



Profit and Loss Statement

The MLC Foundation is a not-for-profit, charitable institution incorporated under the Associations Incorporation Act 2015 – Western Australia. The financial reporting period for the Foundation is from 1 January to 31 December 2020. The table below reflects the financial performance during that period and compares to the prior year.

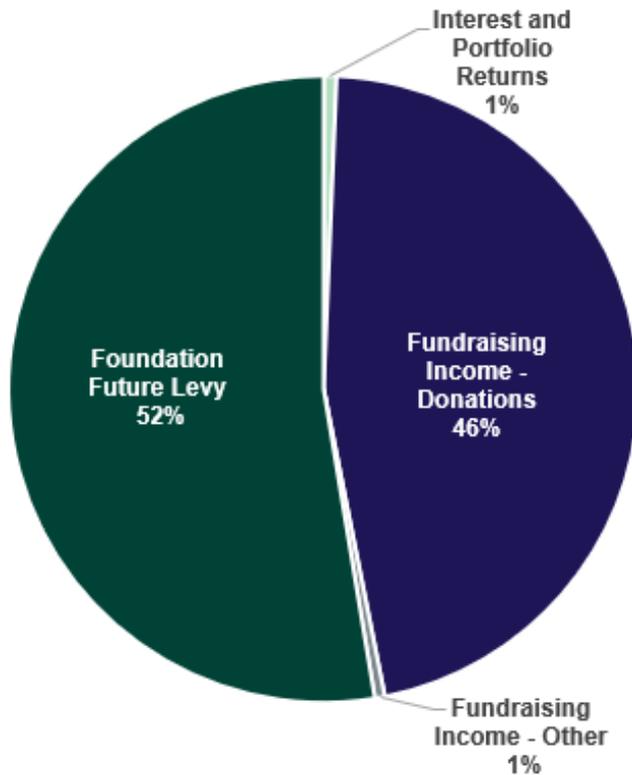
	2020	2019
DISTRIBUTION TO MLC AND SUPPORT GROUPS	\$243,280	\$1,147,590
INCOME		
DONATIONS	\$355,950	\$588,671
FUNDRAISING INCOME	\$11,717	\$40,012
INTEREST INCOME	\$5,073	\$57,065
FOUNDATION FUTURE LEVY	\$405,000	\$351,925
TOTAL INCOME	\$777,740	\$1,037,673
EXPENSES		
FUNDRAISING EXPENSES	\$21,468	\$48,337
PHILANTHROPY DEVELOPMENT	\$229,481	\$256,416
AUDIT FEES, BANK AND MISCELLANEOUS CHARGES	\$19,721	\$17,031
TOTAL EXPENSES	\$270,670	\$321,784
Surplus prior to distribution to MLC	\$507,070	\$715,889
Surplus / (Deficit) after distribution to MLC and support groups	\$263,790	(\$431,701)
Portfolio Returns - Unrealised Gains	\$28,022	\$169,971
Surplus / (Deficit) for the year	\$291,812	(\$261,730)
NET ASSETS		
General Fund	(\$936)	(\$33,192)
Endowment Fund	\$1,645,123	\$1,457,580
Building Fund	\$247,543	\$132,348
SASRT Scholarship Investment Fund	\$534,767	\$543,086
Scholarship Fund	\$1,029,339	\$1,064,199
TOTAL NET ASSETS (THE CORPUS)	\$3,455,836	\$3,164,021

