

auDA Foundation

A public charitable trust

**Annual Financial Report
30 June 2020**

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auDA Foundation**Statement of profit or loss and other comprehensive income**

For the year ended 30 June 2020

	<i>Note</i>	2020 \$	2019 \$
Revenue from donations		-	10,895
Consultancy expense		(12,814)	(26,833)
Other expenses		(310)	(240)
Result from operating activities		(13,124)	(16,178)
Finance income	4	65,090	102,246
Finance costs - change in fair value of financial assets classified at FVTPL	4	(95,806)	-
Net finance (costs)/income	4	(30,716)	102,246
(Loss)/Profit before tax		(43,840)	86,068
Income tax expense		-	-
(Loss)/Profit for the year		(43,840)	86,068
Other comprehensive income		-	-
Total comprehensive income for the year		(43,840)	86,068

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

auDA Foundation
Statement of financial position

As at 30 June 2020

	<i>Note</i>	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,010,734	1,014,159
Other receivables		-	2,753
Investments	6	-	470,000
Total current assets		<u>1,010,734</u>	<u>1,486,912</u>
Non-current assets			
Investments	6	1,910,450	1,482,512
Total non-current assets		<u>1,910,450</u>	<u>1,482,512</u>
Total assets		<u>2,921,184</u>	<u>2,969,424</u>
Liabilities			
Current liabilities			
Trade and other payables	7	-	4,400
Total current liabilities		<u>-</u>	<u>4,400</u>
Total liabilities		<u>-</u>	<u>4,400</u>
Net assets		<u>2,921,184</u>	<u>2,965,024</u>
Equity			
Retained earnings		<u>2,921,184</u>	<u>2,965,024</u>
Total Equity		<u>2,921,184</u>	<u>2,965,024</u>

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

auDA Foundation
Statement of changes in equity

For the year ended 30 June 2020

	Note	Retained earnings \$	Total Equity \$
Balance at 1 July 2018		2,878,956	2,878,956
Total comprehensive income			
Profit		86,068	86,068
Other comprehensive income		-	-
Total comprehensive income for the year		<u>86,068</u>	<u>86,068</u>
Balance at 30 June 2019		<u>2,965,024</u>	<u>2,965,024</u>
Opening balance at 1 July 2019		<u>2,965,024</u>	<u>2,965,024</u>
Total comprehensive income			
Loss		(43,840)	(43,840)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(43,840)</u>	<u>(43,840)</u>
Balance at 30 June 2020		<u>2,921,184</u>	<u>2,921,184</u>

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

auDA Foundation
Statement of cash flows
For the year ended 30 June 2020

	<i>Note</i>	2020 \$	2019 \$
Cash flows from operating activities			
Donations received		-	117,733
Cash paid to suppliers		(14,770)	(53,560)
Interest and dividend received		65,090	65,917
Net cash from operating activities		<u>50,320</u>	<u>130,090</u>
Cash flows from investing activities			
Proceeds from disposal of investments	6	2,772,214	-
Acquisition of investments	6	(2,825,959)	-
Net cash from investing activities		<u>(53,745)</u>	<u>-</u>
Cash from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(3,425)	130,090
Cash and cash equivalents at 1 July		1,014,159	884,069
Cash and cash equivalents at 30 June	5	<u>1,010,734</u>	<u>1,014,159</u>

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

auDA Foundation

Notes to the financial statements

For the year ended 30 June 2020

1. Reporting entity

auDA Foundation is a public charitable trust, incorporated and domiciled in Australia and the address of the Entity's registered office is Level 17, 1 Collins Street, Melbourne, Victoria, Australia.

The Entity is a not-for-profit entity.

2. Basis of preparation

(a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

They were authorised for issue by the Directors of auDA Foundation Pty Ltd, the Trustee company of auDA Foundation, on 23 September 2020. Details of the Entity's accounting policies are included in Note 3.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for investments in managed funds which are stated at their fair value, see note 3(a)(ii).

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Entity's functional currency.

(d) Use of estimates and judgement

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements 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. 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 estimates are revised and in any future periods affected.

(e) Going concern

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. The Entity has no leases, accordingly AASB 16 Leases had no impact on the Entity's accounting policies.

(a) Financial instruments

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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, and bank overdrafts.

auDA Foundation
Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (Continued)

(a) Financial instruments (continued)

(ii) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost:

The Entity recognises the following financial assets in this category: Other receivables, cash and cash equivalents, term deposits.

These assets are initially recognised when they are originated and are measured at the transaction price. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL:

The Entity recognises the following financial assets in this category: Managed funds, equity securities, alternatives and other investments.

