



Australian
Rural Leadership
Foundation

Leading the Nation

ANNUAL REPORT

2013–2014



DEVELOPING LEADERSHIP EXCELLENCE TO BUILD A RESILIENT RURAL AUSTRALIA





VISION

A well led resilient rural Australia

GOAL

Rural Australia is economically, socially and environmentally healthy, viable and resilient

MISSION

Developing leadership excellence to build a resilient rural Australia

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Directory Australian Rural Leadership Foundation Limited
ABN 80 056 874 787

Patron	The Honourable Major General Michael Jeffery, AC, AO(Mil), CVO, MC (Retd)
Auditors	Moore Stephens Canberra Audit P/L
Accountants	Halletts Chartered Accountants
Bankers	Westpac, ACT
Solicitors	KJB Law, ACT
Registered Office	3/24 Napier Close Deakin ACT 2600 Telephone 02 6281 0680 Facsimile 02 6285 4676 Email info@rural-leaders.com.au Website www.rural-leaders.com.au

AUSTRALIAN RURAL LEADERSHIP FOUNDATION STAFF

Chief Executive

Dr Lesley Fitzpatrick

Manager: Leadership Evaluation & Development

Dr Jenny Andrew

Manager: Leadership Education Programs

Karim Haddad (left September 2013)
Graham Smith (from February 2014)

Business Manager & Company Secretary

Jane Healey

Manager: Short Programs/Manager: Leadership Programs

Zoë Routh (left February 2014)

Manager: Sponsor Relations & Projects

Philippa Woodhill

Sponsor Relations & Projects Officer

Andrea Hogg (left September 2013)

Communications Officer

Claire Delahunty

Program Co-ordinator

Bianca Jurd

Receptionist & Executive Assistant

Jan James

Course Administrator: Short Course & Network

Jillian Emerson (left December 2013)

Course Administrator: Education Programs

Isobel Ferrier (left February 2014)
Rebecca Bamford (from February 2014)

Bookkeeper

Jan James (July-December 2013)
Sukardi Sukardi (from January 2014)



CHAIR'S REPORT 2013-2014

WENDY CRAIK AM

The launch of the Foundation's History at the Graduation of Course 19 of the Australian Rural Leadership Program in September in 2013 seems already some distance away, as the Foundation gears itself up for the future.

Our CEO for the last seven years, Dr Lesley Fitzpatrick, left the organisation in June to take on new challenges. Lesley's strong and innovative leadership of the Foundation has resulted in an organisation with solid planning, budgeting, operating and monitoring processes in place. Lesley's time as head of this organisation has been punctuated by some wonderful achievements, including ensuring there is a sound pedagogical underpinning to the Foundation's programs, securing academic accreditation for the Australian Rural Leadership Program and further development of short programs, including those run by the Foundation and commissioned by clients for bespoke delivery.

The Board remains mindful of the need to secure greater funding stability for the Foundation's existing services, as well as potential developments for more, evolving offerings. Our flagship program, the Australian Rural Leadership Program, remains a strong platform, although we need to consider how and what else we should offer to ensure a sustainable funding base.

The appointment of our new CE in May, Matt Linnegar, is another sign of the Foundation's maturity and impact. Matt, the former CEO of the National Farmers Federation, is a graduate of the ARLP and it is with great delight we welcome him back to lead the Foundation.

Matt describes his decision to leave his NFF role of considerable profile and achievement in order to work with the Foundation, quite simply: "It is the role in which I can make the difference I want to make."

The Board has taken the opportunity provided by Matt's appointment to commission him to undertake a review of the organisation, its objectives, programs and processes so that the Foundation can focus confidently on the future. Matt is consulting widely to seek a range of stakeholder views to feed into our next strategic plan.

In planning for the future we will build on the significant achievements of our history and determine how we can position ourselves for the future so we can continue to spread the Foundation's message and secure both its financial goals and its leadership aspirations more broadly.

I have been honoured to serve as Chair of an organisation in which I take great pride. I am fortunate to have the support of a tremendous, diversely skilled Board. My thanks to Snow Barlow, Craig Burns, Ian Crook, Rob Hadler, Barb Madden, Lockie McDonald and Susi Tegan, whose term finished in November, for their continued support and professionalism. I must also thank Lesley Fitzpatrick, and the dedicated staff of the organisation whose contribution is enormous. I look forward to continuing to work with Matt and the Board and staff to ensure the Foundation has a prosperous future.

Dr Wendy Craik AM, Chair

Australian Rural Leadership
Foundation

CHIEF EXECUTIVE'S REPORT 2013–2014

This year has been one of focus and reflection, as it has been my last as Chief Executive of the Australian Rural Leadership Foundation. With my finish date coinciding neatly with the end of the 2013/2014 financial year, I was conscious of ensuring two things: securing sufficient sponsorship support for the Foundation's work over the next 12 months to provide a solid basis for the incoming chief executive, and leaving a focussed team, strong networks and scope for new opportunities and relationships.

The development of a new strategic plan was slated for mid-year. However, it seemed prudent to delay its development until a new chief executive could add their ideas and capabilities to the mix. Thus, the new Plan will be guided by incoming Chief Executive, Matthew Linnegar, who was officially announced as my replacement in May, 2014.

PARTNERSHIPS AND NETWORKING

In keeping with its current planning and review phase, the Foundation has been open to considering opportunities for future partnerships and collaboration and will be exploring opportunities with a number of like organisations regarding complementary initiatives in subsequent years.



Our relationships with investors and sponsors from a range of areas continues to develop and strengthen and we were pleased to welcome two new philanthropic donors, the William Buckland Foundation and the Thyne Reid Foundation. The value of philanthropic sector support is high as untied scholarships enable the Foundation to offer leadership development to leaders who do not fit the criteria of other scholarships or who work in areas not covered by our traditional supporters. The Fairfax scholarships fall into this category and I wish to particularly acknowledge the support of the Fairfax families and Fairfax Agricultural Media. The Vincent Fairfax Family Foundation and the Tim Fairfax Family Foundation both sponsored their last ARLP participant this year, having completed a lengthy period of support. Fairfax Agricultural Media continues to provide scholarships particularly supporting younger leaders who are members of the Future Farmers Network.

OUR PROGRAMS

Our flagship program, the ARLP, continues to benefit from the early work I undertook in my first two years at the Foundation. The leadership model, education model and curriculum continue to enable staff to hone the quality and effectiveness of this program. A major change slated for next year will be moving the overseas segment from India to Indonesia enabling us to benefit from the rich educational experience this will offer, build better relationships with this important neighbour and draw upon the knowledge and connections of the many fellows who have working relationships in Indonesian industries and communities.

Our tailored short programs have continued to go from strength to strength. Two client-specific programs ran this year—the Torres Strait Regional Authority (TSRA) Young Leaders Program and the Rice Growers' Australia Leadership Program. Reconnaissance and planning also commenced for the inaugural TSRA Women's Leadership Program; an exciting development in our

partnership with the communities of the Torres Strait. The Foundation's own tailored 'book ends' short programs—TRAIL (for emerging leaders) and TRAILblazers (for seasoned leaders) worked with exceptional cohorts of rural leaders this year. Our future challenge is to ensure that these programs run to capacity, not just to ensure their viability and their contribution to the bottom line, but also to amplify their effectiveness as a diverse participant group significantly enhances the learning environment and outcomes.

THE FOUNDATION TEAM

Karim Haddad (Manager Leadership Programs) departed the Foundation after six years of working primarily on the ARLP. Zoë Routh also resigned this year after making a significant contribution to the development of the Foundation's short programs over a five-year period. Karim and Zoë's contribution to the Foundation and to the capacity of rural leadership in Australia is recognised and very much appreciated. Both have gone on to work in their own businesses and the Foundation wishes them well with their endeavours.

