



**AUSTRALIAN INDIGENOUS EDUCATION
FOUNDATION**
ABN 13 127 908 187

Financial Report - 31 March 2019

Australian Indigenous Education Foundation
Directors' report
31 March 2019

The directors present their report, together with the financial statements, on the Australian Indigenous Education Foundation ("the Foundation") for the financial year ended 31 March 2019.

Directors

The following persons were directors of the Foundation during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Coombe
Gregory Cooper
Michelle Gray
Helen McCabe
Warren Mundine AO (resigned 8 March 2019)
Andrew Penfold AM
Carlie Bender

Objectives

The short-term objective of the Foundation is to provide scholarships to Indigenous secondary school and university students to attend boarding schools and universities around Australia and to support such students to successfully transition into sustainable careers.

The long-term objective of the Foundation is to provide scholarships for up to 7,000 Indigenous students over 20 years and to support such students to successfully transition into sustainable careers.

Strategy for achieving the objectives

The Foundation entered into a contract with the Australian Government in May 2009 whereby the Australian Government committed to investing \$20 million over three years and this was subsequently increased to \$22 million in 2012, \$32 million in 2013, \$38 million in 2015, \$53 million in 2016 and \$83,000,000 in 2017. The Foundation committed to using its best endeavours to match this with an additional \$83 million from the private sector over a period of 20 years, with an undertaking to raise \$5 million in the first five years.

AIEF will continue to seek donations from both corporate and individuals in the corporate and philanthropic sector to sustain or expand the number of students who will receive scholarships and to support such students to successfully transition into sustainable careers.

Principal activities

During the financial year the principal continuing activities of the Foundation involved the funding and managing a program for education scholarships to Indigenous students to attend high performing boarding schools and universities and to support such students to successfully transition into sustainable careers.

No significant change in the nature of these activities occurred during the financial year.

Performance measures

The Foundation measures its performance each year through the number of Indigenous students staying at school or university and completing their studies and making a successful transition to a sustainable career, and other measures relating to stakeholder engagement.

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31 March 2019

Information on directors

Name: Robert Coombe
Title: Non-Executive Director
Qualifications: LLB (Hons)
Experience and expertise: Rob is currently the Executive Chairman of the ASX listed Generation Development Group, a financial services business focussed on generational financial solutions. He is also Chairman of Craveable Brands, the largest Australian owned Quick Service Restaurant business. He was the CEO of Craveable Brands between 2013 and April 2017. Before joining Craveable Brands, Rob was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Rob spent 6 years as the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia. In total, he has over 35 years corporate experience in both Australia and Asia. Rob is also a former member of the Advisory Board of the UTS Faculty of Law, is a member of the Advisory Board of 5V Capital Investors, Chairman of Tibra Capital, and a Director of CIMB Group, one of the largest universal banks in the ASEAN region.

Special responsibilities: Investment Committee and Remuneration Committee

Name: Gregory Cooper
Title: Non-Executive Director
Qualifications: BEc (Actuarial Studies), Fellow of the Institute of Actuaries of Australia and the UK
Experience and expertise: Greg is currently a director of NSW Treasury Corporation and a number of small technology and investment related firms. Until December 2018 he was Chief Executive Officer of Schroder Investment Management Australia Limited, a position he held since September 2006. Greg was also responsible for Schrodgers Institutional Business Globally. Prior to joining Schrodgers in 2000, he was the Head of the actuarial and asset consulting practice for Towers Perrin in Asia. He has also worked in the UK, Hong Kong and Singapore. Greg commenced his investment career in 1992. He was a Board Member of the Financial Services Council for 10 years until December 2018 and its Chair for 3 years.

Special responsibilities: Investment Committee

Name: Michelle Gray
Title: Founder and Director
Qualifications: BA (Communications)
Experience and expertise: Michelle is a co-founder and executive Director of AIEF and former CEO of the Australian Chamber of Commerce in Hong Kong (AustCham), the largest Australian business organisation outside of Australia, representing over 1,000 Australian businesses across Greater China. Michelle began her career in the hospitality industry and spent eight years working in hospitality management in Sydney, London and Hong Kong before assisting with the establishment of the St Joseph's College Indigenous Fund and assuming responsibility for AIEF's partnerships and communications in 2010.

