

Foundation for Rural and Regional Renewal

ABN 27 091 810 589

Annual Report - 30 June 2021

Foundation for Rural and Regional Renewal

Directors' report

30 June 2021

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

Directors

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

	Appointed
Ian Allen	28 March 2001
Patrick Handbury	20 March 2009
Fred Grimwade	21 September 2011
Patrick Myer	25 September 2013
Annabel White	24 March 2015
Anne Grindrod	24 March 2015
Bruce Scott	15 November 2017
Sue Middleton	4 April 2018
Andrew McKenzie	4 April 2018
Hon Simon Crean	11 September 2019
Hon John Sharp	11 September 2019
Tim Fairfax	1 January 2020
Simon Atkinson	11 March 2020 (resigned 21 April 2021)
Rachel Bacon	27 April 2021

Information on directors

Name:	Ian Allen
Title:	Director
Qualifications:	AM, B.Ec, M.Admin, FAIM, FAICD
Experience and expertise:	For more than twenty eight years a Trustee of many philanthropic and community entities including The Pratt Foundation, Visy Cares and the Pratt Global Foundation. Director of Collingwood Football Community Foundation, Victoria Park Foundation, Entertainment Assist, Global Citizen and Angel Works Productions. Former Director of a wide range of organisations including the Victorian Rock Foundation, the Australian Contemporary Music Development Company (AUSMUSIC), the Australian Council for Children and Youth Organisations, Youth Junction, Peninsula Health, Peter MacCallum Cancer Institute, Peter MacCallum Cancer Foundation, Australian Jewish Funders and Philanthropy Australia.
Special responsibilities:	Chair of the In a Good Place Assessment Committee, and a member of the Strengthening Rural Communities, Nominations and ECHO Assessment Committees
Name:	Patrick Handbury
Title:	Director
Experience and expertise:	Executive Chair of Saltbush Ag, involved in downstream agribusinesses including Webster, Grascos Shearing and SJ Saunders Trucking Company. Current Chair of Geelong Grammar Council and on the Geelong Grammar Foundation.
Special responsibilities:	Chair of Tackling Tough Times Together, Grants for Resilience & Wellness ("GR&W") and ECHO Assessment Committees and a member of the Disaster Resilient: Future Ready National Reference Group
Name:	Fred Grimwade
Title:	Director
Qualifications:	B.Comm, LLB (Hons) MBA, SF Fin, FAICD, FCIS
Experience and expertise:	Executive Director of specialist corporate advisory and investment firm, Fawcner Capital. Worked with international investment bank Goldman, Sachs & Co. Senior executive with Western Mining Corporation, Colonial Mutual and was Head of Private Capital for Colonial First State Investments. Former Managing Director of the Colonial Agricultural Company, non-executive Director of AWB Limited and Chairman of Troy Resources. Current non-executive Chairman of CPT Global and XRF Scientific and Director of Australian United Investments and Select Harvests.
Special responsibilities:	Chair of the Finance and Audit Committee, member of the Grants for Resilience & Wellness Committee, member of the Strengthening Rural Communities Assessment Committee and member of the Nominations Committee

Foundation for Rural and Regional Renewal

Directors' report

30 June 2021

Name: Patrick Myer
Title: Director
Experience and expertise: Involved with the Myer Foundation for many years and is a former Convener of the G4 Committee, a past member of the Environment Committee and past co-convener of the Sustainability and Environment Committee. Current member of the Arts and Humanities Committee.
Special responsibilities: Sidney Myer Fund's representative; Chair of Heywire Youth Innovation Assessment Committee.

Name: Annabel White
Title: Director
Qualifications: BA, M.Phil Bus
Experience and expertise: Extensive experience in the philanthropic and not-for-profit sectors in Australia. A career in philanthropy and has worked in publishing, the media, Landcare, Arts North West and local government. Current Director of the Vincent Fairfax Family Foundation, Director Mundango Abroad and Southern Highlands Foundation.
Special responsibilities: Chair of the Investing in Rural Community Futures; and Aussie Cotton Farmers Grow Cotton Communities Assessment Committees; and a member of the In a Good Place Assessment and Nominations Committees

Name: Anne Grindrod
Title: Deputy Chair
Qualifications: BA, GAICD
Experience and expertise: Wide experience in the philanthropic and not-for-profit sectors in Australia. Former Trustee and Chairman of the John T Reid Charitable Trusts. Served on the boards of the Australian Environmental Grantmakers Network and the Advisory Council for Children with Impaired Hearing (life member).
Special responsibilities: Deputy Chair of the Foundation for Rural & Regional Renewal Board of Directors, Chair of the Strengthening Rural Communities Assessment Committee and Nominations Committee; a member of the GR&W Assessment Committee

