

Queensland Community Foundation

ABN 69 649 199 658

A perpetual charitable trust

Financial Report

For the year ended 30 June 2021

Queensland Community Foundation

Trustee's Report

The Public Trustee of Queensland (the Public Trustee) being the Trustee of the Queensland Community Foundation (the Foundation) presents this report on the Foundation for the year ended 30 June 2021.

Establishment and Principal Activities of the Queensland Community Foundation (QCF)

The Foundation is a not-for-profit entity established as a perpetual public charitable trust on 4 February 1997 for the relief of poverty, for the advancement of education, for the advancement of religion or for any other purpose beneficial to the community.

The Foundation is a registered charity and public ancillary fund.

The Foundation funds consist of one general fund and 242 sub-funds, (together called 'the Trust Fund'), and an administration fund. The Trust Fund is defined by the Trust Deed Poll dated 4 February 1997 as "... the Settled Sum, all moneys, investments and property from time to time paid or transferred to and accepted by the Trustee as additions to the Trust Fund, all accretions to the Trust Fund, all accumulations of income hereinafter empowered and the moneys investments and property from time to time representing the said moneys additions accretions and accumulations or any part or party thereof or into which the same may be converted."

The funds held by the Foundation include the net annual distributable surplus held in the Trust Fund for future distribution at the discretion of the Trustee. It is not necessary for the Trustee to make a distribution in the financial year of receipt.

Corporate Governance Statement

The Public Trustee was appointed as Trustee of the Queensland Community Foundation. The Trustee takes the ultimate responsibility for the governance of the Foundation with the assistance of the Board of Governors and QCF Management Co. Ltd. This corporate governance statement outlines how the Trustee and the Board of Governors meet their responsibilities. The Trustee, the Board of Governors and QCF Management Co. Ltd believe the principles of good corporate governance underpin the values and behaviour of the Foundation.

Role of the Trustee

The Trustee has the ultimate responsibility for the administration, investment and distribution of Trust Funds. The Trustee will determine the distributions from the fund at his discretion, after considering the recommendations of the Board of Governors. The Trustee will ensure that these distributions are in line with the Trust's objects and that the minimum distribution is made annually in accordance with regulatory guidelines.

Based on recommendations of the Board of Governors, the Trustee makes ultimate decisions on the following matters:

- allocation of an amount of annual net income of each specific trust to a designated charity;
- allocation of a part or whole amount of annual net income of the General Fund to a designated charity or charities at the Trustee's discretion; and
- determining amounts to be transferred from income to capital and vice-versa for specific funds and the General Fund.

The Trustee may at any time increase the number of trustees and in his sole discretion appoint additional trustees to the trust.

The Trustee may also appoint additional members to the Board of Governors either generally or for a limited period or remove any member of the Board of Governors without any reason.

Queensland Community Foundation

Trustee's Report

Role of the Board of Governors (the Board)

The Board's primary role is to recommend to the Trustee the allocation of income and/or capital of the Foundation. Duties of the Board include:

- considering the needs of designated charities;
- considering all applications made to the Trustee for a grant or allocation of income or capital from the Trust Fund; and
- making recommendations to the Trustee as to the payment allocation and distribution of the income of the Trust Fund.

The Board of Governors receive no remuneration for their services as a member. Whilst engaged on the activities of the Board, every member shall be entitled to be paid out of the Foundation all reasonable travelling, accommodation and other expenses.

The QCF Board of Governors

The following persons were members of the Board of Governors of the Foundation during the financial year and up to the date of this report:

The Hon Margaret McMurdo AC (Chair)	Dr John de Groot
John Aitken (Resigned 30/11/2020)	Melissa Impiazzi (Resigned 06/03/2021)
Andrew Arkell	Dr Margaret Steinberg AM
Professor Peter Coaldrake (AO)	Bernard Curran
Gillian Brown (Alternative to Damien Frawley)	Alistair Comyn
Damien Frawley	Nina Crawford
Courtney Talbot (Appointed 23/11/2020)	

Review of Results and Operations for Current Year

After distribution of grants totalling \$1,487,426 (2020: \$3,041,922), profit for the year ended 30 June 2021 was \$19,231,128 (2020: \$721,147 loss).