We also said farewell to Isobel Ferrier (Course Administrator) and Jillian Emerson (Programs Administrator, Short Course and Network) and to Andrea Hogg, (Project Officer, Sponsor Relations) who completed a 12 month contract.

The Foundation welcomed three new staff members over the period of this report. In February 2014, Graham Smith commenced as Program Manager and Rebecca Bamford joined the team as Course Administrator. Both bring a wealth of experience to the team. Sukardi Sukardi also commenced in January as the Foundation's part time Bookkeeper.

BOARD CONTRIBUTION

The Board, ably led by Dr Wendy Craik, has brought its considerable collective experience to the task of guiding the strategic direction of the Foundation over the last 12 months and has continued to be a source of support to me in my role. The year saw us acknowledge the work of outgoing Board member and Fellow Susi Tegen, and the election of Ian Crook as our new Fellow member. All Board members have made strong contributions, bringing a wealth of experience and genuine passion for the Foundation's work.

To strengthen the skill mix available to it, the Board appointed Alex Ramsey as a special skills member of its Finance and Audit Committee in May 2014. Alex has a background in a variety of business advisory roles supporting strategic and operational management, governance, change management, financial and management accounting, and performance analysis.

In closing this report, I would like to mention one of the highlights of the year for me. I was honoured to be one of a small group of women invited by Reconciliation Australia to attend the Garma Festival in the Northern Territory in August. It was a very significant experience not only for increasing my own cultural awareness and for making new connections and networks, but also to see first-hand how important strong leaders are to communities and to the nation. It was a privilege to see one of our Fellows, Senator Nigel Scullion (Minister for Indigenous Affairs) at Garma, along with senior Indigenous elders, participating in the launch of the



Recognise campaign which is aimed at heightening awareness of the need for the recognition of Aboriginal peoples in Australia's Constitution.

Finally, I would like to thank the Board, staff, our generous sponsors, Fellows and friends for supporting and encouraging me in my time as Chief Executive of the Foundation. A very challenging and enriching experience has come to an end for me, and it is one I will always treasure. I know the Foundation will continue to make an invaluable mark in rural Australia.

Dr Lesley Fitzpatrick
Chief Executive
Australian Rural Leadership
Foundation

AUSTRALIAN RURAL LEADERSHIP FOUNDATION HIGHLIGHTS 2013–2014

LAUNCH OF THE FOUNDATION HISTORY

The Australian Rural Leadership Foundation history book—*Building Resilience Through Leadership*—was launched on 20 September at the Healesville Community Centre, just prior to the graduation of Course 19 of the Australian Rural Leadership Program.

The project, authored by the Foundation’s Manager of Leadership Evaluation and Development, Jennifer Andrew, was launched by Foundation Chair Dr Wendy Craik and Bruce Gowrie-Smith, a former director of Rural Industries Research and Development Corporation, the body that first conceptualised the Foundation. Copies of the history book are available from the Foundation office.

HONORARY FELLOWS

KARIM HADDAD

Karim Haddad’s five years as Manager of Leadership Education Programs with the Foundation was recognised with an Honorary Fellowship in September. Karim was farewelled from his role at the ARLP Course 19 graduation.



JOHN KERIN

In November, the Foundation awarded the Honourable John Kerin AM, an Honorary Fellowship for his contribution to rural Australia. John worked at the Australian Bureau of Agricultural and Resource Economics (ABARE, now ABARES) before being elected to parliament in 1972. He has held many senior positions in agriculture and research.



DR LESLEY FITZPATRICK

Lesley Fitzpatrick was honoured for her contribution as CE of the Foundation for the past seven years. Her Honorary Fellowship, awarded at her farewell event in Canberra in June, also recognises her broader contributions through years of work in the rural health sector.

JOHN ALLWRIGHT MEMORIAL ADDRESS

Bega Cheese Chairman Barry Irvin delivered the John Allwright Memorial Address to the audience gathered at the graduation of ARLP Course 19 in September in Healesville, Victoria. Bega Cheese invests in its own emerging leaders by supporting their participation in TRAIL each year.

AUSTRALIAN RURAL LEADERSHIP PROGRAM COURSE 19

The graduation of Course 19 took place in Healesville, Victoria, in September. Participants shared their appreciation for their own development through the Program.

“I am so glad that I completed this course ... leadership is about vision and creating a climate where the truth is heard, and this is what we learned.”

Satvinder Sandhu, Victoria.

COURSE 20

Course 20 participants are over half way through the ARLP, having experienced sessions in the Kimberley, Adelaide, Canberra and most recently the overseas component in India.

COURSE 21

Twenty-nine leaders working across diverse industries and sectors successfully completed a competitive national selection process to be selected for the ARLP. The cohort commenced the Program in the Kimberley in May.

SHORT PROGRAMS

TRAIL

The 2014 TRAIL program began in the rural setting of the Murrumbidgee valley near Tharwa on 28 March, and finished eight days later in Canberra. Eighteen young leaders—the largest TRAIL cohort yet—took part in the eight-day cross sector leadership program for emerging leaders.

TRAILBLAZERS

The fourth TRAILblazers cohort since its inception in 2010 gathered in Canberra and surrounds in October 2013. A group of seven seasoned leaders, representing the cotton, sugar, higher education, fisheries and pork industries took part in the dynamic eight-day program.

CLIENT SPECIFIC PROGRAMS

TORRES STRAIT YOUNG LEADERS PROGRAM

Two emerging young leaders from the Torres Strait Islands, Megan Matthew, and Serah Tom, from Boigu Island took part in the Torres Strait Young Leader's Program in December. The Torres Strait Regional Authority (TSRA) provides funding for young adults from the Torres Strait to attend a leadership program in Canberra each year.

2014 RICE INDUSTRY LEADERSHIP DEVELOPMENT PROGRAM

The first session of the 2014 Rice Industry Leadership Development Program took place in June, with new Foundation facilitator Graham Smith running a week-long program with 18 participants from the rice industry.

The program, developed in partnership with the Ricegrowers' Association of Australia, took place in the NSW Riverina. The group is set to reconvene in the coming financial year for a follow-up session.

LEAD NETWORK

LEAD DAY MARYSVILLE

Following the graduation of ARLP Course 19 in September, the Foundation hosted a leadership bus tour to Marysville, the Victorian town decimated by the Black Saturday fires of February 2009. ARLP Course 18 Fellow, Fern Hames organised the tour, which included local speakers providing insights into consultative leadership post-natural-disaster.

WOMEN IN AUSTRALIAN AGRICULTURE 100

Foundation Fellows featured prominently on the inaugural Women in Australian Agribusiness 100 list, released in March. The list of 100 included seven women singled out for their outstanding contribution in certain fields. Of these seven outstanding women, three were alumni of the Australian Rural Leadership Program, and one a current participant.

DAIRY ALUMNI GROUP

The newly formed Dairy Alumni Group (Australian Dairy Leadership Alumni) includes Foundation Fellows and brings together a range of alumni from other programs and organisations. The group aims to facilitate discussion and action on dairy industry challenges and opportunities.

AUSTRALIA DAY HONOURS

Former Foundation Board member, Deputy Chair and current sponsor, Tim Fairfax was awarded the Companion of the Order of Australia, while Honorary Fellow and past Foundation Chairman, David Crombie was made a Member of the Order of Australia.