Name: Bruce Scott
Title: Director
Qualifications: OAM
Experience and expertise: Breadth of experience of living and running businesses in remote communities, and has served on numerous boards as well as local, state, federal government and community committees. Spent 27 years in local government, public sector and not for profit boards, and was Mayor of the Shire of Barcoo for 16 years. Currently acts as an advisor to the National Recovery and Resilience Agency, sits on the Southern Queensland Landscapes Board, South West Hospital and Health Service Board and the Red Ridge Foundation, Rural Financial Counselling Service North Queensland Project Management Committee and the Mithaka Aboriginal Corporation Finance Audit and Risk Committee. Previously served as a Director on the Central West Hospital and Health Service, Chair of Desert Channels Queensland and a Director of the Central West Remote Area Planning and Development Board (RAPAD).
Special responsibilities: Member of the Tackling Tough Times Together Assessment Committee

Name: Sue Middleton
Title: Director
Experience and expertise: Wide reaching and deep change management experience across agricultural businesses, commodity groups and sectors, and regional and rural local communities. Past roles include the Chair of the WA Regional Development Trust. Chair of the West Midlands Group (Grower Group), National Rural Advisory Council, COAG Reform Council, WA Agricultural Produce Commissioner, National Regional Women's Advisory Council, Farmbis State Planning Group, Australian Research Council, and Regional Solutions Board.
Special responsibilities: Member of the Strengthening Rural Communities Assessment Committee

Foundation for Rural and Regional Renewal

Directors' report

30 June 2021

Name: Andrew McKenzie
Title: Director
Qualifications: JP, Dip Ap Sci (Ag), Grad Dip Bus Mgt, Dip Fin Adv (SIA)
Experience and expertise: Held various roles in agriculture and related fields before joining the building industry. Spent 20 years working with a major Australian building product manufacturing company, left to work in financial and investment advice services, retiring recently as a Senior Advisor but remaining as a Director at Ethinvest Pty Ltd. Current Trustee of the John T Reid Charitable Trusts and Erica Foundation.
Special responsibilities: Member of the Strengthening Rural Communities Assessment Committee.

Name: Hon Simon Crean
Title: Director
Qualifications: B.Ec, LLB
Experience and expertise: Has been a leading figure in Government, politics and industrial relations for five decades. Former General Secretary Storemen and Packers Union (now the UWU), Vice President and President of the ACTU. Elected to Federal Parliament and held positions of Minister for Science and Technology and Minister assisting the Treasurer, Minister for Employment, Education and Training, Minister for Employment, Workplace Relations and Social Inclusion, Minister for Trade, Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts. Held the Shadow Ministries of Treasury, Industry Trade and Regional Development. Current Chair EABC, Chair AKBC, Co-Chair Cornerstone Group Advisory Board, Director of Linfox International Group, Deputy Chancellor Monash University, Member of the Monash University Council, Chair and Associate Professor Deakin University. Former Chair of ALEC, LiveCorp and RMAC.

Name: Hon John Sharp
Title: Director
Qualifications: AM, ADFM, FCIT
Experience and expertise: Farming and business background and served 14 years in the Federal Parliament, a member of the Coalition's front bench as Shadow Minister and then Minister for Transport and Regional Development and Federal Treasurer of the National Party. Former director of Airbus Group Australia Pacific, Director of Eurocopter Australia Pacific. Director of Skytraders, Chairman of the Flight Safety Foundation, Co-Chair of the Cancer Council of NSW, Southern Highlands Branch and Chairman of the Winifred West Schools Foundation. Member Climate Change Authority. Member of the University of Wollongong Vice-Chancellor's Advisory Board. Current, Founder and Director, Thenford Consulting, Deputy Chairman Regional Express (Rex), Chairman of Pel Air, Director Luerksen Australia, Director Australian Maritime Shipbuilding and Export Group, Director John McEwen House and Director Tudor House Foundation.

Name: Tim Fairfax
Title: Chairman
Qualifications: AC, FAICD
Experience and expertise: A Company Director, Pastoralist and Philanthropist. Chairman of the Tim Fairfax Foundation, Director of the Vincent Fairfax Family Foundation and Australian Philanthropic Services. President of the Queensland Art Gallery | Gallery of Modern Art Foundation, a member of the National Portrait Gallery Foundation, the National Gallery of Australia Foundation and Australian Schools Plus. Patron of the AMAQ Foundation, the University of the Sunshine Coast Foundation, the Flying Arts Alliance Incorporated, the Australian Rural Leadership Foundation, and the Actors' & Entertainers' Benevolent Fund (QLD) Inc.
Special responsibilities: Chairman of the Foundation for Rural & Regional Renewal Board of Directors.