After transfers to and from capital in accordance with the terms of the Trust Deed Poll which requires the separate identification of income from capital (refer Note 12), the total amount available for distribution was \$6,139,623 (2020: \$1,664,056) whilst total capital was \$107,078,796 (2020: \$92,323,235).

Administration of the QCF

QCF Management Co. Ltd is responsible for the employment and supervision of staff, as well as the provision of management, marketing and administrative services to the QCF. QCF Management Co. Ltd is managed by a separate Board of Directors.

Significant Changes in the State of Affairs

Amendment to the Trust Deed and distribution to beneficiaries

The Foundation's Trust Deed was amended in 2016 to consolidate all amendments and variations of certain powers, to simplify the terms of the Trust and to reflect changes in Commonwealth taxation law in particular, variations to the promulgation of legal requirements for managing public ancillary funds. The amendment has subsequently impacted the Foundation's distributions from 2017 through to 2021. Refer Note 7 for further details regarding the Foundation's distributions after year 2021.

Queensland Community Foundation Trustee's Report

Significant Changes in the State of Affairs (continued)

Australian Foundation for Charitable Trusts

During the financial year, the Public Trustee of Queensland as trustee of the Foundation established the Australian Foundation for Charitable Trusts (AFCT) on 17 May 2021 to provide the perpetual charitable trust customers of the Public Trustee with an investment option that provides income from a diversified investment portfolio and maintains the real value of capital over the long term.

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

Likely Developments and Expected Results of Operations

In the opinion of the Trustee there are no likely developments that will change the nature of the operations of the Foundation.

Environmental Regulation

The Foundation is not subject to any significant environmental regulation.

Indemnity of Members of the Board of Governors

As part of an insurance package with the Queensland Government Insurance Fund (QGIF), the Public Trustee has paid a professional indemnity insurance premium to insure certain officers of the Public Trustee. Members of the Board of Governors of the Foundation are covered for general and product liability and personal accident insurance through other insurance policies.

This report is made by the Public Trustee, in accordance with a resolution of the Trustee.



Samay Zhouand
BA LLB
Public Trustee of Queensland
and CEO

Brisbane
30 September 2021



Adam Black
BCom FCPA CA
Acting Executive Director, Investment &
Finance Services & CFO

Brisbane
30 September 2021

Queensland Community Foundation

Financial Statements

For the year ended 30 June 2021

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General Information

The Foundation funds consist of one general fund, 242 specific funds (together called 'the Trust Fund') and an administration fund. The Trust Fund is defined by the Trust Deed Poll dated 4 February 1997 as:

"...the Settled Sum, all moneys, investments and property from time to time paid or transferred to and accepted by the Trustee as additions to the Trust Fund, all accretions to the Trust fund, all accumulations of income hereinafter empowered and the moneys investments and property from time to time representing the said moneys additions accretions and accumulations or any part or party thereof or into which the same may be converted."

An Administration Fund was subsequently established on 19 March 2002 by an amendment to the Trust Deed Poll to fund administrative activities of the Foundation. On 1 July 2011, the activities of the Administration Fund were assumed by QCF Management Co. Ltd which receives funding in the form of sponsorship income from its sponsors.

The Foundation's registered office and principal place of business is: Trustee House, 444 Queen Street, Brisbane QLD 4000.

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

The financial statements were authorised for issue by the Trustee at the date of signing this report.

For information in relation to the Queensland Community Foundation's financial statements please email enquiries@qcf.org.au or visit the Foundation's website at www.qcf.org.au.