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Income

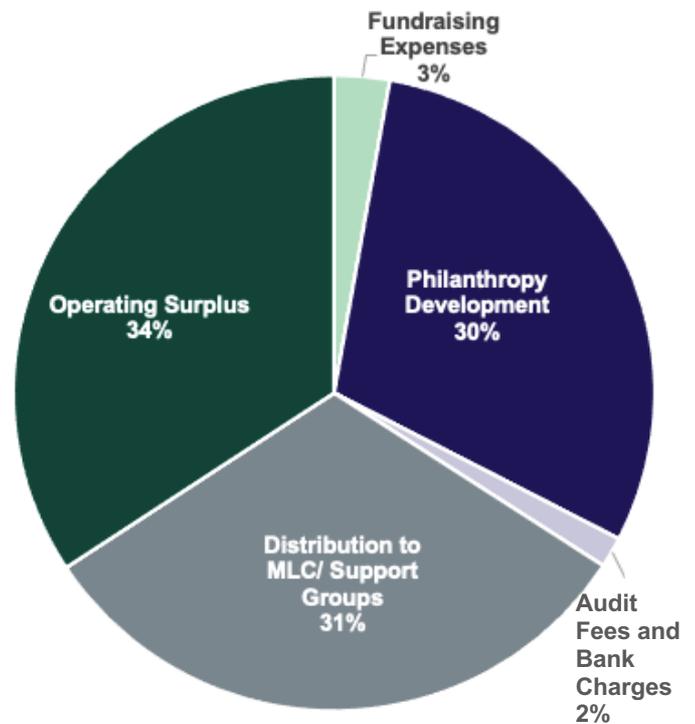
The following charts represent the sources and allocation of income for the Foundation in 2020.

SOURCES OF INCOME 2020



- **The Foundation Future Levy:** the levy was increased by \$50 to \$400 per student in 2020.
- **Donations:** includes Yalari scholarship, Circle of Success fundraising campaigns and a major donation for the MLC/ Christ Church Grammar School Aquatic Precinct.
- **Fundraising Income:** fundraising monies received from the annual Raffle, held once in 2020 to win a contribution to one third of the annual tuition fee.
- **Interest Income:** interest received on cash deposits.

ALLOCATION OF INCOME 2020



- **Operating surplus:** these funds are available to support the College in funding significant future capital projects and to support the long-term viability of the College.
- **Distribution to MLC (and support groups):** the Foundation provides funds to the College to deliver supported projects such as the Circle of Success, as well as to provide financial support to students in the form of scholarships.
- **Philanthropy Development:** includes staffing costs and administration support costs.
- **Fundraising Expenses:** includes costs associated with the Circle of Success and Raffle fundraising campaigns, activities and events.

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By growing the Foundation's Corpus, the aim is for the Foundation to provide funds to support significant College campus building projects and scholarship activities, which will enhance the College's financial sustainability. The corpus will predominately be built with donations of untied funds, bequests, the Foundation Future Levy and distributions from investments.

Fundraising

The College facilities and the exceptional experiences available to MLC students today were achieved through the generosity and foresight of past and present community members. MLC tuition fees only pay for educational and operational costs, so the necessity exists for additional income to support longer term capital projects and provide a more equitable education.

The main sources of revenue for the Foundation are:

- Donations;
- Fundraising generated from events and initiatives;
- Distribution from investments; and
- The Foundation Future Levy.

	2020 ACTUAL	2019 ACTUAL
TOTAL INCOME	\$777,740	\$1,037,673
FUNDRAISING INCOME	\$367,667	\$628,683
DONORS	355^	877~
CORPUS	\$3,455,836	\$3,164,021
DONATION TO MLC	\$233,280	\$1,147,590
AVERAGE AMOUNT RAISED PER STUDENT	\$360*	\$583