Foundation for Rural and Regional Renewal

Directors' report

30 June 2021

Name: Simon Atkinson
Title: Director
Qualifications: B. Sci, B.Law, Grad Dip Legal Practice, GAICD
Experience and expertise: Extensive government and public policy experience has held senior roles in many Australian Government portfolios, including Infrastructure and Regional, Finance, Defence, and Prime Minister and Cabinet. Current Secretary of Department of Infrastructure, Transport, Regional Development and Communications. Former Secretary of the Department of Infrastructure, Transport, Cities and Regional Development and Deputy Secretary, Fiscal Group at the Treasury.

Name: Rachel Bacon
Title: Director
Qualifications: PhD Admin Law, B.Law (Hons), B.Arts (Hons)
Experience and expertise: Current Deputy Secretary for the Regional, Cities and Territories Group at the Department of Infrastructure, Transport, Regional Development and Communications. Previous role with Department of Environment and Energy, running the Policy Analysis and Implementation Division and as Deputy Chief Executive Officer with the Northern Territory Government's Department of the Chief Minister.

Company secretary

Mrs Karen Fazzani was appointed in March 2020. Her qualifications include B.Comm, MBA (Public Sector Mgt), Certified Practising Accountant (CPA) and Graduate Australian Institute of Company Directors.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Ian Allen, AM, OAM	4	4	1	1	-	-
Tim Fairfax (Chair)	4	4	-	-	4	4
Fred Grimwade	4	4	1	1	4	4
Paddy Handbury	3	4	-	-	-	-
Annabel White	4	4	1	1	-	-
Anne Grindrod (Deputy Chair)	4	4	1	1	-	-
Patrick Myer	4	4	-	-	-	-
Bruce Scott OAM	3	4	-	-	-	-
Sue Middleton	4	4	-	-	-	-
Andrew McKenzie	3	4	-	-	4	4
James Flintoft (Non-director member)	-	-	-	-	3	4
Simon Crean	4	4	-	-	-	-
John Sharp AM	2	4	-	-	-	-
Rachel Bacon	1	1	-	-	-	-
Simon Atkinson	1	3	-	-	-	-

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

Principal activities

The principal activity of the Foundation is that of a charitable foundation. The Foundation is established for rural charitable purposes, namely to promote for the public benefit, rural and regional renewal, regeneration and development in Australian social, economic, environmental and cultural areas.

Foundation for Rural and Regional Renewal

Directors' report

30 June 2021

Objectives

- Promote, for the public benefit, rural renewal, regeneration and development in Australia in social, economic, environmental and cultural areas.
- Add value to the work of rural organisations to resolve regional development issues at a national and local level.
- Strengthen regional capacity for growth, development and adjustment in the context of national and global change.
- Develop new ideas and methods through thinking, researching, debating, testing and informing to address issues facing regional and rural Australia.
- Strengthen the regional and rural voice to ensure vigorous regional and rural participation in national growth and development.
- Provide facilitation services to assist groups to lead and face change so that regional and local communities can choose paths to their futures.
- Raise money and other resources (both tax deductible and non-tax deductible) for the operation of the national body and the funding of national services and programs to resource rural Australia.
- Raise money and other resources (both tax deductible and non-tax deductible) for direct use by regions for projects and/or seed funding for local capacity building and funding bodies.
- Provide expertise and support to local and regional bodies to assist them to raise funds for local capacity building projects and initiatives.

Likely developments

The Foundation's primary focus will be on the continued promotion for the public benefit, rural and regional renewal, regeneration and development in Australian social, economic, environmental and cultural areas

Environmental regulations

The Foundation's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Foundation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Foundation.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Australian Charities and Not-for-profit Commission Act 2012*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity

Significant changes in the state of affairs

There were no significant changes in the state of affairs during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian and State Governments and other countries, such as vaccination availability and take-up, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, entity's state of affairs in future financial years.

Contributions on winding up

The Foundation is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the Company. All members have equal voting rights.

**Foundation for Rural and Regional Renewal
Directors' report
30 June 2021**

Operating and financial review

The Foundation generated a net loss of \$2,477,244 (2020: Restated Profit \$10,743,215) for the year under review.

The planned operating deficit is to be funded out of retained earnings and the grant and donations deficit is to be funded from grants received in previous years.