Queensland Community Foundation

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue			
Distribution income	1	5,921,428	511,083
Donations	2	8,236,929	4,472,628
Fair value gain on sale of financial assets	3,10	11,799,818	-
Interest income		98,069	238,555
Management fee rebates	4	337,023	334,535
Imputation credits	5	295,044	-
Other income		13	8
Total Revenue		26,688,324	5,556,809
Expenses			
Fair value loss on financial assets	3,10	5,608,641	3,239,334
Legal fees		-	(17,617)
Trustee fees	6	361,476	14,317
Investment fees		(347)	-
Total Expenses		5,969,770	3,236,034
Profit from Continuing Activities		20,718,554	2,320,775
Distribution expense	7	1,487,426	3,041,922
Profit/(Loss) for the Year		19,231,128	(721,147)
Total Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the Year		19,231,128	(721,147)

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

Queensland Community Foundation

Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Cash and cash equivalents	8	934,815	20,951,272
Receivables	9	5,921,428	57,724
Imputation credits refundable		295,044	-
Financial assets held at fair value through profit or loss	10	106,422,391	72,975,944
GST receivable		26	2,351
Total Assets		113,573,704	93,987,291
Liabilities			
Payables	11	355,285	-
Total Current Liabilities		355,285	-
Net Assets		113,218,419	93,987,291
Equity			
Capital account	12	107,078,796	92,323,235
Accumulated surplus	13	6,139,623	1,664,056
Total Equity		113,218,419	93,987,291

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

Queensland Community Foundation

Statement of Changes in Equity

For the year ended 30 June 2021

	Capital	Accumulated Surplus [amounts available for distribution]	Total Equity
	\$	\$	\$
Balance as at 1 July 2019	90,578,858	4,129,580	94,708,438
Loss for the year	-	(721,147)	(721,147)
Donations	4,472,628	(4,472,628)	-
Loss on revaluation of financial assets	(3,239,334)	3,239,334	-
Distribution income	511,083	(511,083)	-
Balance as at 30 June 2020	92,323,235	1,664,056	93,987,291
Balance as at 1 July 2020	92,323,235	1,664,056	93,987,291
Profit for the year	-	19,231,128	19,231,128
Donations	8,236,929	(8,236,929)	-
Fair value gain on sale of financial assets	11,799,818	(11,799,818)	-
Fair value loss on financial assets	(5,608,641)	5,608,641	-
Capital component of distribution income for the year	327,455	(327,455)	-
Balance as at 30 June 2021	107,078,796	6,139,623	113,218,419

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

Queensland Community Foundation

Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash Flows From Operating Activities			
Donations received		8,236,929	4,472,629
Distribution income received		30,656	1,761,097
Management fee rebates received		364,091	334,210
Interest received		98,069	238,555
Imputation tax credits received		-	224,584
GST refunded from ATO		3,066	12,217
Other income received		13	8
Supplies and services - refund received		347	-
Distribution to beneficiaries paid		(1,487,426)	(3,041,922)
Trustee fees paid		(6,191)	(91,039)
GST paid to ATO		(741)	(12,181)
Net Cash Provided by Operating Activities		7,238,813	3,898,158
Cash Flows From Investing Activities			
Proceeds from sales of financial assets		89,775,309	1,772
Payments for purchases of financial assets		(117,030,579)	(3,468,704)
Net Cash Used in Investing Activities		(27,255,270)	(3,466,932)
Net (Decrease)/Increase In Cash and Cash Equivalents		(20,016,457)	431,226
Cash and Cash Equivalents at Beginning of the Financial Year		20,951,272	20,520,046
Cash and Cash Equivalents at End of the Financial Year	8	934,815	20,951,272

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

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

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Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

BASIS OF FINANCIAL STATEMENT PREPARATION

a) General Information

The Foundation was established as a perpetual public charitable trust on 4 February 1997 for the relief of poverty, the advancement of education, the advancement of religion and for any other purpose beneficial to the community.

b) Compliance with Prescribed Requirements

The Foundation is a not-for-profit entity and these financial statements have been prepared in accordance with the requirements of the Amended Trust Deed Poll and any supplemental Trust Deed Polls, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

These financial statements comply with the recognition and measurement requirements of Australian Accounting Standards; and the presentation and disclosure requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-profit Tier 2 Entities*. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

These financial statements are prepared on an accrual basis with the exception of the statement of cash flows which is prepared on a cash basis.

c) Presentation Matters

(i) Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest dollar unless otherwise indicated.