Special responsibilities: None

Name: Helen McCabe
Title: Non-Executive Director
Experience and Expertise: Helen is Head of Lifestyle at Nine Entertainment Co. She was the editor-in-chief of The Australian Women's Weekly (AWW) from 2009 until the end of 2016, following 12 years in newspapers working as the Deputy Editor of The Sunday Telegraph, Night Editor of The Australian and a number of roles on The Daily Telegraph. She has also reported from London where she was the European Correspondent for News Ltd. Helen began her career in Adelaide television before moving to Canberra Press Gallery with the Seven Network.

Special responsibilities: None

**Australian Indigenous Education Foundation
Directors' report
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Information on directors (continued)

Name: Warren Mundine AO (resigned 8 March 2019)
Title: Non-Executive Chairman
Qualifications: DUniv FAIM MAICD
Experience and expertise: Warren Mundine is from the First Australian Nations of Bundjalung and the Gumbaynggirr people on the North Coast of New South Wales. Warren is a highly respected and influential businessman, political strategist and Indigenous advocate for empowering First Australians to build a sustained Indigenous economy. His life and career have been shaped by a deep-seated personal commitment to community, both Indigenous and non-Indigenous, and he has more than 38 years' experience working in the public, private and community sectors. As Chairman of the Australian Indigenous Chamber of Commerce he provides national leadership for initiatives to help Indigenous people break the welfare cycle, such as the Australian Employment Covenant. In addition to being Chairman of the Australian Indigenous Education Foundation, Warren is currently Managing Director of the NyunggaBlack Group. His former posts include the Chair of the Prime Minister's Indigenous Advisory Council, Chairman of GenerationOne, and Chief Executive Officer of NTSCORP Ltd. Warren has been recognised for his community, government and business achievements with an Honorary Doctorate from Southern Cross University and officer of the Order of Australia.

Special responsibilities: Remuneration Committee

Name: Andrew Penfold AM, FAICD
Title: Executive Director
Qualifications: Bachelor of Laws (Hons) and Fellow of the Australian Institute of Company Directors
Experience and expertise: Andrew is the Executive Director of AIEF, a Member of the Order of Australia, and a member of the Advisory Council at the Centre for Social Impact, University of New South Wales. Andrew was appointed as the inaugural NSW Human Rights Ambassador in 2013 and in recent years received the UTS Chancellor's Award for Alumni of the Year (2013), the NSW Human Rights Award (2013), an Order of Merit from the Australian Institute of Company Directors (2014), the UTS Community Alumni Award (2013) and was a finalist for Australian of the Year (2010). He is a former finance lawyer and investment banker with 20 years' experience working in leading international firms in Sydney, London and Hong Kong. In 2004, Andrew left the business world and spent five years working on a fulltime but voluntary basis as Founder and Chairman of the St Joseph's College Indigenous Fund and a range of other non-profit and charitable organisations before establishing AIEF in 2007. He was also an inaugural member of the Prime Minister's Indigenous Advisory Council, a former director of the ANZ Stadium Club at Homebush, a former director of the South-West Inner Sydney Housing Cooperative in Redfern, and former Secretary and Trustee of the Hong Kong Rugby Bali Fund and has held various other governance roles over the past 10 years.

Special responsibilities: Remuneration Committee and Investment Committee.

Name: Carlie Bender
Title: Non-Executive Director
Qualifications: Bachelor of Arts (Criminology) and Bachelor of Laws
Experience and expertise: Carlie Bender is a Solicitor of the Supreme Court of NSW, a past recipient of an AIEF scholarship and a proud Gumbaynggirr woman from Bowraville on the north coast of NSW. She completed her secondary education at St Vincent's College, Potts Point and in 2014 she graduated from the University of New South Wales with degrees in Law and Criminology. Carlie worked throughout her time at university, undertaking roles at AIEF, Allens Linklaters, SBS and the UNSW Faculty of Law. She is employed as a Solicitor at SBS, focussing on pre-publication advice, contracts and legal research.