Auditor's independence declaration

A copy of the auditor's independence declaration in accordance with Subsection 6040 of the *Australian Charities and Not-for-profit Commission Act 2012* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



T.V. FAIRFAX, AM

Mr Tim Fairfax, AC
Chairman



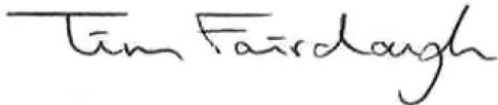
Mr Fred Grimwade
Chair of Finance & Audit committee

17 September 2021

DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF FOUNDATION FOR RURAL AND REGIONAL RENEWAL

As lead auditor of Foundation for Rural and Regional Renewal for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Tim Fairclough
Director

BDO Audit Pty Ltd

Melbourne, 17 September 2021

Foundation for Rural and Regional Renewal

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General information

The financial statements cover Foundation for Rural and Regional Renewal as an individual entity. The financial statements are presented in Australian dollars, which is Foundation for Rural and Regional Renewal's functional and presentation currency.

Foundation for Rural and Regional Renewal is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

66 Garsed Street
Bendigo
Victoria 3550

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 September 2021. The directors have the power to amend and reissue the financial statements.

Foundation for Rural and Regional Renewal
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 Restated \$
Operating revenue			
Operating revenue	5	2,295,224	2,770,738
Other revenue	6	712,831	658,420
		<u>3,008,055</u>	<u>3,429,158</u>
Operating expenses			
Depreciation expenses		(77,470)	(70,782)
Employee benefits expenses		(1,884,975)	(1,986,939)
Marketing		(202,690)	(237,672)
Occupancy		(909)	(25,896)
Other expenses		(1,794,890)	(732,522)
Finance costs	7	(14,289)	(15,799)
		(967,168)	359,548
Results from operating activities excluding granting and donations			
Grants and donations revenue	4	19,303,147	25,317,568
Grants and donations expenditure		<u>(20,813,223)</u>	<u>(14,933,901)</u>
		(1,510,076)	10,383,667
Results from granting and donations			
		(2,477,244)	10,743,215
Surplus/(deficit) before income tax expense			
Income tax expense		-	-
		<u>-</u>	<u>-</u>
Surplus/(deficit) after income tax expense for the year			
	19	(2,477,244)	10,743,215
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Debt instruments at FVOCI- net change in fair value		396,253	(498,712)
Debt instruments at FVOCI- reclassified to profit and loss		(28,834)	263,449
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Equity instruments at FVOCI- net change in fair value		<u>2,137,390</u>	<u>(507,030)</u>
Other comprehensive income for the year, net of tax		<u>2,504,809</u>	<u>(742,293)</u>
Total comprehensive income for the year			
		<u><u>27,565</u></u>	<u><u>10,000,922</u></u>

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

Foundation for Rural and Regional Renewal
Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 Restated \$
Assets			
Current assets			
Cash and cash equivalents	8	26,734,315	26,477,817
Trade and other receivables	9	116,330	169,962
Other		4,014	4,014
Total current assets		<u>26,854,659</u>	<u>26,651,793</u>
Non-current assets			
Financial assets at fair value through other comprehensive income	10	20,575,031	16,422,991
Property, plant and equipment		11,054	15,941
Right-of-use assets	11	138,424	195,786
Total non-current assets		<u>20,724,509</u>	<u>16,634,718</u>
Total assets		<u>47,579,168</u>	<u>43,286,511</u>
Liabilities			
Current liabilities			
Trade and other payables	13	359,769	49,213
Deferred revenue - contract liabilities	14	10,512,756	8,012,466
Lease liabilities	15	64,271	71,275
Employee benefits	16	319,403	259,356
Grants payables	17	2,623,032	1,194,309
Total current liabilities		<u>13,879,231</u>	<u>9,586,619</u>
Non-current liabilities			
Lease liabilities	15	88,580	132,772
Employee benefits	16	30,815	14,143
Total non-current liabilities		<u>119,395</u>	<u>146,915</u>
Total liabilities		<u>13,998,626</u>	<u>9,733,534</u>
Net assets		<u>33,580,542</u>	<u>33,552,977</u>
Equity			
Reserves	18	28,504,047	27,289,569
Retained surpluses	19	5,076,495	6,263,408
Total equity		<u>33,580,542</u>	<u>33,552,977</u>

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

Foundation for Rural and Regional Renewal
Statement of changes in equity
For the year ended 30 June 2021