(ii) Comparatives

Comparatives have been regrouped or reclassified where necessary (not material to financial statements).

(iii) Current/Non-Current Classification

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All asset and liability balances are expected to be recovered or settled within twelve months, except for investments in financial assets.

d) Basis of Measurement

These financial statements were prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

e) The Reporting Entity

These financial statements cover the Foundation as an individual entity and include the value of all revenue, expenses, assets, liabilities and equity controlled by the Foundation. They do not include the Administration Fund.

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

NOTES ABOUT OUR FINANCIAL PERFORMANCE

1. Distribution Income

Distribution income includes both interest and other distributions from the AFCT. Distribution income received is recognised as revenue in the period to which it relates. The capital component of distribution income for the year was \$327,455 (2020: \$511,083) which was included in the capital account (refer Note 12).

2. Donations

Accounting Policy

Donations, gifts, contributions and grants arise from transactions that are non-reciprocal in nature (i.e. do not require any goods or services to be provided in return).

Revenue is recognised on receipt of the donations, gifts, bequests and grants to the Foundation in accordance with AASB 1058 *Income of Not-for-Profit Entities*. Donations received that are characterised by the Trustee as further settlements to the Trust Fund, are transferred to the capital account of the Foundation in accordance with the terms of the Trust Deed.

Disclosure

The Foundation received \$8.2 million in donations during the 2020-21 financial year (2020: \$4.5m) predominantly from deceased estates. Donations are recognised as revenue upon receipt under AASB 1058.

3. Fair value gain/loss on sale of financial assets

Accounting Policy

Gains/losses on the sale of financial assets and changes in the fair value of investments held at Fair Value Through Profit or Loss (FVPL) are recognised in the period in which they arise. The fair value of units held in the Growth Trust and AFCT are based on the closing redemption price.

Disclosure

The Foundation sold all of its holdings in the Growth Trust on 8 June 2021 for \$89,775,309 and reinvested \$112,031,032 in the AFCT in June 2021.

4. Management Fee Rebates

The Trustee offers a rebate for investors in the Growth Trust that have an investment holding of more than \$100,000 in any single fund. This rebate is a reduction in the Trustee fees and is calculated on the value of each investment holding in each fund at the close of each month using a tiered structure.

5. Imputation Credits

As an endorsed income tax exempt charity, imputation credits attached to franked dividends received by the Foundation are refundable and may be claimed after the end of the financial year. Imputation credits are brought to account in the period to which they relate.

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

6. Trustee Fees

Under the terms of the Queensland Community Foundation Trust Deed Poll, the Trustee is entitled to receive Trustee fees, calculated pursuant to the *Public Trustee Act 1978*.

The fee covers the usual expenses incurred by the Trustee such as fees for accounting expenses and ongoing operating expenses.

7. Distribution Expense

Distributions are recognised when the Trustee approves distributions to beneficiaries in accordance with the terms of the Trust Deed Poll. In approving distributions, the Trustee may have regard for the intent of the donor, the views of the Board of Governors (or other reference group) and the objects of the Trust.

The Public Ancillary Fund Guidelines 2011 requires that Public Ancillary Funds must distribute an amount equal to at least 4% of the net value of the trust based on the values at 30 June of the previous financial year.

As the Foundation is a Public Ancillary Fund with sub-funds, the minimum distribution requirement applies to the fund as a whole, which may mean that there is some variation between sub-funds. This is subject to the Trustee's discretion.

Under the Guidelines, distributions do not include expenses to operate the fund. Distributions are defined as what is physically paid out or accrued each year and does not include future payments of multi-year grants.

Public Ancillary Funds cannot under any circumstances distribute to other Public Ancillary Funds, as this would mean circulation of money between funds and will not have the intended beneficial impact on the community.

In recognition of the low projected earnings and income for the medium term, the Public Trustee made an application in 2016 to the Australian Taxation Office (ATO) to set the minimum distribution rate for the QCF for five financial years from 2017 through to 2021, at the average Reserve Bank of Australia's (RBA's) cash rate over the previous financial year. The ATO approved the reduction of the minimum annual distribution rate. Accordingly, the distribution rate for the financial year was 0.66% (2020: 1.48%; 2019: 1.5%; 2018: 1.52% and 2017: 1.96%).