Special responsibilities: None

Australian Indigenous Education Foundation

Directors' report

31 March 2019

Meetings of directors

The number of meetings of the Foundation's Board of Directors and of each board committee held during the financial year ended 31 March 2019, and the number of meetings attended by each director were:

	Full Board		Investment Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Robert Coombe	1	3	2	3	1	1
Gregory Cooper	2	3	2	3	-	-
Michelle Gray	3	3	-	-	-	-
Helen McCabe	2	3	-	-	-	-
Warren Mundine	2	3	-	-	1	1
Andrew Penfold	3	3	3	3	1	1
Carlie Bender	2	3	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Contributions on winding up

In the event of the Foundation being wound up, members are required to contribute a maximum of \$10 each.

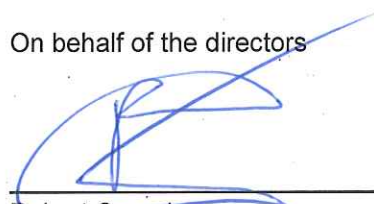
The total amount that members of the Foundation are liable to contribute if the Foundation is wound up is \$40, based on 4 current ordinary members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and part 2M.4- Division 3 of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with subsection 60.15(2) of the ACNC Regulation 2013.

On behalf of the directors


Robert Coombe
Director


Andrew Penfold AM, FAICD
Executive Director

30 April 2019

DECLARATION OF INDEPENDENCE BY KIERAN GOULD TO THE DIRECTORS OF AUSTRALIAN INDIGENOUS EDUCATION FOUNDATION

As lead auditor for the audit of Australian Indigenous Education Foundation for the year ended 31 March 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Kieran Gould
Partner

Sydney

30 April 2019

Australian Indigenous Education Foundation
Financial report
For the financial year ended 31 March 2019

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General information

The financial report covers Australian Indigenous Education Foundation as an individual entity. The financial report is presented in Australian dollars, which is Australian Indigenous Education Foundation's functional and presentation currency.

The financial report covers the financial year ended 31 March 2019.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australian Indigenous Education Foundation is a not-for-profit unlisted company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, Suite 2A
2-12 Foveaux Street
Surry Hills NSW 2010

A description of the nature of the Foundation's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 April 2019.

Australian Indigenous Education Foundation
Statement of profit or loss and other comprehensive income
For the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
Revenue			
Government funding of scholarships		-	24,000,000
Government establishment grant		-	6,000,000
Investment earnings	3	2,665,120	2,581,124
Donations for scholarships		4,527,276	3,600,270
Other revenue	3	730,782	747,965
Total revenue		<u>7,923,178</u>	<u>36,929,359</u>
Expenses			
Scholarship distributions	4	(10,800,460)	(11,312,208)
Operating and other expenses		<u>(2,304,493)</u>	<u>(1,932,330)</u>
Total expenses	4	<u>(13,104,953)</u>	<u>(13,244,538)</u>
(Deficit)/Surplus before income tax expense		(5,181,775)	23,684,821
Income tax expense		<u>-</u>	<u>-</u>
(Deficit)/Surplus after income tax expense for the year		<u>(5,181,775)</u>	<u>23,684,821</u>
Other comprehensive income			
Gain/(loss) on the revaluation of fair value through other comprehensive income financial assets, net of tax		278,000	(190,000)
Total other comprehensive income for the year		<u>278,000</u>	<u>(190,000)</u>
Total comprehensive income for the year		<u>(4,903,775)</u>	<u>23,494,821</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Australian Indigenous Education Foundation
Statement of financial position
As at 31 March 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	17,517,098	22,369,371
Other financial assets	6	42,100,000	50,400,000
Trade and other receivables	7	818,974	1,154,321
Financial assets at fair value through profit or loss	8	18,599,364	10,541,398
Total current assets		<u>79,035,436</u>	<u>84,465,090</u>
Non-current assets			
Property, plant and equipment	9	144,382	154,022
Intangible Assets	10	311,664	-
Financial assets at fair value through other comprehensive income	11	711,000	433,000
Total non-current assets		<u>1,167,046</u>	<u>587,022</u>
Total assets		<u>80,202,482</u>	<u>85,052,112</u>
Liabilities			
Current liabilities			
Trade and other payables	12	1,866,472	1,926,398
Employee benefits	13	287,339	145,187
Total current liabilities		<u>2,153,811</u>	<u>2,071,585</u>
Non-current liabilities			
Employee benefits	14	90,876	118,956
Total non-current liabilities		<u>90,876</u>	<u>118,956</u>
Total liabilities		<u>2,244,687</u>	<u>2,190,541</u>
Net assets		<u>77,957,795</u>	<u>82,861,571</u>
Equity			
Retained surplus		77,442,795	82,624,571
Reserves	20	515,000	237,000
Total equity		<u>77,957,795</u>	<u>82,861,571</u>