	Fair Value Reserve	Committed Grants Reserve	FRRR Capital	FRRR Capital-DRRF	Retained Profits	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	35,481	4,457,806	12,953,901	-	6,104,867	23,552,055
Surplus after income tax expense for the year	-	-	-	-	10,743,215	10,743,215
Other comprehensive income for the year, net of tax	(742,293)	-	-	-	-	(742,293)
Total comprehensive income for the year	(742,293)	-	-	-	10,743,215	10,000,922
Transfer to committed grants reserve	-	10,383,666	-	-	(10,383,666)	-
Transfer to establish FRRR Capital-DRRF	-	(4,192,662)	-	4,192,662	-	-
Transfers of realised losses FVOCI- equity	201,008	-	-	-	(201,008)	-
Balance at 30 June 2020	<u>(505,804)</u>	<u>10,648,810</u>	<u>12,953,901</u>	<u>4,192,662</u>	<u>6,263,408</u>	<u>33,552,977</u>
	Fair Value Reserve	Committed Grants Reserve	FRRR Capital	FRRR Capital-DRRF	Retained Profits	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	(505,804)	10,648,810	12,953,901	4,192,662	6,263,408	33,552,977
Deficit after income tax expense for the year	-	-	-	-	(2,477,244)	(2,477,244)
Other comprehensive income for the year, net of tax	2,504,809	-	-	-	-	2,504,809
Total comprehensive income for the year	2,504,809	-	-	-	(2,477,244)	27,565
Transfer to committed grants reserve	-	(1,510,076)	-	-	1,510,076	-
Transfer to FRRR Capital-DRRF	-	-	-	190,912	(190,912)	-
Transfer of realised gains FVOCI - equity	80,665	-	(123,891)	43,226	-	-
Transfer of realised gains FVOCI - Debt	-	-	25,416	3,417	(28,833)	-
Balance at 30 June 2021	<u>2,079,670</u>	<u>9,138,734</u>	<u>12,855,426</u>	<u>4,430,217</u>	<u>5,076,495</u>	<u>33,580,542</u>

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

**Foundation for Rural and Regional Renewal
Statement of cash flows
For the year ended 30 June 2021**

	Note	2021 \$	2020 Restated \$
Cash flows from operating activities			
Cash from grants, donations and other operating activities		24,152,293	27,478,377
Distributions received from fund managers		634,053	913,080
Interest received		78,778	181,638
Interest paid on lease liabilities		(14,289)	(15,799)
Payments to grantees, suppliers and employees		<u>(22,821,786)</u>	<u>(14,446,725)</u>
Net cash from operating activities		<u>2,029,049</u>	<u>14,110,571</u>
Cash flows from investing activities			
Receipts from sales of financial assets		18,835,761	8,429,328
Payments for financial assets		(20,541,893)	(15,935,021)
Payments for plant and equipment		<u>-</u>	<u>(2,849)</u>
Net cash used in investing activities		<u>(1,706,132)</u>	<u>(7,508,542)</u>
Cash flows from financing activities			
Repayment of lease liability		<u>(66,419)</u>	<u>(53,940)</u>
Net cash used in financing activities		<u>(66,419)</u>	<u>(53,940)</u>
Net increase in cash and cash equivalents		256,498	6,548,089
Cash and cash equivalents at the beginning of the financial year		<u>26,477,817</u>	<u>19,929,728</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>26,734,315</u></u>	<u><u>26,477,817</u></u>

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

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company 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.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The company has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

Income Tax

As the company 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* and Victorian legislation the *Fundraising Act 1998* and associated regulations and the *Corporations Act 2001*, as appropriate for not-for profit oriented entities.

Historical cost convention

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

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 company'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.

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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's 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 classified as current when: it is either expected to be settled in the company's 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.

Other financial assets

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 profit or loss. 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.

Note 1. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company 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.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

The company 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 company'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 mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Restatement of comparatives

Correction of error

Management for Foundation for Rural and Regional Renewal, whilst preparing the financial statements for the company for the year ended 30 June 2021 identified that grant expenditure that has been approved by the Board and for which the recipients have been notified of their success was incorrectly accounted for in the prior reporting period due to a misinterpretation of the relevant Accounting Standards.