EVENTS

The Foundation continued its regular involvement with the ABARES Outlook Conference in March. Staff took part as panel members at the 2014 Heywire Conference in March. Staff took part as panel members at the 2014 Heywire regional youth summit in February. The Foundation also attended the National Farmers' Federation Blueprint for Australian Agriculture forum in Canberra in December. The Foundation has made an official submission to the Agricultural Competitiveness Whitepaper.

REGULAR PUBLICATIONS

The Network-e reaches a network of over 800 subscribers fortnightly, since its launch via a new platform and new format in September 2013. The readership average to date is a strong 39.5 per cent of total members. The Rural Leader continues as the Foundation's only print publication; capturing the stories of Foundation alumni and the achievements of the Network.

NEW WEBSITE

The Foundation's new website was launched in September, bringing a much-needed update to the Foundation's digital presence. The customised site reflects current imagery and has seen a steady traffic increase and greater ease of access to information for visitors to the site.



OUR INVESTORS

The Australian Rural Leadership Foundation values the contribution of our sponsors, donors and other key supporters.

ORGANISATION NAME	SUMMARY OF INVESTMENT
Auscott Limited	ARLP Course 20, 21
Australian Centre for International Agricultural Research (ACIAR)	ARLP Course 20, 21
Australian Government Department of Agriculture	ARLP Course 19, 20, 21
Australian Government Department of Health	ARLP Course 20, 21
Australian Grape & Wine Authority	ARLP Course 21
Australian Lot Feeders' Association	ARLP Course 19, 20, 21
Australian Meat Processor Corporation	ARLP Course 19, 20, 21
Australian Pork Limited	ARLP Course 20 TRAILblazers 2013
Australian Wool Innovation	ARLP Course 19 TRAIL 2014
Bega Cheese	TRAIL 2014
Charles Sturt University	TRAIL 2014
Cooperative Bulk Handling Ltd	ARLP Course 19, 21
Cotton Australia	ARLP Course 19, 20, 21
Cotton Research & Development Corporation	ARLP Course 19, 20, 21 TRAIL 2014 TRAILblazers 2013
Dairy Australia Limited	ARLP Course 19, 20
Department of Environment & Primary Industries - VIC	ARLP Course 19, 20, 21
Elders Limited	ARLP Course 19
Fairfax Agricultural Media	ARLP Course 19, 20, 21
Fisheries Research and Development Corporation	ARLP Course 19, 20, 21 TRAILblazers 2013
Grains Research and Development Corporation	ARLP Course 19, 20, 21
James Cook University	ARLP Course 19, 20, 21
Landmark	TRAIL 2014

ORGANISATION NAME	SUMMARY OF INVESTMENT
Meat and Livestock Australia	ARLP Course 19, 20 TRAIL 2014
Mt Isa Centre for Rural & Remote Health (JCU)	ARLP Course 19, 21
Ricegrowers Association of Australia Inc	ARLP Course 21 Ricegrowers' Association Leadership Program 2014
Rural Australia Medical Undergraduate Scholarship Scheme (RAMUS)	TRAIL 2014
Rural Finance Corporation	ARLP Course 21
Rural Industries Research and Development Corporation	ARLP Course 19, 20, 21
Sidney Myer Fund & The Myer Foundation	ARLP Course 19
Sugar Research Australia	TRAILblazers 2013
Sydney Fish Markets	TRAILblazers 2013
Telstra	ARLP Course 19
Thyne Reid Foundation	ARLP Course 21
Tim Fairfax Family Foundation	ARLP Course 19, 20, 21
Torres Strait Regional Authority	ARLP Course 19, 20, 21 TRAIL 2014 Torres Strait Young Leaders' Program 2013
The Tradies	TRAIL 2014
Vincent Fairfax Family Foundation Ltd	ARLP Course 19, 20
Westpac Banking Corporation	ARLP Course 21 TRAIL 2014
William Buckland Foundation	ARLP Course 21
Woolworths Limited	ARLP Course 19, 20, 21

Auscott Limited



Bega Cheese



Australian Centre for International Agricultural Research (ACIAR)



Charles Sturt University



Australian Government Department of Agriculture



Cooperative Bulk Handling Ltd



Australian Government Department of Health

ARLP health leader scholarships received funding from the Australian Government Department of Health

Cotton Australia



Australian Grape & Wine Authority



Cotton Research & Development Corporation



Australian Lot Feeders Association



Dairy Australia Limited



Australian Meat Processor Corporation



Department of Environment & Primary Industries - VIC



Australian Pork Limited



Elders Limited



Australian Wool Innovation



Fairfax Agricultural Media



Fisheries Research and Development Corporation



Rural Industries Research and Development Corporation



Grains Research and Development Corporation



Sidney Myer Fund & The Myer Foundation



James Cook University



Sugar Research Australia



Landmark



Sydney Fish Markets



Meat and Livestock Australia



Thyne Reid Foundation



Mt Isa Centre for Rural & Remote Health (JCU)



Tim Fairfax Family Foundation



Ricegrowers Association of Australia Inc



Torres Strait Regional Authority



Rural Australia Medical Undergraduate Scholarship Scheme (RAMUS)



The Tradies



Rural Finance Corporation



Vincent Fairfax Family Foundation Ltd



Westpac Banking Corporation



Woolworths Limited



William Buckland Foundation



THE DIRECTORS



DR WENDY CRAIK AM

Dr Craik is a Commissioner with the Productivity Commission and has considerable expertise in natural resource management and environmental issues and public policy more generally.

She has held many senior positions including Chief Executive for the Murray-Darling Basin Commission (MDBC), President of the National Competition Council (NCC), Chair of the Australian Fisheries Management Authority (AFMA), Executive Director of National Farmers Federation (NFF) and Executive Officer of the Great Barrier Reef Marine Park Authority (GBRMPA). She has been a director on a number of boards. She is currently a Board member of Dairy Australia, Deputy Chancellor at the University of South Australia and Chair of the NSW Marine Estate Management Authority.

Wendy was awarded a Member of the Order of Australia in 2007 for service to the natural resource sector of the economy, particularly in the areas of fisheries, marine ecology and management of water reform, and for contributions to policies affecting rural and regional Australia.



PROFESSOR SNOW BARLOW

Snow Barlow played an integral role in the Australian Rural Leadership Foundation's establishment, and served as an inaugural Board member from 1992 until 1996. He returned as a Governor member again in 2010 and continues his valuable contribution to the Foundation. Snow is a Professor at the University of Melbourne and currently chairs the Victorian Endowment for Science, Knowledge and Innovation and the expert panel of the Department of Agriculture "Carbon Farming Futures" Program. Prior to this he has been a Chief Scientist within the Bureau of Rural Sciences and Head of the School of Agriculture and Food Systems.



MR CRAIG BURNS

Craig Burns is the Managing Director of the Rural Industries Research and Development Corporation. He joined the Foundation's Board as a Governor member in 2013. Craig has been working with Rural Industries RDC since 2010 and previously held senior positions in the Australian Government focusing on trade and development policies for primary industries.

From 1999-2002 Craig was Minister-Counsellor (Agriculture) at the Australian Delegation to the OECD and chaired the International Grains Council from 2001-2002. He was Vice Chair of the OECD Committee for Agriculture and Chair of the OECD Joint Working Party on Agriculture and Trade.

MR ROB HADLER

Rob Hadler joined the Foundation Board in 2013. He has an extensive background in agribusiness, public politics and the media. Rob worked as General Manager of Corporate Affairs for Coles, Goodman Fielder and AWB. He is also a Director of the Rural Finance Corporation and the Global Foundation. Previous appointments include Deputy Director of the National Farmers Federation and senior roles at National Australia Bank and ANZ.