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

Australian Indigenous Education Foundation
Statement of changes in equity
For the financial year ended 31 March 2019

	Reserves \$	Retained Surpluses \$	Total Equity \$
Balance at 1 April 2018	237,000	82,624,571	82,861,571
Deficit after income tax expense for the year	-	(5,181,775)	(5,181,775)
Other comprehensive income for the period, net of tax	278,000	-	278,000
Total comprehensive income for the year	<u>278,000</u>	<u>(5,181,775)</u>	<u>(4,903,775)</u>
Balance at 31 March 2019	<u>515,000</u>	<u>77,442,795</u>	<u>77,957,796</u>
Balance at 1 April 2017	427,000	58,939,750	59,366,750
Surplus after income tax expense for the year	-	23,684,821	23,684,821
Other comprehensive income for the period, net of tax	(190,000)	-	(190,000)
Total comprehensive income for the year	<u>(190,000)</u>	<u>23,684,821</u>	<u>23,494,821</u>
Balance at 31 March 2018	<u>237,000</u>	<u>82,624,571</u>	<u>82,861,571</u>

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

Australian Indigenous Education Foundation
Statement of cash flows
For the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from donations and contributions		4,726,985	3,488,311
Receipts from government grants		-	30,000,000
Scholarship distributions		(10,840,617)	(11,645,149)
Receipts from other activities		722,944	728,526
Payments to suppliers and employees		(2,089,824)	(1,740,827)
Investment earnings		1,756,485	1,619,800
Net cash (used in)/from operating activities	17	<u>(5,724,027)</u>	<u>22,450,661</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(39,491)	(60,594)
Payments for intangible assets		(388,755)	-
Cash received from term deposits		8,300,000	(4,800,000)
Payments for investments		<u>(7,000,000)</u>	<u>(3,296,498)</u>
Net cash used in investing activities		<u>871,754</u>	<u>(8,157,092)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(4,852,273)	14,293,569
Cash and cash equivalents at the beginning of the financial year		<u>22,369,371</u>	<u>8,075,802</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>17,517,098</u></u>	<u><u>22,369,371</u></u>

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

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

AASB 9 Financial Instruments

The Foundation has adopted AASB 9 from 1 April 2018. Details of the change in accounting standard are provided in Note 1, where applicable. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Foundation. No transition adjustments have been deemed necessary.

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Foundation. The Foundation has elected not to early adopt any of the new and amended pronouncements.

The following pronouncements that may be relevant in future reporting periods but is not yet effective:

AASB 16: Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

Although the adoption of AASB 16 may have an impact on the Foundation's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: Income of Not-for-Profit Entities

The obligation of the new standards for not-for-profits has a lot in common with the requirements set out in the new revenue standards AASB15 Revenue from Customer Contracts. However, this standard also specifically provides guidance with respect to the revenue recognition treatment of donations, government grants and volunteer services.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 1. Significant accounting policies (continued)

cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: Contributions.

Although the adoption of AASB 1058 may have an impact on the Foundation's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Basis of preparation

In the directors' opinion, the Foundation is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and various state legislation including the Charitable Fundraising Act 1991 requirements to prepare and distribute financial statements to the members of Australian Indigenous Education Foundation. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Australian Indigenous Education Foundation. For the purposes of preparing the financial report, the Foundation is a not-for-profit oriented entity.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures'.