Consequently, Foundation for Rural and Regional Renewal has adjusted all comparative amounts presented in the current period's financial statements affected by the error.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 3. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	2020 Reported \$	2020 Adjustment \$	2020 Restated \$
Grant revenue	24,803,193	514,375	25,317,568
Operating revenue	2,770,737	-	2,770,737
Other revenue	658,420	-	658,420
Grants and donations expenditures	(13,739,592)	(1,194,309)	(14,933,901)
Depreciation expense	(70,782)	-	(70,782)
Employee benefits expense	(1,986,939)	-	(1,986,939)
Marketing	(237,672)	-	(237,672)
Occupancy	(25,896)	-	(25,896)
Other expenses	(732,522)	-	(732,522)
Finance costs	(15,799)	-	(15,799)
Surplus/(deficit) for the year	<u>11,423,148</u>	<u>(679,934)</u>	<u>10,743,214</u>

Statement of financial position at the beginning of the earliest comparative period

	2020 Reported \$	2020 Adjustment \$	2020 Restated \$
Current liabilities			
Deferred revenue	(8,526,840)	514,374	(8,012,466)
Grant payables	-	(1,194,309)	(1,194,309)
Equity			
Committed grant reserve	11,328,745	(679,935)	10,648,810

Note 4. Grants and donations revenue

	2021 \$	2020 Restated \$
Donations FRRR programs	11,157,530	16,034,413
Donations donor advised programs	5,205,802	3,233,355
Donations fundraising accounts	2,715,301	1,857,138
DRRF donations	224,514	4,192,662
	<u>19,303,147</u>	<u>25,317,568</u>

Accounting policy for revenue recognition

The Foundation recognises revenue as follows:

Grants

The Foundation recognises the income deferred from grants and donations based on the conditions and specific performance obligations attached to each grant and donation arrangement.

Income from grants and donations that do not contain significant conditions and specific performance obligations are recognised when the grant is received.

Receipts from grants and donations that contain significant conditions and specific performance obligations are initially recognised as deferred revenue liabilities (contract liabilities) and subsequently recognised as income when the Foundation complies with the conditions associated with the grants and donations, which is usually when the funds are expended.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 5. Operating revenue

	2021 \$	2020 Restated \$
Donations FRRR programs	(1,352,556)	(1,396,374)
Donations donor advised programs	(472,763)	(589,102)
Donations fundraising accounts	(148,307)	(116,053)
Administration, service and project fees	(321,598)	(669,209)
	<u>(2,295,224)</u>	<u>(2,770,738)</u>

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are provided, which typically aligns with the delivery of performance obligations relating to grant and donation contract arrangements.

Note 6. Other revenue

	2021 \$	2020 Restated \$
Interest received	(78,778)	(181,637)
Investment income	(634,053)	(476,783)
	<u>(712,831)</u>	<u>(658,420)</u>

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Note 7. Expenses

	2021 \$	2020 Restated \$
Surplus/(deficit) before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	<u>14,289</u>	<u>15,799</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>153,164</u>	<u>161,976</u>

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 8. Cash and cash equivalents

	2021 \$	2020 Restated \$
<i>Current assets</i>		
Cash at bank	26,734,315	25,877,817
Short term deposits	-	600,000
	<u>26,734,315</u>	<u>26,477,817</u>

Accounting policy for 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.

Note 9. Trade and other receivables

	2021 \$	2020 Restated \$
<i>Current assets</i>		
Trade receivables	70,944	57,510
Sundry and other receivables	45,386	112,452
	<u>116,330</u>	<u>169,962</u>

Accounting policy for 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Financial assets at fair value through other comprehensive income

	2021 \$	2020 Restated \$
<i>Non-current assets</i>		
Koda Capital	15,850,458	12,915,245
Koda Capital - (Disaster Resilience & Recovery Fund)	4,724,573	3,507,746
	<u>20,575,031</u>	<u>16,422,991</u>
	2021 \$	2020 Restated \$
Comprising:		
FVOCI - debt securities	10,935,834	10,950,533
FVOCI - equity securities	9,639,197	5,472,458
	<u>20,575,031</u>	<u>16,422,991</u>

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 11. Right-of-use assets

	2021 \$	2020 Restated \$
<i>Non-current assets</i>		
Office - right-of-use	105,100	150,047
Motor vehicles - right-of-use	9,222	19,240
Photocopier - right-of-use	23,528	26,499
Coolah office - right-of-use	574	-
	<u>138,424</u>	<u>195,786</u>

Additions to the right-of-use assets during the year were \$8,914 and depreciation charged to profit or loss was \$72,583.