These assets are initially recognised when the Entity becomes a party to the contractual provisions of the instrument and are measured at fair value. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

(iii) Financial liabilities

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Entity recognises the following liabilities in this category: Trade and other payables.

auDA Foundation
Notes to the financial statements

For the year ended 30 June 2020

3. Significant accounting policies (Continued)

(b) Revenue

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when recoverability of the consideration is probable. Revenue comprises donations from the .au domain space community.

(c) Finance income/cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method. It also includes the movements in fair value in investments (FVTPL).

Finance costs comprise interest expense on finance leases and the financial effect of unwinding of the make good provision. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. It also includes the movements in fair value in investments (FVTPL).

(d) Provisions

A provision is recognised if, as a result of a past event, the Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(f) Income tax

No income tax expense is charged and no income tax is payable by the Entity as the Australian Taxation Office has granted the Entity an exemption from income tax.

(g) Trade and other payables

These amounts represent liabilities for grants and services provided to the Entity prior to the end of the financial year, which is unpaid. Grant liabilities are payable in the next one year (current) and beyond one year (non-current). Other payables recorded are unsecured and are usually paid within 30 days of recognition.

(h) Impairment of non-derivative financial assets

The Entity applies the simplified approach to measuring expected credit losses which assumes a lifetime expected loss allowance for trade and other receivables based on all possible default events over the expected life of the receivable. The amount of the impairment loss is recognised as an expense in profit or loss. Subsequent recoveries of amounts previously written off are credited against expenses in the income statement.

(i) Corporate structure

In the event of the Entity being wound up or dissolved, any assets that remains after settlement of all its debts and liabilities, may not be distributed among the Trustees, but must be transferred on to another entity with similar objectives and nominated or approved by the Trustees.

(j) New standards and interpretations not yet adopted

There are no standards or amendments that have been issued but not yet effective that are expected to have a significant impact on the Entity. The Entity has not adopted, and currently does not anticipate adopting any standards prior to their effective dates.

auDA Foundation
Notes to the financial statements

For the year ended 30 June 2020

	2020 \$	2019 \$
4. Net finance (costs)/income		
Change in fair value of financial assets classified at FVTPL	-	36,329
Interest income	36,641	65,917
Dividend income	28,449	-
Finance income	65,090	102,246
Change in fair value of financial assets classified at FVTPL	(95,806)	-
Finance costs	(95,806)	-
Net finance (costs)/income	(30,716)	102,246
5. Cash and cash equivalents		
Cash at bank	1,010,734	1,104,159
	1,010,734	1,104,159
6. Investments		
Current		
Term deposits	-	470,000
	-	470,000
Non-current		
Managed funds	1,136,442	1,482,512
Equity securities	502,536	-
Alternatives and other investments	271,472	-
	1,910,450	1,482,512

The entity, following a competitive tender, changed its investments manager during the year. As a consequence investment funds were transferred from the old adviser to the new adviser.

7. Trade and other payables

Current

Trade payables	-	4,400
	-	4,400

8. Related party transactions

The Directors of the Trustee company are: James Atkins, Sandra Davey, Peter Elford and Tania Fryer. The four directors are all directors of .au Domain Administration Limited, the ultimate parent entity.

The Entity receives benefits from .au Domain Administration Limited in the form of accounting, and administration resources. These services are provided for nil consideration. The Entity has elected not to record volunteer services in the financial statements.

There are no transactions with the Entity's key management personnel (2019: nil). The Entity has no employees (2019: nil) and the Directors of the Trustee company are not remunerated.

There are no other related party transactions with the Entity.

9. Commitments

There are no significant commitments as at 30 June 2020 (2019: nil).

auDA Foundation
Notes to the financial statements
For the year ended 30 June 2020

10. Subsequent events

The ongoing COVID-19 pandemic may impact the value of investments held by the Entity. The Entity continues to assess its investment portfolio. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Entity, the results of those operations or the state of affairs of the Entity in future financial years.

auDA Foundation

Directors' declaration

In the opinion of the Directors of auDA Foundation Pty Ltd, the Trustee company of auDA Foundation ("the Entity"):

- (a) the financial statements and notes, set out on pages 2 to 10, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012; and
- (b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

James Atkins

James Atkins
Chair

Dated at Melbourne this 24th day of September 2020



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of the Trustee of auDA Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adrian Nathanielsz

Partner

Melbourne

24 September 2020

Independent Auditor's Report

To the Trustee of auDA Foundation

Opinion

We have audited the **Financial Report**, of auDA Foundation (the Entity).

In our opinion, the accompanying Financial Report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Entity's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2020.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Entity.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Financial Report

The Directors of the Trustee are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the *ACNC*.
- ii. Implementing necessary internal control 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.
- iii. Assessing the Entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. 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 registered Entity's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Trustee.



- iv. Conclude on the appropriateness of the Directors of the Trustee 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 registered Entity'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 registered Entity to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Trustee of the registered Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

Adrian Nathanielsz

Partner

Melbourne

24 September 2020