QCF's distribution rate for the next financial year of 2021-22 is under consideration subject to the outcome of an application lodged with the ATO to set the minimum distribution rate for the QCF for the next five financial years (from 2022 to 2026) at the average RBA cash rate over the previous financial year. This application to vary the minimum 4% distribution rate was made due to the continued low interest environment in the medium term.

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

NOTES ABOUT OUR FINANCIAL POSITION

8. Cash and Cash Equivalents

	2021	2020	Accounting Policy
	\$	\$	
Cash held in the Common Fund	934,815	20,951,272	For the purpose of presentation in the statement of financial position and the statement of cash flows, Cash and Cash Equivalents includes:
	<u>934,815</u>	<u>20,951,272</u>	

Disclosure

Cash is invested at call in the Common Fund of the Public Trustee which includes cash and fixed interest securities.

- Cash on hand; and
- Deposits held at call with financial institutions.

9. Receivables

	2021	2020	Accounting Policy
	\$	\$	
Receivable – Distribution income (i)	5,921,428	30,656	Receivables including distribution income receivable and management fee rebate receivable are measured at amortised cost which approximate their fair value at reporting date.
Receivable – Management fee rebate	-	27,068	
	<u>5,921,428</u>	<u>57,724</u>	

- (i) Distributions are receivable from the Australian Foundation for Charitable Trusts.

Receivables of distribution income and management fee rebates are recognised at the amounts due at reporting date and settlement of these amounts is usually within 30 days of distributions being declared.

All receivables are current and expected to be fully collectible. Hence no provision is made for expected credit losses.

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

10. Financial Assets Held at Fair Value Through Profit or Loss (FVPL)

Public Trustee of Queensland Growth Trust	2021	2020
	\$	\$
Balance at 1 July	72,975,944	72,748,347
Purchases	4,999,547	3,468,704
Sales	(89,775,309)	(1,772)
Increase/(Decrease) in fair value	11,799,818	(3,239,335)
Balance at 30 June	-	72,975,944

Australian Foundation for Charitable Trusts	2021	2020
	\$	\$
Purchases	112,031,032	-
Decrease in fair value	(5,608,641)	-
Balance at 30 June	106,422,391	-

Disclosure

The Public Trustee of Queensland as trustee for the Foundation established the Australian Foundation for Charitable Trusts (AFCT) in May 2021. It is a new investment trust specifically for existing and future perpetual charitable trust customers to maximize income whilst maintaining the real value of capital. The Foundation sold all its holdings in the Growth Trust and reinvested in the AFCT in June 2021.

The Foundation use the Growth Trust and the AFCT as the core of its investment strategy. These investments are managed and their performance evaluated by the Trustee in accordance with documented investment objectives.

i. Recognition / De-recognition

The Foundation recognises financial assets on the date they become party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date.

At initial recognition, the Foundation measures a financial asset at its fair value, which equates to market value without any deduction for expected transaction costs. Investments are derecognised when the right to receive cash flows from the investments have expired or the Foundation has transferred substantially all risks and rewards of ownership.

ii. Classification and Measurement

The Foundation's investments in the Growth Trust and the AFCT are classified and measured at FVPL under AASB 9 *Financial Instruments* as their contractual terms do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any changes in the fair values of a financial asset classified and measured at FVPL is recognised in the statement of profit or loss and other comprehensive income.

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

11. Payables

	2021	2020
	\$	\$
Trustee fee payable	355,285	-
	355,285	-

Payables represent liabilities for goods and services provided to the Foundation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days upon receipt of the goods or services ordered.

12. Capital Account

All capital contributions are held in trust and invested in perpetuity with net income distributed to the beneficiaries in accordance with the Queensland Community Foundation Trust Deed Poll.

Capital contributions are brought to account when the donation can be reliably measured, when the Foundation obtains control over the funds and when economic benefits are probable. When assets, such as investments or properties, are received as a capital contribution, the asset is recognised at fair value when the Foundation gains control of such assets.