The company leases land and buildings for its offices under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The company also leases plant and equipment under agreements of between 1 to 5 years.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 12. Financial instruments

Financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

30 June 2021

Carrying Amount

	Amortised cost	FVOCI	Other financial liabilities	Total
<i>Financial assets measured at fair value</i>				
Equity securities	-	9,639,197	-	9,639,197
Corporate debt securities	-	10,935,834	-	10,935,834
	<u>-</u>	<u>20,575,031</u>	<u>-</u>	<u>20,575,031</u>
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	26,734,315	-	-	26,734,315
Trade and other receivables	116,330	-	-	116,330
	<u>26,850,645</u>	<u>-</u>	<u>-</u>	<u>26,850,645</u>
<i>Financial liabilities not measured at fair value</i>				
Trade and other payables	-	-	359,769	359,769

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 12. Financial instruments (continued)

Market risk

The Foundation is exposed to equity price risk, which arises from equity securities measured at fair value. Management monitors the proportion of equity securities in its investment portfolio based on market indices. Investments are managed by the Finance and Audit Committee.

The primary goal of the Foundation's investment strategy is to maximise investment returns to improve its returns in general. Management is assisted by external advisors in this regard.

Note 13. Trade and other payables

	2021	2020
	\$	Restated
		\$
<i>Current liabilities</i>		
Sundry creditor	<u>359,769</u>	<u>49,213</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company 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 are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Deferred revenue - contract liabilities

	2021	2020
	\$	Restated
		\$
<i>Current liabilities</i>		
Contract liabilities	<u>10,512,756</u>	<u>8,012,466</u>

Accounting policy for contract liabilities

Contract liabilities represent the company's obligation to transfer services to a customer in accordance with the grant agreement and are recognised when the donor pays consideration before the company has transferred the services to the customer.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 15. Lease liabilities

	2021 \$	2020 Restated \$
<i>Current liabilities</i>		
Office	46,752	53,276
Vehicle	10,248	10,248
Photocopier	7,271	7,751
	<u>64,271</u>	<u>71,275</u>
<i>Non-current liabilities</i>		
Office	69,841	103,593
Vehicle	-	9,601
Photocopier	18,739	19,578
	<u>88,580</u>	<u>132,772</u>
	<u><u>152,851</u></u>	<u><u>204,047</u></u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	64,271	71,275
One to five years	88,580	132,772
	<u><u>152,851</u></u>	<u><u>204,047</u></u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 16. Employee benefits

	2021	2020
	\$	Restated
		\$
<i>Current liabilities</i>		
Annual leave	122,509	111,080
Long service leave	74,867	61,249
Other payables	122,027	87,027
	<u>319,403</u>	<u>259,356</u>
<i>Non-current liabilities</i>		
Long service leave	30,815	14,143
	<u>350,218</u>	<u>273,499</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 17. Grants payables

	2021	2020
	\$	Restated
		\$
<i>Current liabilities</i>		
Grants payables	2,623,032	1,194,309
	<u>2,623,032</u>	<u>1,194,309</u>

Accounting policy for grant payables

These amounts represent grant expenditure approved by the Board for which the recipients have been notified of their success prior to the end of the financial year. These amounts remain unpaid at year end.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 18. Reserves

	2021	2020
	\$	Restated
		\$
FRRR Capital	12,855,426	12,953,901
Committed grants reserve	9,138,734	10,648,810
FRRR Capital-DRRF	4,430,217	4,192,662
Fair value reserve	2,079,670	(505,804)
	<u>28,504,047</u>	<u>27,289,569</u>

Committed grants reserve

The committed grants reserve represents the accumulated net result of grants and donations received and related expenditures incurred.

FRRR Capital- DRRF

The FRRR Capital- DRRF reserve represents donations made to the DRRF Corpus for perpetual investment, for which the earnings will support disaster resilience and recovery activity.

FRRR Capital

The Deed of Grant between the Commonwealth of Australia, represented by the Department of Infrastructure, Regional Development and Cities and the Foundation for Rural and Regional Renewal, discloses measures for the termination and redirection of Commonwealth funding.

The Commonwealth may, at any time for any reason, by written notice, terminate or restrict the scope of the Commonwealth's Funding for the Foundation for Rural and Regional Renewal and may do so if monies have not been made available for the Foundation of Rural and Regional Renewal by the Parliament of the Commonwealth.

Upon a written notice being given and to the extent required by or consistent with, the termination or restrictions, the Foundation for Rural and Regional Renewal:

- i) must cease planned and projected activities under the Agreement and immediately do everything possible to minimise the expenditure of Commonwealth Funds as necessary; and
- ii) may continue its activities in any area and to the extent not affected by the termination or restriction.

On 6 February 2012 an amendment to the Deed of Grant was executed deleting clause 13.3. The core amount now cannot be recalled provided the Foundation remains in operation and manages the fund in accordance with the Deed of Grant.