MS BARB MADDEN

Barb Madden joined the Foundation Board in 2009, bringing experience in financial administration, community innovation and engagement and indigenous affairs. Barb is the Financial Controller for Smithfield Cattle Company, a large multi-faceted family business, operating within beef cattle feeding, backgrounding, beef exports, logistics and property development areas. Barb believes her lived experience in Rural Australia, provides a direct benefit to the ARLF and its strategic directions. Barb is a graduate of the Queensland University of Technology and holds a Bachelor of Business (Accounting). She was also named the 2009 Queensland Rural Woman of the Year.



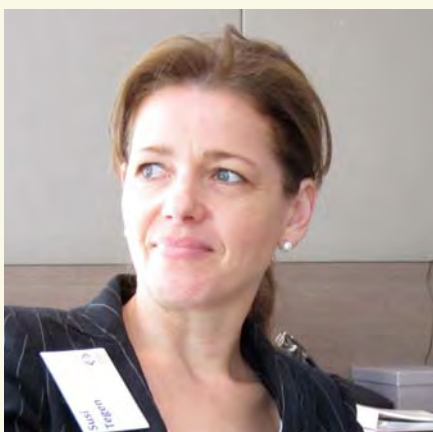
MR LOCKIE MCDONALD

ARLP Course 17 Fellow Lockie McDonald was elected to the Board in 2011. He has extensive experience across community, government and corporate sectors managing issues surrounding change. Originally trained as a registered nurse he founded what is now Australia's largest contemporary circus company, Rock N Roll Circus now Circa. He graduated from Curtin University with a BA majoring in Journalism and Creative Writing. He is the current Chair of Arts Practice, Community Arts and Cultural Development, Australia Council for the Arts, the Australian Government's arts funding and advisory body. Currently he works as the Principal for consulting group, Fullsky.



MR IAN CROOK

Ian Crook joined the Foundation Board in 2013, bringing experience in agriculture, research and marketing. Ian holds a Bachelor of Agricultural Science from Sydney University and a Masters in Agriculture from the University of Melbourne and is a Graduate Army Officer, Training Unit Scheyville. He has held a range of leadership roles in the crop protection industry in Australia and overseas and most recently spent ten years with agrochemical company Arista LifeScience as Australasian Regional Manager. Ian completed the Australian Rural Leadership Program with Course 6 in 2000. He is currently CEO of a Melbourne-based animal welfare organisation.



MS SUSI TEGEN

Ms Susi Tegen is a graduate of the Australian Rural Leadership Program (Course 9). In 2009, she was the South Australian Telstra Nokia Innovation Business Woman of the Year and South Australia's Rural Australian Woman of the Year. Susi's term on the Board ended in November 2013.

REPORT FROM THE FINANCE AND AUDIT COMMITTEE CHAIR

The Foundation reports a deficit for the year ended 30th June 2014 of \$ 21,081. This year once again, saw a downturn in short course activity, which along with lower interest rates had an impact on our income. The Foundation staff worked hard to reduce costs where possible, to ensure the final deficit result was manageable. The Finance and Audit Committee and the Board is comfortable the Foundation is aligning itself with its strategic objectives, is remaining within budgeted guidelines and is proactive in the management of financial and other risks. Our auditors returned an unqualified audit again this year.

I'd like to thank the members of the Finance and Audit Committee for their time and commitment and welcome Alex Ramsey to the Committee.

The Foundation remains well placed financially to deliver on its vision of developing leadership excellence to build resilient rural industries and communities.



Barb Madden

Director, Australian Rural Leadership Foundation
Chair, Finance and Audit Committee

AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED ABN 80 056 874 787

DIRECTORS' REPORT

The directors of the Australian Rural Leadership Foundation Limited present their report for the financial year ended 30 June 2014.

DIRECTORS

The directors of the Australian Rural Leadership Foundation during the 2013-2014 financial year, up to the date of this report, were:

Dr Wendy Craik
Professor Snow Barlow
Ms Barbara Madden
Ms Susi Tegen (term ended on 15 November 2013)
Mr Lachlan McDonald
Mr Craig Burns
Mr Robert Hadler
Mr Ian Crook (appointed on 15 November 2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise noted in the list above.

DIRECTORS' BENEFITS

During or since the financial year, no director of the Foundation has received, or become entitled to receive, a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the consolidated accounts) by reason of a contract made by the Foundation with the director, or with a firm of which a director is a member or with an entity in which a director has a substantial interest.

PRINCIPAL ACTIVITIES

The principal activity of the Foundation during the financial year 2013-2014 was the development and delivery of programs that support and develop leadership in, and for rural Australia including:

- the Australian Rural Leadership Program
- Training Rural Australians In Leadership (TRAIL) for emerging leaders
- TRAILblazers for experienced leaders working in complex contexts
- client-specific short courses for particular groups or industries
- the engagement and enhancement of the Australian Rural Leadership Foundation's leadership network of graduates and members.

SHORT-TERM and LONG-TERM OBJECTIVES

The Foundation's short-term objectives are: **To identify, develop and motivate leaders in, and for rural, regional and remote Australia by:**

- securing investment for the development of leadership in rural, regional and remote Australia
- recruiting, developing and graduating up to 30 leaders each year from the Australian Rural Leadership Program
- increasing the Foundation's range of rural leadership development opportunities by offering TRAILblazer for experienced rural leaders and TRAIL for emerging rural leaders

- responding to specific leadership development needs by providing client-specific leadership development programs for industries, issues or groups to develop leadership in particular sectors, groups or issues
- administering and developing the LEAD Network of graduates and members to facilitate interaction, collaboration and leadership engagement, and to provide support and development opportunities.

The Foundation’s long-term objective is that:

Rural, regional and remote Australia is economically, socially and environmentally healthy, viable and resilient.

STRATEGIES

To achieve its stated objectives, the Foundation has adopted the following strategies:

- To secure investment to advance the leadership capacity of rural Australia through sponsorship, donation and fee-for-service arrangements
- To develop a network of rural leaders who are:
 - skilled and effective in their roles
 - acting with integrity and upholding ethical standards
 - collaborative and supportive of each other
 - solutions focussed
 - committed to sustainable leadership practice
 - actively developing future leaders
 - influential in the national agenda
 - valued and respected
- To provide high quality leadership development products, including:
 - the Australian Rural Leadership Program
 - Training Rural Australians In Leadership (TRAIL) for emerging leaders
 - TRAILblazers for mature, seasoned leaders
 - Tailored programs for clients addressing specific issues or groups
- To support engagement in rural leadership and the professional development of leaders by
 - offering rural engagement and leadership development opportunities
 - maintaining and developing the Leadership Engagement and Development (LEAD) Network
 - involving the Foundation, its fellows and associates, in practical and policy-based initiatives that optimise, support and promote rural leadership.

NON-FINANCIAL PERFORMANCE MEASURES

The financial performance of the organisation is demonstrated through the financial statements which provide the measure used to assess the Foundation's goal of securing investment and allocating resources for the purpose of the development of rural leaders.

The Foundation measures its non-financial performance through the use of quantitative and qualitative methods with a predominance of qualitative methods due to the values-based and contextual nature of the leadership work undertaken.

The following data represent the second year of benchmarking used to assess whether the Foundation's short-term and long-term objectives are being met. Benchmarking for the ARLP is set based on the last five years and benchmarking for client-based and shorter Foundation programs is based on a financial break-even number within the resource capability of the Foundation. The prior years' (2012 and 2013) performance is provided for comparison.