The transfer to capital represents the capital component of the profit/(loss) from continuing operations that is reinvested with other assets of the Foundation to maintain its capital base. In extraordinary circumstances, this capital component is transferred back to accumulated surplus to be used for distribution to beneficiaries.

13. Accumulated Surplus

The total amount of the accumulated surplus is available for distribution or re-investment at the discretion of the Trustee in accordance with the Trust Deed Poll. For the year ended 30 June 2021, the amount available for distribution, inclusive of undistributed amounts carried forward from prior years, was \$6,139,623 (2020: \$1,664,056).

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

14. Fair Value Measurement

The Foundation recognises and measures financial assets in accordance with AASB 13 *Fair Value Measurement* within the following fair value hierarchy:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Foundation's financial assets held at FVPL are classified as level 2. The valuation is based on the exit price as reported by the fund manager of the trusts using alternative pricing sources supported by observable inputs. There were no movements between levels between reporting periods.

For cash and cash equivalents and receivables, the carrying amounts approximate their fair value due to the short-term maturity of the assets; therefore fair value information is not included.

15. Accounting Estimates and Judgements

The Foundation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The majority of the Foundation's investments held in the Growth Trust and the AFCT during the year were invested in QIC Limited's managed fund products. QIC as the investment manager may use estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial year.

16. Contingent Assets, Liabilities or Commitments

There are no contingent assets, liabilities or commitments as at 30 June 2021 (2020: Nil).

17. Events Occurring after the Reporting Period

There were no significant events that have occurred since the end of the reporting period which would impact on the financial position of the Foundation or on the results and cash flows of the Foundation for the year ended on that date.

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

OTHER INFORMATION

18. Key Management Personnel

i. Trustee

The Trustee of the Foundation is The Public Trustee of Queensland.

ii. Key Management Personnel (KMP)

The Trustee of the Foundation is considered the KMP of the Foundation as he has the authority for planning, directing and controlling the activities of the Foundation.

As QCF Management Co. Ltd is responsible for the employment of staff, the Foundation does not employ personnel in its own right.

iii. Remuneration of members of the Board of Governors

The Board of Governors act in an honorary capacity and receive no remuneration for their services from the Foundation and are remunerated only from the Foundation's Administration Fund (refer Note 20).

19. Related Party Transactions

(i) Transactions with people/entities related to KMP

No transaction has been entered into between the Foundation and the Trustee of the Foundation or any person/entity related to the Trustee during the financial year.

(ii) Trustee fees

Under the terms of the Trust Deed, the Trustee is entitled to receive trustee fees for acting as trustee of the Trust at 6.6% (GST inclusive) of income received by the Trust (net of investment fees) pursuant to the *Public Trustee Act 1978*. Total trustee fee charged to the Trust for 2020-21 was \$361,476 (2020: \$14,317).

(iii) Other transactions with the Trustee

The Trustee of the Foundation is also responsible for managing the investment activities of the Foundation in accordance with the Foundation's investment strategy, including trades in the Growth Trust and the AFCT which are administered by the Public Trustee. These investments activities are conducted on the same terms and conditions as those entered into by other investors.

Annual management fees calculated daily are charged by the Trustee based on the net asset value of the holdings in the Growth Trust and the AFCT and deducted monthly from the net asset of the holdings. However, a tiered management fee rebate based on the net asset value of the holdings is provided to customers who hold more than \$100,000 in the Growth Trust. Under the AFCT, management fee rebates do not apply but the annual management fees charged are lower compared to the Growth Trust.

Details of the Trust's investment transactions with the Public Trustee are set out below:

Management Fees	AFCT	Growth Trust	
	2021	2021	2020
Annual management fee (%)	0.79%	1.52%	1.52%
Management fees rebated (\$)	-	\$337,023	\$334,535

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

20. Administration Fund

An Administration Fund was established on 19 March 2002 by an amendment to the Trust Deed Poll to fund administrative activities of the Foundation. The transactions and balances of the Fund do not form part of the Foundation's financial report and are disclosed for information purposes only.