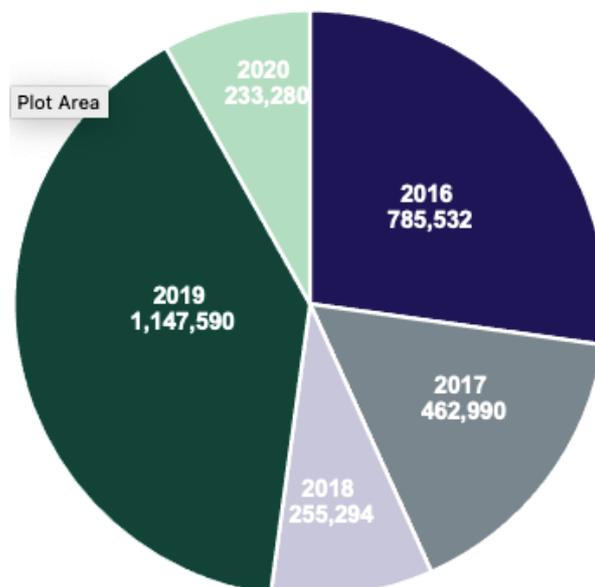
~ Donors includes participants in the Circle of Success, House Splash or Dash, Aquatic Precinct Campaign, Annual Giving, Scholarships, Foundation Raffle and general donations.

* Fundraising income divided by the student population of 1,021 at the conclusion of 2020.

^The fundraising plan for 2020 was significantly modified due to the global pandemic and the impact on the MLC community, with the Circle of Success and one raffle (of three) being the only fundraising initiatives delivered.

Donations to MLC 2016-2020 = \$2,884,686

The 2020 distribution to the College was \$233,280 and included the Circle of Success, Yalari Scholarships, Fiona Staniforth Award, Matushka Philippa Award and the 4% contribution of opening net assets of the Endowment Fund.



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Investment

Growth in the Foundation's funds is achieved as a result of voluntary donations (including Annual Giving, Bequests and Sponsorships), the Foundation Future Levy and growth through returns generated from the strategic investment of surplus funds in accordance with its Investment Policy Statement. This ensures the long-term sustainability of the Foundation for the benefit of the College.

Investment Goal and Objectives

The overall investment objective of the Foundation is to generate net growth of the total Foundation portfolio over the long-term. It is guided by the following key principles:

- There is a primary preference to achieve reasonable real growth of the Funds;
- The Foundation values capital preservation and places a strong emphasis on mitigating downside investment volatility;
- Assets should be allocated and managed in a way that provides sensible diversification across asset classes and by investment process;
- Net investment outcome is a priority; and
- The investment process should emphasise the absolute return or "cash plus"/"inflation plus" outcomes.

Investment Performance

Actual returns are compared to a target return of CPI+ 4% from August 2020 with Morgan Stanley and CPI + 5% with NWQ to July 2020.

	Full year return	Target return
2020	0.02%	5.48%*
2019	7.54%	6.81%
2018	-3.89%	6.30%
2017	12.27%	6.90%
2016	-7.46%	6.50%

Notes:

**The actual return from NWQ to July 2020 was -4.02% (annual target of 5.9%), with Morgan Stanley achieving a return of 5.09% (annual target of 4.9%) from August to December 2020.*

The Foundation transitioned investment consultants in 2020, with funds redeemed from NWQ in June (a year-to-date return of 6.03%) and made available for investment with Morgan Stanley from August 2020. In the transition, the Foundation created a new Investment Policy Statement (IPS) which was ratified by the Board in June 2020.

Following the significant, COVID-led decline in equity values during the first quarter of 2020, highlighted by a c.35% decline in the S&P/ASX300 Index in the month prior to 23 March 2020, markets recovered strongly over the following six months in spite of a global recession and historically high levels of volatility. As a result, in order to optimise entry back into the market, Morgan Stanley initially took a cautious approach to reinvesting the Foundation's funds, leading to a period of non-compliance with the asset allocation ranges, largely as a result of being overweight in cash.

The new IPS benchmark for annual returns is 4%+CPI (2020 = 0.9%), while achieving 30% less volatility than the S&P/ASX300 Accumulation Index and no more than one year of negative returns in every five years. During the c.5 months, the Foundation's funds were invested with Morgan Stanley, the portfolio achieved a positive return of 5.09%, with annualised volatility of 5.69% (vs. 15.41% for the S&P/ASX300 Accumulation Index over the same period). By the end of 2020, the Foundation's funds were fully invested, with asset allocations within the ranges specified in the IPS.