Performance measure	2014 Actuals	Benchmark	2013 Actual	2012 Actual
Investment for the development of rural leaders	Refer to relevant Financial Statements			
Number of leaders recruited through the ARLP	33 (ARLP C21)	30.6	29 (ARLP C20)	30 (ARLP C19)
Number of leaders graduating from the ARLP	29 (ARLP C19)	29.4	29 (ARLP C18)	30 (ARLP C17)
Number of leaders graduating from TRAIL	18 (TRAIL Mar/Apr 2014)	8	21 (TRAIL 2012 & TRAIL April 2013)	10 (TRAIL 2012)
Number of leaders graduating from TRAILblazers	7 (TRAILblazers 2013)	8	0 (TRAILblazers 2012)	6 (TRAILblazers 2012)
Number of leaders completing client-specific programs	1 programs	2 programs	5 programs	2 programs
	2 (TSYL program)	10 completers per program	59 completers (BWD, Rice, TRSA, Wine, RIRDC)	10 completers (Telstra Foundation 2011; TSRA 2011)
Graduate Certificate	14 (ARLP C17)	N/A	29 (Pilot with ARLP C18)	N/A
Percentage of member interaction with the Foundation (as % of membership)	39.63%	33.33% (1/3 of membership)	35.25%	32.14%

INFORMATION ON DIRECTORS

SPECIAL SKILLS	SPECIAL SKILLS
Dr Wendy Craik <i>BSc (Hons) PhD (Zoology) Grad Dip Mgt</i> Appointed special skills director on 15 November 2010 and Chairperson on 1 January 2011; reappointed on 15 November 2013.	Mr Robert Hadler <i>BEC (Hons)</i> Appointed special skills director on 28 June 2013.
GOVERNOR MEMBERS	FELLOW MEMBERS
Prof Edward (Snow) Barlow <i>B.Rur.Sc (Hons) M.Rur.Sc PhD</i> Elected as director on 15 November 2010.	Ms Barbara Madden <i>BBus (Accounting) FARLF</i> Elected as director on the 19 November 2009; reappointed on 16 November 2012.
Mr Craig Burns <i>BA (Economic Geography) Grad Dip Ed MA (Economics)</i> Appointed as a Governor Member of the Board on 16 November 2012.	Mr Ian Crook Bachelor of Agricultural Science from Sydney University and a Masters in Agriculture from the University of Melbourne Appointed as a Fellow Member of the Board on 15 November 2013.
	Mr Lachlan McDonald <i>BA (Eng) RN FARLF</i> Elected as a director on 8 November 2011.
	Ms Susi Tegen <i>MBA BA Grad Dip Ed FARLF</i> Elected as director on 15 November 2010. Term ended as director on 15 November 2013.

During the year, the Foundation held four Board meetings and four Finance and Audit Committee meetings. Directors attended meetings as follows:

DIRECTOR	BOARD MEETINGS	FINANCE AND AUDIT COMMITTEE
Dr W Craik	4 (4)	-
Prof S Barlow	4 (4)	-
Ms B Madden*	3 (4)	4 (4)
Ms S Tegen*	2 (2)	1 (2)
Mr L McDonald	4 (4)	
Mr Craig Burns*	2 (4)	4 (4)
Mr Robert Hadler	4 (4)	
Mr Ian Crook	2 (2)	
Mr Alex Ramsey*		1 (1)

* Finance and Audit Committee members

OPERATING RESULT

The deficit for the financial year was \$21,081 (2013: \$102,181 deficit).

REVIEW OF OPERATIONS

For a detailed review of operations, members should refer to the Chief Executive's Report.

CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes during the reporting period in the state of the affairs of the Foundation, other than those disclosed in this report and the accounts.

SUBSEQUENT EVENTS

Directors are not aware of any matter or circumstance since the balance date that has significantly affected the state of the Foundation's affairs.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Foundation has paid premiums in respect of a contract insuring all the directors and officers of the Foundation against costs incurred in defending proceedings for conduct involving:

- a wilful breach of duty; or
- a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of the insurance contract premiums paid was \$5,025.07 excluding GST.

FUTURE DEVELOPMENTS AND RESULTS

The Foundation will continue to work to implement its mission by developing leadership programs that address the need for rural leadership in a rapidly changing global and national environment. The directors are confident that the operations of the Foundation will continue to meet the expectations of the members, the program participants and its investors and supporters.

COMPANY DETAILS

The Foundation is a public company limited by guarantee. If the Foundation is wound up, the constitution states that each member and each member who ceased to be a member in the preceding year is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Foundation. At 30 June 2014 the number of members was 637 (2013:603).

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required by the *Australian Charities and Not-for-profits Commission Act 2012* is set out immediately after this report.

Signed in accordance with a resolution of the Board of Directors.



Dr W Craik, Chair



Ms B Madden, Director

Darwin, Northern Territory, 19 September 2014

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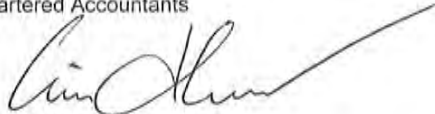
AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF THE AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

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

Moore Stephens
Chartered Accountants



Eric Hummer
Director

Dated at Canberra this 19th day of September 2014

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INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF THE AUSTRALIAN RURAL LEADERSHIP FOUNDATION LIMITED****Report on the Financial Report**

We have audited the accompanying financial report of Australian Rural Leadership Foundation Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Australian Rural Leadership Foundation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- a) the financial report of the Australian Rural Leadership Foundation Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the period ended on that date; and
 - ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the *Australian Charities and Not-for-profits Regulation 2013*.

Moore Stephens
Chartered Accountants



Eric Hummer
Director

Dated at Canberra this 22nd day of September 2014

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	<u>2014</u>	<u>2013</u>
		\$	\$
Revenue from ordinary activities	2	2,026,190	2,428,184
Course costs	3	(917,302)	(1,071,948)
Staffing costs		(834,653)	(981,080)
Core administrative costs		(228,448)	(342,723)
Occupancy costs	3	(61,943)	(63,789)
Capital Fund Raising Campaign		3,414	(61,447)
Depreciation and amortisation	3	(8,339)	(9,378)
Surplus (deficit) before income tax		<u>(21,081)</u>	<u>(102,181)</u>
Income tax expense		-	-
Surplus (deficit) for the year		<u>(21,081)</u>	<u>(102,181)</u>
Other comprehensive income		-	-
Surplus (deficit) attributable to members of the Foundation		<u>(21,081)</u>	<u>(102,181)</u>

These financial statements should be read in conjunction with the accompanying notes.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	<u>2014</u> \$	<u>2013</u> \$
CURRENT ASSETS			
Cash and cash equivalents	4	856,923	645,793
Receivables	5	286,259	85,399
Investments	6	1,856,972	2,092,772
Other current assets	7	46,227	75,960
TOTAL CURRENT ASSETS		<u>3,046,381</u>	<u>2,899,924</u>
NON CURRENT ASSETS			
Property, plant and equipment	8	26,899	29,739
TOTAL NON CURRENT ASSETS		<u>26,899</u>	<u>29,739</u>
TOTAL ASSETS		<u>3,073,280</u>	<u>2,929,663</u>
CURRENT LIABILITIES			
Payables	9	78,291	90,510
Provisions	10	92,108	83,931
Unearned revenue	11	1,536,165	1,410,950
Other	12	9,359	10,012
TOTAL CURRENT LIABILITIES		<u>1,715,923</u>	<u>1,595,403</u>
NON CURRENT LIABILITIES			
Provisions	10	11,702	29,078
Unearned revenue	11	206,450	144,896
TOTAL NON CURRENT LIABILITIES		<u>218,152</u>	<u>173,974</u>
TOTAL LIABILITIES		<u>1,934,075</u>	<u>1,769,377</u>
NET ASSETS		<u>1,139,205</u>	<u>1,160,286</u>
EQUITY			
Reserves		1,139,205	1,160,286
Retained surplus		-	-
TOTAL EQUITY		<u>1,139,205</u>	<u>1,160,286</u>