On 1 July 2011, the sponsors and contributors to the Administration Fund entered into an agreement to separate the administrative services performed on behalf of the Queensland Community Foundation (QCF). Accordingly, all administrative services from 1 July 2011 were provided by QCF Management Co. Ltd including the employment and supervision of staff and the provision of management, marketing and administrative services to the QCF. The funds from the Administration Fund will be used in coming periods to support the activities of QCF Management Co. Ltd. until the Fund has been exhausted.

Administration Fund

<u>Statement of Profit or Loss and Other Comprehensive Income</u>	2021	2020
	\$	\$
Interest income	274	1,000
Total Revenue	274	1,000
Amount transferred to QCF Management Co. Ltd	-	32,000
Total Expenses	-	32,000
Profit/(Loss)	274	(31,000)

<u>Statement of Financial Position</u>	Notes	2021	2020
		\$	\$
Asset			
Cash and cash equivalents		121,922	120,922
Receivables		274	1,000
Total Asset		122,196	121,922
Liabilities			
Payables		4,780	4,780
Total Liabilities		4,780	4,780
Net Asset		117,416	117,142
Equity			
Accumulated Surplus		117,416	117,142
Total Equity		117,416	117,142

Queensland Community Foundation

Notes to the Financial Statements

For the year ended 30 June 2021

21. Taxation

The Foundation is exempt from paying income tax due to it being a registered charity pursuant to Section 50(5) of the *Income Tax Assessment Act 1997*.

The Foundation is registered for Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised exclusive of the amount of GST. GST Credits receivable from, or GST payable to the Australian Taxation Office are separately recognised as receivable or payable in the statement of financial position.

22. First Year Application of New Accounting Standards or Changes in Accounting Policy

i. Changes in Accounting Policy

The Foundation did not voluntarily change any of its accounting policies during the 2020-21 financial year.

ii. Accounting Standards Early Adopted

The Foundation has early adopted AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. On adoption of AASB 1060, there have been minor changes in presentation and terminology.

No other new or amended Australian Accounting Standards or Interpretations have been early adopted for the 2020-21 financial year.

iii. Accounting Standards Applied for the First Time

No Australian Accounting Standards have been applied to the Foundation for the first time in the 2020-21 financial year.

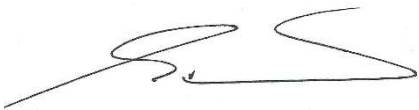
Queensland Community Foundation

Trustee's Declaration

For the year ended 30 June 2021

In the Trustee's opinion, it is certified that:

- a) the financial statements and notes set out on pages FS1 to FS16:
 - (i) comply with the Queensland Community Foundation Amended Trust Deed dated 21 December 2016; the *Australian Charities and Not-for-profits Commission Act 2012*; the *Australian Charities and Not-for Profits Commission Regulations 2013*; Australian Accounting Standards – Simplified Disclosures and other mandatory prescribed reporting requirements;
 - (ii) give a true and fair view of the Foundation's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.



Samay Zhouand
BA LLB
Public Trustee of Queensland
and CEO

Brisbane
30 September 2021



Adam Black
BCom FCPA CA
Acting Executive Director, Investment &
Finance Services & CFO

Brisbane
30 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Public Trustee of Queensland and the Board of Governors of the Queensland Community Foundation (the Foundation)

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Community Foundation.

In my opinion, the financial report:

- a) gives a true and fair view of the Foundation's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the Queensland Community Foundation trust deed dated 21 December 2016 (as amended), the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the trustee's declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Foundation in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The trustee is responsible for the other information. The information comprises the information included in the entity's trustee's report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Trustee for the financial report

The trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Queensland Community Foundation trust deed dated 21 December 2016 (as amended), the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards, and for such internal control as the trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The trustee is also 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 management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My 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 my 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Foundation.
- Conclude on the appropriateness of the Foundation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



John Welsh
as delegate of the Auditor-General

30 September 2021

Queensland Audit Office
Brisbane