Historical cost convention

The financial statements have been prepared on the accrual basis of accounting under the historical cost convention, except for, where applicable, the revaluation of fair value through other comprehensive income financial assets and financial assets at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Revenue recognition

The following specific recognition criteria must be met before revenue is recognised:

Donations

Donations are recognised at the time the donation is made.

Grants

Grants are recognised at their fair value on receipt and no additional conditions are attached to the grant which must be satisfied.

Interest

Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 1. Significant accounting policies (continued)

Scholarship distributions

Scholarship distributions include the Annual Pathways Support Amount (APSA), incorporating the costs of that part of the scholarship provided to support completion of students' studies and transition to a sustainable career, determined on a per head basis.

Income tax

As the Foundation is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents include 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

The Foundation has receivables at year end and under the standard there are new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance.

Trade and other receivables are recognised at amortised cost, less any allowance for impairment under an 'expected credit loss' ('ECL') model. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset 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.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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:

Office equipment	3-5 years
Leasehold Improvements	Lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Foundation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible Assets

Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

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.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Wages and 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 current liabilities 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.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Financial instruments

Recognition and initial measurement

The Foundation classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Other than trade and other receivables and trade and other payables, the Foundation's accounting policy for each category is as follows:.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Foundation does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Fair value through other comprehensive income

The Foundation has strategic investments in listed securities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Foundation has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Foundation considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 1. Significant accounting policies (continued)

Impairment

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Operating leases

Leases where the lessor retains substantially all the risks and reward of the ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Fundraising activities

As a charitable institution, Australian Indigenous Education Foundation has requirements under the following state legislation:

ACT – Charitable Collections Act 2003

NSW – Charitable Fundraising Act 1991

SA – Charitable Purposes Act 1939

QLD – Collections Act 1966

VIC – Fundraising Act 1998

SA – Collections for Charitable Purposes Act 1939

WA – Charitable Collections Act 1946

TAS – Collections for Charities Act 2001

These acts prescribe the manner in which fundraising raising appeals are conducted, controlled and reported. During the current and previous financial periods, Australian Indigenous Education Foundation did not incur any direct expenditure whilst undertaking fundraising activities that require further financial disclosure.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 2. 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.

Estimation of useful lives of assets

The Foundation determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 3. Revenue

	2019	2018
	\$	\$
<i>Investment earnings</i>		
Investment earnings in corporate account	185,541	373,845
Investment earnings in government grant account	129,691	172,997
Investment earnings in government scholarship fund	452,042	492,647
Investment earnings in scholarship fund	1,897,846	1,541,635
	<u>2,665,120</u>	<u>2,581,124</u>
<i>Other revenue</i>		
Fees received	698,914	713,434
Other income	31,868	34,531
	<u>730,782</u>	<u>747,965</u>

Note 4. Expenses

	2019	2018
	\$	\$
<i>Scholarship distributions</i>		
Education fees and related costs	8,719,435	8,936,725
Annual Pathways Support Amount	2,081,025	2,375,483
	<u>10,800,460</u>	<u>11,312,208</u>
<i>Expenses</i>		
Education fees and related costs	8,719,435	8,936,725
Employee benefits expense	3,053,330	3,165,635
Superannuation expense	238,911	240,851
Office expenses	932,659	835,343
Accounting, audit and legal	34,396	24,389
Depreciation	126,222	41,595
	<u>13,104,953</u>	<u>13,244,538</u>

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 5. Current assets - cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	500	401
Scholarship fund cheque account	784,305	405,195
Scholarship fund savings account	3,381,834	11,775,159
AIEF scholarship fund segregated account	111,454	6,631,247
AIEF corporate cheque account	5,198,560	63,375
AIEF corporate savings account	10	2,608,185
AIEF corporate government savings account	5,851,786	51,461
AIEF term deposit cheque account	88	128,958
Government scholarship fund cheque account	95	95
Government scholarship fund savings account	2,188,466	705,295
	<u>17,517,098</u>	<u>22,369,371</u>