These financial statements should be read in conjunction with the accompanying notes.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	<u>2014</u> \$	<u>2013</u> \$
OPERATING ACTIVITIES			
Course fees received		1,879,846	2,258,457
Donations received:			
William Buckland Foundation		50,000	-
Thyne Reid Foundation		50,000	-
Tim Fairfax Family Foundation		-	50,000
Vincent Fairfax Family Foundation		-	100,000
Interest received		87,696	139,649
Other receipts		126,200	148,832
Payments for operations and conduct of courses		<u>(2,212,913)</u>	<u>(2,751,657)</u>
Net cash provided by operating activities	16(b)	<u>(19,171)</u>	<u>(54,719)</u>
INVESTING ACTIVITIES			
Purchases of furniture and equipment		(5,499)	(8,405)
Proceeds from maturity of term deposits & debentures		360,800	205,784
Purchases of term deposits		<u>(125,000)</u>	<u>(216,049)</u>
Net cash provided by investing activities		<u>230,301</u>	<u>(18,670)</u>
Net movement in cash and cash equivalents		211,130	(73,389)
Cash and cash equivalents at beginning of year		645,793	719,182
Cash and cash equivalents at end of year	16(a)	<u><u>856,923</u></u>	<u><u>645,793</u></u>

These financial statements should be read in conjunction with the accompanying notes.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Commitments Reserve ¹ \$	General Reserve ² \$	Development Funds Reserve ³ \$	Endowment Funds Reserve ⁴	Retained Surplus \$	Total \$
Balance at 1 July 2012	450,000	200,000	612,467	-	-	1,262,467
Comprehensive income						
Surplus for the year	-	-	-	-	(102,181)	(102,181)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(102,181)	(102,181)
Other transfers						
Transfers (to) from reserves	-	-	(124,313)	22,132	102,181	-
Total other transfers	-	-	(124,313)	22,132	102,181	-
Balance at 30 June 2013	450,000	200,000	488,154	22,132	-	1,160,286
Comprehensive income						
Surplus for the year	-	-	-	-	(21,081)	(21,081)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(21,081)	(21,081)
Other transfers						
Transfers (to) from reserves	-	-	(25,221)	4,140	21,081	-
Total other transfers	-	-	(25,221)	4,140	21,081	-
Balance at 30 June 2014	450,000	200,000	462,933	26,272	-	1,139,205

¹ The Commitments Reserve represents the estimated funds to complete courses in progress and other contractual obligations entered into by the Foundation.

² The General Reserve represents the estimated funds necessary to cover closure costs including staff entitlements should the Foundation need to cease operations.

³ The Development Funds Reserve represents the balance of members' funds available for discretionary activities of the Foundation.

³ The Endowment Funds Reserve represents donations received from fellows, board, staff and other donors to fund ARLF scholarships.

These financial statements should be read in conjunction with the accompanying notes.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

Australian Rural Leadership Foundation Limited ("the Company") applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report of the Company was authorised for issue on the date of signing of the attached Directors' Declaration by the directors.

Accounting Policies

(a) Income Tax

The Foundation is exempt from income tax under Section 50-B of the *Income Tax Assessment Act 1997*.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by the Foundation to ensure it is not in excess of the remaining service potential of these assets.

All classes of property, plant and equipment are depreciated using the straight line method.

Depreciation is charged at the following rates:

Furniture, Plant and Equipment	5 - 10 years
Computer hardware and software	3 - 4 years, and
Office Renovations	5 years

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Statement of Significant Accounting Policies (continued)

(c) Financial Instruments

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below. All financial instruments are classified as 'Held to Maturity' and are recognised at amortised cost.

Bonds and debentures

Bonds and debentures are carried at the lower of cost or net realisable value. Any discount or premium on acquisition is recognised as revenue or expense in the year of purchase of the investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, in deposits at call and investments in money market instruments convertible to cash within 45 days.

(e) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligations is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Statement of Significant Accounting Policies (continued)

(e) Employee Benefits (continued)

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.25% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employee's defined contributions entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

(f) Leases

Leases of fixed assets where substantially all of the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Foundation, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Course liabilities and assets, revenues and expenses

Unearned revenue - Courses

Prior to the commencement of a course, course scholarships are deferred and recognised as income received in advance when received. On commencement of a course, outstanding scholarships are recognised as course receivables and unearned revenue when invoiced. Course scholarships are generally invoiced on commencement of the course however in some instances scholarships are progressively invoiced in instalments over the term of the course.

Course fees are set at a level necessary to meet the direct course costs and to contribute to the core administrative costs associated with the course. Consequently, course revenue is progressively recognised in the statement of profit or loss and other comprehensive income as follows:

- (i) for course costs, revenue is recognised for direct course costs incurred in respect of sessions; and
- (ii) for the contribution to core administrative costs, progressively over the term of the course (including the selection period prior to the commencement of a course) in accordance with the stage of completion of each course.

Prepaid Course Costs

Direct course costs incurred prior to the commencement of a course are recognised as prepaid course costs (other current assets).

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Statement of Significant Accounting Policies (continued)

(g) Course liabilities and assets, revenues and expenses (continued)

Provision for Course Make-Up Costs

A provision is recognised by transfer from course unearned revenue (note 11) to provision for course make-ups (note 10) for the estimated direct course costs associated with a missed session where a participant is unable to attend a course session and is eligible to attend a future course session in order to complete the course curriculum.

(h) Reserves

The Commitments Reserve represents the estimated funds to complete courses in progress and other contractual obligations entered into by the Foundation.

The General Reserve represents the estimated funds necessary to cover closure costs including staff entitlements should the Foundation need to cease operations.

The Development Funds Reserve represents the balance of members' funds available for discretionary activities of the Foundation.

The Endowment Funds Reserve represents donations received from fellows, board, staff and other donors to fund ARLF scholarships.

(i) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in this financial report.

(j) Revenue

Course revenues and expenses are recognised in the statement of profit or loss and other comprehensive income progressively over the period of the course as detailed in note 1(g) above.

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

Reciprocal grants are recognised as revenue in the year received or receivable to the extent of expenditure during the year or the purpose of the grant. The balance of grants unspent at year end are recognised as a liability.

Network membership fees are recognised when billed which is generally in four instalments over the term of a course. Network events income and expenses are recognised as revenue and expense when the event is held.

All revenue is stated net of the amount of goods and services tax (GST).

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Statement of Significant Accounting Policies (continued)

(k) Impairment

At each reporting date, the Foundation reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. As a not-for-profit entity, value in use for the Foundation, according to AASB 136 Impairment of Assets, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. No impairment indicators were present at 30 June 2014.

(l) Provisions

Provisions are recognised when the Foundation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates and judgements assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Foundation.

Key estimate - Course stage of completion

The Foundation recognises course revenues based on the stage of completion of each course (refer note 1(g) above). The Foundation determines stage of completion consistently over the period of the course rather than on completion of course sessions, as this more accurately reflects the efforts required to plan and coordinate course activities.

Key judgement - Impairment

The Foundation assesses impairment at each reporting date by evaluating conditions specific to the Foundation that may lead to impairment of assets. Should an impairment indicator exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates. No impairment indicators were present at 30 June 2014.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Statement of Significant Accounting Policies (continued)

(o) New and amended accounting policies

Employee benefits

During the year, the Company adopted AASB 119: *Employee Benefits* (September 2011) and the relevant consequential amendments arising from the related Amending Standards, which are mandatorily applicable from 1 January 2013. (As a result, the Company early adopted AASB 2011-11: *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* because the Company's financial statements are prepared under Australian Accounting Standards - Reduced Disclosure Requirements).