The FRRR Capital represents the original \$10m corpus grant and the capital growth on it that has been invested to provide income to support annual operating expenditure and funding support for charitable initiatives.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of FVOCI financial assets until such investments are derecognised or impaired.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 18. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial year are set out below:

	FRRR Capital	Committed grants reserve	FRRR Capital-DRRF	Fair value reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	12,953,901	10,648,810	4,192,662	(505,804)	27,289,569
Revaluation - gross	-	-	-	2,504,811	2,504,811
Reclassification	(98,475)	(1,510,076)	237,555	80,663	(1,290,333)
Balance at 30 June 2021	<u>12,855,426</u>	<u>9,138,734</u>	<u>4,430,217</u>	<u>2,079,670</u>	<u>28,504,047</u>

Note 19. Retained surpluses

	2021 \$	2020 Restated \$
Retained surpluses at the beginning of the financial year	6,263,408	6,104,867
Surplus/(deficit) after income tax expense for the year	(2,477,244)	10,743,215
Transfer to committed grant reserve	1,510,076	(10,383,666)
Transfer to fair value reserve	-	(201,008)
Transfer to FRRR Capital - DRRF reserve	(190,912)	-
Recognise realised gains from FVOCI - Debt to P&L	(28,833)	-
Retained surpluses at the end of the financial year	<u>5,076,495</u>	<u>6,263,408</u>

Note 20. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Transactions with related parties

The following transactions occurred with related parties:

	2021 \$	2020 Restated \$
Other income from other related party	5,100,000	4,810,000

Mr Patrick Myer is a shareholder of the Myer Family Investments Pty Ltd which is the owner of the Myer Family Company Ltd. Affiliates of the Sidney Myer Fund (The Myer Family Company) have contributed donations to FRRR amounting to \$600,000 (2020: \$310,000) during the year under normal commercial terms.

The Australian Government through the Department of Infrastructure, Transport, Cities and Regional Development contributed donations to FRRR amounting to \$4,500,000 (2020: \$4,500,000) during the year under normal commercial terms.

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.

Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021

Note 20. Related party transactions (continued)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Key management personnel disclosures

The key management personnel compensations recognised during the year are as follows:

	2021	2020
	\$	Restated
		\$
Short-term employee benefits	400,673	288,400
Post-employment benefits	35,228	29,185
	<u>435,901</u>	<u>317,585</u>

Directors of the entity or their Director related entities, conduct transactions with entities within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director related entity at arm's length in similar circumstances.

These transactions include the following and have been quantified below where the transactions are considered likely to be of interest to users of these financial statements.

	2021	2020
		Restated
Donations contributed by directors	546,500	10,000
Donations contributed by executives	-	505
	<u>546,500</u>	<u>10,505</u>

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company, and unrelated firms:

	2021	2020
	\$	Restated
		\$
<i>Audit services - BDO</i>		
Audit of the financial statements	27,500	29,110
<i>Other services - BDO</i>		
Preparation of financial statements	3,500	5,000
	<u>31,000</u>	<u>34,110</u>
<i>Other services - RSD Audit</i>		
Regulatory assurance services	3,285	-
	<u>3,285</u>	<u>-</u>

Note 23. Contingent assets

The company had no contingent assets as at 30 June 2021 and 30 June 2020.

**Foundation for Rural and Regional Renewal
Notes to the financial statements
30 June 2021**

Note 24. Contingent liabilities

The company had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 25. Commitments

	2021	2020
	\$	Restated \$
Project expenditure commitments		
No later than five years	<u>13,165,056</u>	<u>23,613,034</u>

Note 26. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian and State Governments and other countries, such as vaccination availability and take-up, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Foundation for Rural and Regional Renewal
Directors' declaration
30 June 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Act 2012* and Victorian legislation the Fundraising Act 1998 and associated regulations and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



T.V. FAIRFAX, AM

Mr Tim Fairfax, AC
Chairman



Mr Fred Grimwade
Chair of Finance & Audit committee

17 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Foundation for Rural and Regional Renewal

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Foundation for Rural and Regional Renewal (the registered entity), which comprises the statement of financial position as at 30 June 2021, 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 responsible entities' declaration.

In our opinion the accompanying financial report of Foundation for Rural and Regional Renewal, 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 registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures 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 registered 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 (including Independence Standards)* (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.

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 Directors' 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.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity'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 Audit Pty Ltd

A handwritten version of the BDO logo in black ink.

A handwritten signature in black ink that reads 'Tim Fairclough'.

Tim Fairclough

Director

Melbourne, 17 September 2021