Note 6. Current assets – other financial assets

	2019	2018
	\$	\$
Government scholarship fund term deposit	6,000,000	16,700,000
AIEF corporate government term deposit	-	7,600,000
Scholarship fund term deposit	19,800,000	14,700,000
AIEF corporate term deposit	16,300,000	11,400,000
	<u>42,100,000</u>	<u>50,400,000</u>

Note 7. Current assets - trade and other receivables

	2019	2018
	\$	\$
Donations receivable	49,500	245,266
Fees receivable	166,906	170,849
Interest and other receivables	591,872	733,365
FBT and net goods and services tax receivable	10,696	4,841
	<u>818,974</u>	<u>1,154,321</u>

Note 8. Current assets - financial assets at fair value through profit or loss

	2019	2018
	\$	\$
Managed investments at fair value through profit or loss	<u>18,599,364</u>	<u>10,541,398</u>

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 9. Non-current assets - property, plant and equipment

	2019	2018
	\$	\$
Plant and equipment - at cost	358,221	318,730
Less: Accumulated depreciation	(213,838)	(164,708)
	<u>144,383</u>	<u>154,022</u>

Note 10. Intangible Assets

	2019	2018
	\$	\$
Computer software - at cost	388,755	-
Less: Accumulated depreciation	(77,091)	-
	<u>311,664</u>	<u>-</u>

Note 11. Non-current assets - fair value through other comprehensive income financial assets

	2019	2018
	\$	\$
Investment – listed companies	<u>711,000</u>	<u>433,000</u>

Note 12. Current liabilities – trade and other payables

	2019	2018
	\$	\$
Trade creditors, accruals and deferrals	100,207	120,596
Education fees and related costs	1,709,492	1,749,650
FBT and PAYG payable	56,773	56,152
	<u>1,866,472</u>	<u>1,926,398</u>

Note 13. Current liabilities – employee benefits

	2019	2018
	\$	\$
Employee benefits	<u>287,339</u>	<u>145,187</u>

Note 14. Non-current liabilities – employee benefits

	2019	2018
	\$	\$
Employee benefits	<u>90,876</u>	<u>118,956</u>

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 15. Remuneration of auditors

	2019 \$	2018 \$
<i>Remuneration of BDO</i>		
Audit of the financial report	21,500	20,000

Note 16. Contingent liabilities

AIEF is currently seeking advice on GST arrangements and is planning to seek a Private Binding Ruling from the ATO, which may result in changing the way we have been treating GST. An unfavourable interpretation of the GST legislation would result in a cash outflow of approximately \$600,000 in the 2020 financial year, in which case AIEF will seek to recover such amount from other parties paid the GST.

Note 17. Reconciliation of surplus after income tax to net cash from operating activities

	2019 \$	2018 \$
(Deficit)/Surplus after income tax expense for the year	(5,181,775)	23,684,821
<i>Adjustments for:</i>		
Depreciation and amortisation	126,222	41,595
Investment income not received in cash	(1,057,967)	(686,646)
<i>Change in operating assets and liabilities:</i>		
Decrease/(Increase) in trade and other receivables	335,348	(410,917)
Decrease in trade and other payables	(59,925)	(232,770)
Increase in employee benefits	114,070	54,578
Net cash from operating activities	(5,724,027)	22,450,661

Note 18. Commitments

	2019 \$	2018 \$
<i>Operating lease commitments payable</i>		
Not later than one year	186,758	181,171
Later than one year but not later than five years	474,061	665,882
	660,819	847,053

Under the contracts the Foundation enters into with its educational partners, the Foundation will continue to provide funding for an agreed number of scholarship places on an ongoing basis. However, this is dependent upon having sufficient funds, as determined by the Foundation, and a mechanism for the Foundation to be able to reduce the number of places.

The amount payable each year this is dependent upon several variables including changes in the number of scholarship places, the projected annual increase in school fees, the amount of ABSTUDY received by the schools, the amount of parental contributions and the students' incidental expenses. Based on the level of scholarship distributions in the current year, the Foundation estimates that its total commitment to maintain the Foundation's scholarship program over the next five years is approximately \$57,000,000.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 19. Reserves

Fair value through other comprehensive income reserve

The reserve recognises increments and decrements in the fair value of fair value through other comprehensive income financial assets. At the reporting date, it was determined that a gain in the fair value of the equity investment existed due to an increase in the market price of the shares. At the reporting date the balance of reserves is \$515,000 (2018: \$237,000).