The Company has applied AASB 119 (September 2011) with retrospective effect. Among other things, the main changes introduced by AASB 119 (September 2011) relate to defined benefit plans and termination benefits, which have no impact on the Company's financial statements as the Company has no defined benefit obligations or termination benefits at present. Additionally, AASB 119 (September 2011) has introduced revised definitions for "short-term employee benefits" and "other long-term employee benefits". These revisions cause a change in accounting policy for the annual leave provision amounts recognised in the financial statements as explained below.

Provision for employee benefits: annual leave

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. Previously, annual leave satisfied the definition of short-term employee benefits and therefore the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability was settled. However, under AASB 119 (September 2011), as the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, obligations for annual leave entitlements now meet the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees. Note, however, that these changes do not impact the classification of leave entitlements between current and non-current liability in the statements of financial position. No material adjustments to the carrying amounts of the Company's annual leave provision were required as a consequence of applying AASB 119.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 2: Revenue		
<i>Operating activities:</i>		
Course revenues	1,807,587	2,166,228
Network membership fees and events	121,203	130,629
Interest	92,351	119,880
Other	5,049	11,447
Total Revenue	<u>2,026,190</u>	<u>2,428,184</u>
Note 3: Surplus for the Year		
(a) Expenses		
Depreciation and amortisation of non-current assets:		
Furniture, plant and equipment	<u>8,339</u>	<u>9,378</u>
Total Depreciation and amortisation	<u>8,339</u>	<u>9,378</u>
Rental expense on operating leases:		
Minimum lease payments	61,943	63,789
(b) Course revenues		
<i>Australian Rural Leadership Program (ARLP):</i>		
Course 18	-	184,745
Course 19	211,912	776,155
Course 20	697,309	520,563
Course 21	583,340	-
<i>Short Courses</i>		
Winemakers Federation of Australia	-	82,147
TRAILBlazers	73,455	-
TRAIL	153,000	187,000
Torres Strait Young Leaders Program	32,499	38,759
Ricegrowers' Association	52,400	-
Other	<u>3,672</u>	<u>376,859</u>
Total course revenues	<u>1,807,587</u>	<u>2,166,228</u>

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 3: Surplus for the Year (continued)		
(c) Course costs		
<i>Australian Rural Leadership Program (ARLP):</i>		
Course 18	-	83,778
Course 19	78,354	392,115
Course 20	387,087	291,765
Course 21	293,777	-
<i>Short Courses</i>		
New Business	7,592	2,892
Winemakers Federation of Australia	-	42,382
TRAILBlazers	60,387	-
Torres Strait Young Leaders Program	22,854	28,759
TRAIL	43,359	73,210
Ricegrowers	23,892	8,372
Blackwood Corporation	-	93,678
AILC	-	2,300
RIRDC	-	52,697
Total course costs	<u>917,302</u>	<u>1,071,948</u>
Note 4: Cash and cash equivalents		
Cash on hand and at bank	416,923	231,938
Units in cash management trust	440,000	413,855
	<u>856,923</u>	<u>645,793</u>
Note 5: Receivables		
CURRENT		
<i>Australian Rural Leadership Program:</i>		
Scholarships for Course 20	29,150	-
Scholarships for Course 22	118,800	-
Network membership fees for Course 19	1,100	18,150
Network membership fees for Course 20	19,580	20,900
Network membership fees for Course 21	28,600	-
<i>Other Course Receivables:</i>		
Short Courses	53,873	15,900
Total Course Receivables	<u>251,103</u>	<u>54,950</u>
Other receivables	164	112
Interest Receivable	34,992	30,337
	<u>286,259</u>	<u>85,399</u>

Current receivables are receivable within 30 days. \$4,180 of receivables were overdue by 90 days or more under approved payment plans (2013: \$4,250). All receivables have been assessed for impairment and no allowance for impairment was considered necessary at 30 June 2014 (2013: Allowance for impairment was \$Nil).

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 6: Investments		
CURRENT		
Fixed term deposits	1,856,972	2,092,772
	<u>1,856,972</u>	<u>2,092,772</u>
Note 7: Other current assets		
Prepaid ARLP and short course costs	20,983	47,671
Prepaid insurance	20,632	20,626
Prepaid other expenses	4,612	7,663
	<u>46,227</u>	<u>75,960</u>
Note 8: Property, plant and equipment		
Furniture, plant and equipment – at cost	107,918	117,013
Accumulated depreciation	(81,019)	(87,274)
	<u>26,899</u>	<u>29,739</u>
Total Property, Plant and Equipment	<u>26,899</u>	<u>29,739</u>
(a) Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current and previous financial years	Furniture, plant and equipment 2014 \$	Furniture, plant and equipment 2013 \$
Opening Balance	29,739	30,712
Additions	5,499	8,405
Depreciation and amortisation expense	(8,339)	(9,378)
Closing Balance	<u>26,899</u>	<u>29,739</u>
Note 9: Payables		
CURRENT		
<i>Unsecured liabilities:</i>		
Creditors and accrued expenses	47,495	82,948
GST payable	30,796	7,562
	<u>78,291</u>	<u>90,510</u>

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 10: Provisions		
CURRENT		
Provision for employee benefits: annual leave	48,678	56,905
Provision for employee benefits: long service leave	4,105	-
Course make-up costs	39,325	27,026
Total Current Provisions	<u>92,108</u>	<u>83,931</u>
NON-CURRENT		
Provision for employee benefits: long service leave	11,702	29,078
Total Non-Current Provisions	<u>11,702</u>	<u>29,078</u>
(a) Movement in Provisions		
<i>Provision for Course Make-Up Costs</i>		
Opening Balance	27,026	7,669
plus: Amounts transferred from courses for missed sessions	38,692	61,026
less: Amounts credited to sponsors for lapsed participants	-	(34,000)
less: Amounts transferred to courses for make-up sessions	(26,393)	(7,669)
Closing balance	<u>39,325</u>	<u>27,026</u>

(b) Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave vesting is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(e).

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 11: Unearned revenue		
CURRENT		
Courses:		
<i>Australian Rural Leadership Program:</i>		
Course 19	-	199,819
Course 20	205,737	676,041
Course 21	860,210	450,000
Course 22	213,000	-
<i>Short Courses:</i>		
Trail	56,278	13,108
TSRA Women's Leadership Program	121,575	-
TRAILblazers	38,500	70,455
Ricegrowers	40,865	-
Other	-	1,527
	<u>1,536,165</u>	<u>1,410,950</u>
NON CURRENT		
<i>Australian Rural Leadership Program:</i>		
Course 20	-	144,896
Course 21	206,450	-
	<u>206,450</u>	<u>144,896</u>
Total Unearned revenue	<u>1,742,615</u>	<u>1,555,846</u>
(a) Aggregate course liabilities		
Australian Rural Leadership Program, Course 18		
Scholarships	-	1,500,000
Add: Amounts transferred to course for make-up sessions	-	2,174
Less: Session Costs	-	(753,128)
Less: Contribution to core costs	-	(759,396)
Add: JCU reimbursement	-	10,350
	<u>-</u>	<u>-</u>
Australian Rural Leadership Program, Course 19		
Scholarships	1,500,000	1,500,000
Add: Amounts transferred to course for make-up sessions	25,395	7,669
Less: Session Costs	(744,582)	(666,228)
Less: Session Missed	(66,660)	(61,027)
Less: Contribution to core costs	(714,153)	(580,595)
	<u>-</u>	<u>199,819</u>
Australian Rural Leadership Program, Course 20		
Scholarships	1,598,000	1,491,500
Add: Amounts transferred to course for make-up sessions	8,667	-
Less: Transfer to Course 21	(150,000)	(150,000)
Less: Session Costs	(678,853)	(291,765)
Less: Session Missed	(33,058)	-
Less: Contribution to core costs	(539,019)	(228,798)
	<u>205,737</u>	<u>820,937</u>

