Ltd.

The address of its registered office and principal place of business is: Old Parliament House, King George Terrace, Parkes ACT 2600.

The entity's principal activities are to give grants to universities for awards of The Order of Australia Association Foundation Prize, and engage in fundraising efforts to enable sponsorship and payment of such grants.

The financial statements were authorised for issue on 20 December 2019.

**Basis of preparation**

The financial report is prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**New or amended Accounting Standards and Interpretations adopted**

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

**The Order of Australia Association Foundation**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 2. Significant accounting policies (continued)**

The following Accounting Standards and Interpretations are most relevant to the incorporated association:

*AASB 9 Financial Instruments*

The incorporated association has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through surplus or deficit unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through surplus or deficit to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through surplus or deficit, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

**Impact of adoption**

On initial recognition, the Foundation may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Foundation manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to surplus or deficit on disposal of the equity investments, instead, it is transferred to accumulated members funds.

Dividends on these investments in equity instruments are recognised in surplus or deficit in accordance with AASB 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Foundation has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of AASB 9.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through surplus or deficit. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

**The Order of Australia Association Foundation**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 2. Significant accounting policies (continued)**

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in surplus or deficit.

**Revenue received**

Donations are brought to account as revenue on a cash-received basis.

Dividend income is recognised in the accounts at ex-dividend date, and any franking credit receivables are also accrued.

**Income tax**

No taxation is provided against the surplus derived for the year as the Foundation is an Exempt Charitable Entity under Item 1.1 in Subdivision 50-5 of the Income Tax Assessment Act 1997.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The incorporated association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Property, plant and equipment**

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Foundation and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Surplus or Deficit and Other Comprehensive Income as incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	33%
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**The Order of Australia Association Foundation**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 2. Significant accounting policies (continued)**

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to surplus or deficit. Any revaluation surplus reserve relating to the item disposed of is transferred directly to accumulated members funds.

**Impairment of non-financial assets**

The carrying amounts of the Foundation's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Surplus or Deficit and Other Comprehensive Income, unless an asset has been previously revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through surplus or deficit.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Provisions**

Provisions are recognised when the incorporated association has a present (legal or constructive) obligation as a result of a past event, it is probable the incorporated association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**The Order of Australia Association Foundation**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Fair value measurement hierarchy*

The incorporated association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

**Note 4. Donations Received**

	<b>For the year ended 30 June 2019 \$</b>	<b>For the nine month period ended 30 June 2018 \$</b>
From members of the Order of Australia	44,126	41,348
From Sponsors of OAAF Prizes	55,000	90,000
	<u>99,126</u>	<u>131,358</u>

**Note 5. Current assets - cash and cash equivalents**

	<b>As at 30 June 2019 \$</b>	<b>As at 30 June 2018 \$</b>
ANZ- Cheque account	64,080	134,831
OAAF Gift Account	20,731	-
JBWere Cash Account	180,493	61,333
Petty Cash	124	125
	<u>265,428</u>	<u>196,289</u>

**Note 6. Current assets - trade and other receivables**

	<b>As at 30 June 2019 \$</b>	<b>As at 30 June 2018 \$</b>
GST	1,668	2,112
Franking Credits Receivable	55,633	18,908
Sundry Accounts Receivable	4,988	4,590
	<u>62,289</u>	<u>25,610</u>

The Order of Australia Association Foundation  
Notes to the financial statements  
30 June 2019

**Note 7. Non-current assets - Financial assets at fair value through OCI**

	<b>As at 30 June 2019 \$</b>	<b>As at 30 June 2018 \$</b>
Financial assets at fair value through OCI	<u>1,163,278</u>	<u>1,041,028</u>

**Note 8. Provisions**

	<b>As at 30 June 2019 \$</b>	<b>As at 30 June 2018 \$</b>
<b>Current liabilities - provisions</b>		
- 2016 Awardees	-	20,000
- 2017 Awardees	-	25,000
- 2018 Awardees	40,000	40,000
	<u>40,000</u>	<u>85,000</u>
<b>Non-current liabilities - provisions</b>		
- 2018 Awardees	-	40,000
- 2019 Awardees	40,000	-
	<u>40,000</u>	<u>40,000</u>
<b>Total Provisions</b>	<u>80,000</u>	<u>125,000</u>

**Note 9. Equity - Investment Valuation Reserve**

	<b>As at 30 June 2019 \$</b>	<b>As at 30 June 2018 \$</b>
Investment Revaluation Reserve	<u>159,304</u>	<u>61,531</u>

**Note 10. Equity - Accumulated Members Funds**

	<b>As at 30 June 2019 \$</b>	<b>As at 30 June 2018 \$</b>
Retained surpluses at the beginning of the financial year	1,076,396	999,735
Transfer from reserves	27,015	-
Surplus after income tax expense for the year	148,280	76,661
Retained surpluses at the end of the financial year	<u>1,251,691</u>	<u>1,076,396</u>

**The Order of Australia Association Foundation**  
**Notes to the financial statements**  
**30 June 2019**

**Note 11. Related party transactions**

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

**Note 13. Reconciliation of surplus after income tax to net cash from operating activities**

	For the year ended 30 June 2019 \$	For the nine month period ended 30 June 2018 \$
Surplus after income tax expense for the year	148,280	76,661
Net (profit)/loss on sale of investments	85,260	(30,334)
Net finance income, dividends, and distributions	(191,343)	(38,377)
Depreciation and amortisation	-	870
Impairment expense	-	27,015
(Increase)/decrease in trade and other receivables	443	(1,669)
Increase/(decrease) in provisions	(45,000)	(15,000)
	<u>(2,360)</u>	<u>19,166</u>
Net Inflow from operating activities	<u>(2,360)</u>	<u>19,166</u>

**Note 14. Auditor Remuneration**

Deloitte Touche Tohmatsu provides the audit services to the foundation on a pro-bono basis.

# Independent Auditor's Report to the Trustee of The Order of Australia Association Foundation

## *Qualified Opinion*

We have audited the financial report, being a special purpose financial report, of The Order of Australia Association Foundation ("the Foundation"), which comprises the statement of financial position as at 30 June 2019, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Trustee Declaration.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial report of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

## *Basis for Qualified Opinion*

Donations are a significant source of fundraising revenue for the Foundation. The Foundation has determined that it is impracticable to establish control over the collection of donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether donations the Foundation recorded, are complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Foundation in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Other Information*

The directors of The Order of Australia Association Foundation Ltd (the "Trustee") is responsible for the other information. The other information comprises the Trustee Report, Donors Acknowledgement and Member Categories of the Foundation for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our qualified opinion on the financial report does not cover the other information and 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.

### *The Responsibility of the Trustee for the Financial Report*

The Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in note 1 and the ACNC Act and for such internal control as management 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, management is responsible for assessing the ability of the Foundation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our qualified 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 management.
- Conclude on the appropriateness of management's 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 Trustee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'M. Kuzma', with a long horizontal stroke extending to the right.

Mark Kuzma  
Partner  
Chartered Accountants  
Melbourne, 20 December 2019

The Board of Directors  
The Order of Australia Association Foundation Ltd  
Old Parliament House  
King George Terrace  
PARKES ACT 2600

20 December 2019

Dear Board Members

**Auditor's Independence Declaration to Trustee of The Order of Australia Association Foundation**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of The Order of Australia Association Foundation Ltd (the "Trustee").

As lead audit partner for the audit of the financial statements of The Order of Australia Association Foundation for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely  
DELOITTE TOUCHE TOHMATSU



Mark Kuzma  
Partner  
Chartered Accountants