Note 20. Events occurring after the reporting date

No matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 21. Departmental trading statement of profit or loss and other comprehensive income for the period ended 31 March 2019

	Government Scholarship Fund \$	Scholarship Fund \$	Reserve \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Revenue						
Government funding of scholarships	-	-	-	-	-	-
Government establishment grant	-	-	-	-	-	-
Investment earnings	452,042	1,829,274	68,572	593,923	(278,691)	2,665,120
Donations	-	4,353,028	-	174,248	-	4,527,276
Annual Pathways Support Amount	-	-	-	2,081,025	(2,081,025)	-
Other revenue	-	-	-	1,414,299	(683,517)	730,782
Total revenue	452,042	6,182,302	68,572	4,263,495	(3,043,233)	7,923,178
Expenses						
Cost contribution	(67,806)	(884,116)	(10,286)	-	962,208	-
Scholarship distributions	(9,789,215)	(1,011,245)	-	-	-	(10,800,460)
Operating and other expenses	-	-	-	(4,385,518)	2,081,025	(2,304,493)
Total expenses	(9,857,021)	(1,895,361)	(10,286)	(4,385,518)	3,043,233	(13,104,953)
Deficit before income tax expense	(9,404,979)	4,286,941	58,286	(122,023)	-	(5,181,775)
Income tax expense	-	-	-	-	-	-
Other comprehensive income						
Gain on the revaluation of fair value through other comprehensive income financial assets	-	-	278,000	-	-	278,000
Total comprehensive income for the year	(9,404,979)	4,286,941	336,286	(122,023)	-	(4,903,775)

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 21. Departmental trading statement of profit or loss and other comprehensive income for the financial year ended 31 March 2018

	Government Scholarship Fund	Scholarship Fund	Corporate Account	Departmental Eliminations	Total Foundation
	\$	\$	\$	\$	\$
Revenue					
Government funding of scholarships	30,000,000	-	-	(6,000,000)	24,000,000
Government establishment grant	-	-	6,000,000	-	6,000,000
Investment earnings	492,647	1,541,635	830,838	(283,996)	2,581,124
Donations	-	3,365,139	235,131	-	3,600,270
Annual Pathways Support Amount	-	-	2,375,484	(2,375,484)	-
Other revenue	-	-	1,284,342	(536,377)	747,965
Total revenue	30,492,647	4,906,774	10,725,795	(9,195,857)	36,929,359
Expenses					
Cost contribution	(6,070,979)	(749,394)	-	6,820,373	-
Scholarship distributions	(10,338,281)	(973,927)	-	-	(11,312,208)
Operating and other expenses	-	-	(4,307,814)	2,375,484	(1,932,330)
Total expenses	(16,409,260)	(1,723,321)	(4,307,814)	9,195,857	(13,244,538)
Surplus before income tax expense	14,083,387	3,183,453	6,417,981	-	23,684,821
Income tax expense	-	-	-	-	-
Other comprehensive income					
Loss on the revaluation of fair value through other comprehensive income financial assets	-	(190,000)	-	-	(190,000)
Total comprehensive income for the year	14,083,387	2,993,453	6,417,981	-	23,494,821

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 21. Departmental trading statement of financial position as at 31 March 2019