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 11: Unearned revenue (continued)		
(a) Aggregate course liabilities (continued)		
<i>Australian Rural Leadership Program, Course 21</i>		
Scholarships	1,600,000	300,000
Add: Transfer from Course 20	150,000	150,000
Less: Transfer to Course 22 and TRAIL	(100,000)	-
Less: Session Costs	(293,777)	-
Less: Contribution to core costs	(289,563)	-
	<u>1,066,660</u>	<u>450,000</u>
<i>Australian Rural Leadership Program, Course 22</i>		
Scholarships	163,000	-
Add: Transfer from Course 21	50,000	-
	<u>213,000</u>	<u>-</u>
Note 12: Other Current Liabilities		
Scholarship Donation Fund	(i) -	-
Program Participant's Welfare Fund	(ii) 9,359	10,012
	<u>9,359</u>	<u>10,012</u>

(i) The Scholarship Donation Fund represents funds donated by various individuals to support a participant on the ARLP. At Board Meeting No 80 in June 2013, the Board agreed to transfer the donations received from fellows to fund an ARLP scholarship from the Scholarship Donation Fund to the Endowment Fund Reserve. Therefore, the Fellows donations of \$17,972 were transferred to the Endowment Fund Reserve at 30 June 2013. Future donations of this type will be deposited directly into the Endowment Fund Reserve.

(ii) The Participant's Welfare Fund has been established to provide financial assistance to those participants of the Foundation's programs who have difficulty in meeting some of the financial costs of the program.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 13: Commitments

The Foundation is committed to the following expenditure in respect of a contractual commitments receivable or payable.

	<u>2014</u> \$ Receivable	<u>2014</u> \$ Payable	<u>2014</u> \$ Net Receivable / (Pavable)
Within one year:			
ARLP	262,870	(86,048)	176,822
Short courses	341,895	(59,478)	282,417
Other	-	(67,563)	(67,563)
	<u>604,765</u>	<u>(213,089)</u>	<u>391,676</u>
Within 1-5 years:			
Short courses	-	-	-
Other	-	(90,770)	(90,770)
	<u>-</u>	<u>(90,770)</u>	<u>(90,770)</u>
Total for 2014	<u><u>604,765</u></u>	<u><u>(303,859)</u></u>	<u><u>300,906</u></u>
	<u>2013</u> \$ Receivable	<u>2013</u> \$ Payable	<u>2013</u> \$ Net Receivable / (Pavable)
Within one year:			
ARLP	144,120	-	144,120
Short courses	225,000	(53,088)	171,912
Other	-	(72,495)	(72,495)
	<u>369,120</u>	<u>(125,583)</u>	<u>243,537</u>
Within 1-5 years:			
ARLP	33,000	-	33,000
Capital Fundraising Campaign	-	(2,020)	(2,020)
	<u>33,000</u>	<u>(2,020)</u>	<u>30,980</u>
Total for 2013	<u><u>402,120</u></u>	<u><u>(127,603)</u></u>	<u><u>274,517</u></u>

Note 14: Company details

The Foundation is a public company limited by guarantee. If the Foundation is wound up, the constitution states that each member and each member who ceased to be a member in the preceding year is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Foundation. At 30 June 2014 the number of members was 637 (2013: 603).

The registered office and principal place of business of the company is: 1st Floor, Forest Industries House, 24 Napier Close, Deakin ACT 2600.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 15: Related Party Disclosures

(a) Details of Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

(i) Directors of Australian Rural Leadership Foundation Limited

Dr W Craik (Chairperson)	Prof S Barlow
Mr L McDonald	Ms S Tegen
Ms B Madden	Mr C Burns
Mr R Hadler	Mr I Crook

(ii) Executives

Dr L Fitzpatrick (CE)	Ms Z Routh
Ms P Woodhill	Mr K Haddad
Ms J Healey	Dr J Andrew
Mr G Smith	

(b) Compensation of Key Management Personnel

	Short-term benefits \$	Post employment benefits \$	Other long- term benefits \$	Total \$
2014				
Total compensation	506,140	66,167	-	572,307
2013				
Total compensation	545,471	71,980	-	617,451

(c) Transactions with Director related entities

Name of entity	Current year transactions and balances (including GST)
Charles Sturt University (CSU) ¹	TRAIL revenue (\$9,350)
Dairy Australia Limited ²	Scholarships revenue - Course 19 (\$55,000) Scholarships revenue - Course 20 (\$55,000)
Rural Industries Research & Development Corporation ³	Scholarships revenue - Course 19 (\$55,000) Scholarships revenue - Course 20 (\$55,000) Scholarships revenue - Course 21 (\$55,000)

¹ Related entity of Mr L McDonald

² Related entity of Dr W Craik

³ Related entity of Mr C Burns

Funding for course scholarships is provided by various entities (including related entities) and may carry conditions as to how they are to be applied. Conditions include an entity providing the funds may include as a condition that the funds be provided as a scholarship to an applicant from a particular industry, or an applicant employed by the entity providing the funds. Funding received from director related entities is subject to the same commercial arrangements as other non-director related entities.

Australian Rural Leadership Foundation Limited ABN 80 056 874 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Note 16: Cash flow information		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is represented by the following items:		
Cash and cash equivalents per Statement of Financial Position	856,923	645,793
Cash and cash equivalents per Statement of Cash Flows	<u>856,923</u>	<u>645,793</u>
Difference	<u>-</u>	<u>-</u>
(b) Reconciliation of net cash relating to operating activities to net surplus		
Surplus (deficit) for the year	(21,081)	(102,181)
Non-cash flows in operating surplus:		
Depreciation and amortisation	8,339	9,378
Changes in assets and liabilities:		
Receivables	(200,860)	258,950
Other current assets	29,733	19,725
Payables	(12,222)	(46,320)
Unearned revenue	186,769	(208,069)
Provisions	(9,196)	31,770
Other liabilities	<u>(653)</u>	<u>(17,972)</u>
Net cash received from operating activities	<u>(19,171)</u>	<u>(54,719)</u>

Note 17: Subsequent Events

The Directors are not aware of any matter or circumstance that has arisen since the balance date that has significantly affected the state of affairs of the Foundation.

Note 18: Financial Risk Management

The Foundation's principal financial instruments comprise cash at bank, receivables, investments and accounts payable. These financial instruments arise from the operations of the Foundation.

The carrying amount for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	645,793	645,793
Fixed term deposits	1,856,972	2,092,772
Receivables	<u>286,259</u>	<u>85,399</u>
Total Financial Assets	<u>2,789,024</u>	<u>2,823,964</u>

Financial Liabilities

Financial liabilities at amortised cost		
Payables	<u>78,291</u>	<u>90,510</u>
Total Financial Liabilities	<u>78,291</u>	<u>90,510</u>

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Australian Rural Leadership Foundation Limited (the Foundation), we declare that:

- 1 the financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the Foundation's financial position as at 30 June 2014 and of the performance for the year ended on that date.
- 2 there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr W Craik
Director



Ms B Madden
Director

Date: 19 September 2014



DEVELOPING LEADERSHIP EXCELLENCE TO BUILD A RESILIENT RURAL AUSTRALIA



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