	Government Scholarship Fund \$	Scholarship Fund \$	Reserve \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Assets						
Current assets						
Cash and cash equivalents	2,188,561	10,017,924	-	5,310,613	-	17,517,098
Other financial assets	6,000,000	19,800,000	-	16,300,000	-	42,100,000
Trade and other receivables	41,883	263,283	188,215	497,951	(172,358)	818,974
Financial assets at fair value through profit or loss	-	18,599,364	-	-	-	18,599,364
Total current assets	8,230,444	48,680,571	188,215	22,108,564	(172,358)	79,035,436
Non-current assets						
Property, plant and equipment	-	-	-	144,382	-	144,382
Intangible Assets	-	-	-	311,664	-	311,664
Fair Value through other comprehensive income financial assets	-	-	711,000	-	-	711,000
Total non-current assets	-	-	711,000	456,046	-	1,167,046
Total assets	8,230,444	48,680,571	899,215	22,564,610	(172,358)	80,202,482
Liabilities						
Current liabilities						
Trade and other payables	1,709,492	172,358	-	156,980	(172,358)	1,866,472
Employee benefits	-	-	-	287,339	-	287,339
Total current liabilities	1,709,492	172,358	-	444,319	(172,358)	2,153,811
Non-current liabilities						
Employee benefits	-	-	-	90,876	-	90,876
Total non-current liabilities	-	-	-	90,876	-	90,876
Total liabilities	1,709,492	172,358	-	535,195	(172,358)	2,244,687
Net assets	6,520,952	48,508,214	899,215	22,029,415	-	77,957,795
Equity						
Retained surpluses	6,520,951	48,508,214	384,215	22,029,416	-	77,442,795
Reserve	-	-	515,000	-	-	515,000
Total equity	6,520,951	48,508,214	899,215	22,029,416	-	77,957,795

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2019

Note 21. Departmental trading statement of financial position as at 31 March 2018

Assets	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Current assets					
Cash and cash equivalents	705,390	18,811,600	2,852,381	-	22,369,371
Other financial assets	16,700,000	14,700,000	19,000,000	-	50,400,000
Trade and other receivables	270,190	298,203	585,928	-	1,154,321
Financial assets at fair value through profit or loss	-	10,541,398	-	-	10,541,398
Total current assets	17,675,580	44,351,201	22,438,309	-	84,465,090
Non-current assets					
Property, plant and equipment	-	-	154,022	-	154,022
Fair value through other comprehensive income financial assets	-	433,000	-	-	433,000
Total non-current assets	-	433,000	154,022	-	587,022
Total assets	17,675,580	44,784,201	22,592,331	-	85,052,112
Liabilities					
Current liabilities					
Trade and other payables	1,749,650	-	176,748	-	1,926,398
Employee benefits	-	-	145,187	-	145,187
Total current liabilities	1,749,650	-	321,935	-	2,071,585
Non-current liabilities					
Employee benefits	-	-	118,956	-	118,956
Total non-current liabilities	-	-	118,956	-	118,956
Total liabilities	1,749,650	-	440,891	-	2,190,541
Net assets	15,925,930	44,784,201	22,151,440	-	82,861,571
Equity					
Retained surpluses	15,925,930	44,547,201	22,151,440	-	82,624,571
Reserve	-	237,000	-	-	237,000
Total equity	15,925,930	44,784,201	22,151,440	-	82,861,571

Australian Indigenous Education Foundation Directors' declaration

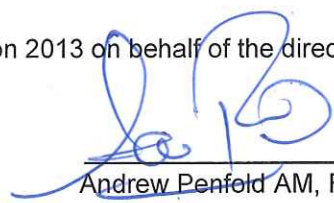
The directors have determined that Australian Indigenous Education Foundation is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of Australian Indigenous Education Foundation declare that in the directors/responsible entities' opinion:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - comply with Accounting Standards as described in Note 1 to the financial statements and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation 2013); and
 - give a true and fair view of the entity's financial position as at 31 March 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. There are reasonable grounds to believe that the entity will be able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the ACNC Regulation 2013 on behalf of the directors by:



Robert Coombe
Director

Andrew Penfold AM, FAICD
Executive Director

30 April 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Indigenous Education Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Indigenous Education Foundation (the Foundation), which comprises the statement of financial position as at 31 March 2019, the statement of profit or loss 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Australian Indigenous Education Foundation, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Foundation's financial position as at 31 March 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of 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 entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (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.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Foundation's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Foundation's annual report, but does not include the financial report and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, 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.

Directors' responsibilities 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 entity is 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 entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO


Kieran Gould
Partner

Sydney, 30 April 2019