

Property Industry Foundation

Annual report - 31 October 2007

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Property Industry Foundation is a charity domiciled in Australia. Its principal place of business is:

Property Industry Foundation
Suite 3 Level 2 Grafton Bond Building
201 Kent Street Sydney NSW 2000

Your trustee directors present their report on the Property Industry Foundation ("Foundation") for the year ended 31 October 2007.

Directors of the Trustee

The following persons were directors of the trustee of Property Industry Foundation at the date of this report:

G Munro
G Rothwell
K A Grayson
C Kirk
B Crotty
T Johansen
K R Griffin

B Crotty was appointed as a director on 11 April 2007.

K R Griffin and T Johansen were appointed as directors on 1 November 2007.

G Paramor and R G Campbell were directors from the beginning of the financial year until their resignations on 28 August 2007.

Principal activities

The principal activity of Property Industry Foundation is a registered charity providing funding and support to organisations providing services to youth at risk.

Significant changes in the state of affairs

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

Review of operations

The Foundation's surplus for the year ended 31 October 2007 was \$641,977. (2006: deficit of \$45,915)

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 October 2007 that has significantly affected, or may significantly affect:

- (a) the Foundation's operations in future financial years,
- (b) the results of those operations in future financial years, or
- (c) the Foundation's state of affairs in future financial years.

Likely developments and expected results of operations

There are no likely developments and the results of operations are expected to be consistent with previous years.

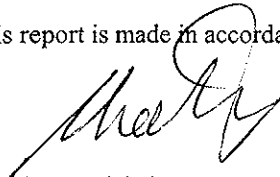
Environmental regulation

The Foundation is not subject to any significant environmental regulation.

Insurance of officers

The Foundation did not pay a premium to insure the directors of the trustee of the Foundation during the year.

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



Brendan Patrick Crotty
Chairman
Sydney
3 March, 2008

Property Industry Foundation
Income Statement
As at 31 October 2007

	Notes	2007 \$	2006 \$
Revenue	2	2,047,701	1,796,662
Other income	2	9,463	18,032
Less Expenses:			
Yachting regatta		(181,651)	(171,397)
Annual ball		(149,152)	(152,756)
PA exclusive campaign		(23,764)	(16,791)
Government House cocktail party		(14,312)	(15,958)
National Hard Hat Day		(15,856)	(16,191)
Car Rally		(4,840)	(20,672)
Employee benefits expense		(420,119)	(344,503)
Depreciation	3	(11,916)	(4,490)
Project management expense		-	(58,388)
Computer and internet expense		(18,285)	(15,244)
Office supplies expense		(39,348)	(20,883)
Marketing expenses		(54,041)	(31,739)
Other expenses		(191,587)	(92,058)
Surplus before related income tax expense	3	932,293	853,624
Income tax expense	1(b)	-	-
Surplus after related income tax expense		932,293	853,624
Distributions to eligible charities		(290,316)	(899,539)
Net surplus/(deficit)		641,977	(45,915)

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

Property Industry Foundation
Balance Sheet
As at 31 October 2007

	Notes	2007 \$	2006 \$
Current assets			
Cash assets	4	936,212	875,958
Receivables	5	60,110	48,423
Other	6	7,842	7,665
Total current assets		<u>1,004,164</u>	<u>932,046</u>
Non-current assets			
Other financial assets	7	1,626,411	1,110,813
Property, plant and equipment	8	82,406	8,465
Total non-current assets		<u>1,708,817</u>	<u>1,119,278</u>
Total assets		<u>2,712,981</u>	<u>2,051,324</u>
Current liabilities			
Payables	9	99,439	39,434
Provisions	10	34,478	17,329
Total current liabilities		<u>133,917</u>	<u>56,763</u>
Non current liabilities			
Provisions	11	33,823	-
Total liabilities		<u>167,740</u>	<u>56,763</u>
Net assets		<u>2,545,241</u>	<u>1,994,561</u>
Equity			
Units issued	12	100	100
Reserves	13	(81,834)	9,463
Retained surpluses	14	2,626,975	1,984,998
Total equity		<u>2,545,241</u>	<u>1,994,561</u>

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

Property Industry Foundation
Statement of changes in equity
For the year ended 31 October 2007

	Note	2007 \$	2006 \$
Total equity at the beginning of the financial year		1,994,561	2,049,045
Net surplus/ (deficit) for this year	14	641,977	(45,915)
Changes in the fair value of available-for-sale financial assets	13	(91,297)	(8,569)
Total recognised income and expense for the year		550,680	(58,484)
Total equity at the end of the financial year		2,545,241	1,994,561

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

Property Industry Foundation
Cash flow statement
For the year ended 31 October 2007

	Notes	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from donations and fundraising activities		1,901,780	1,650,466
Payments for fundraising activities		<u>(389,575)</u>	<u>(393,765)</u>
		1,521,205	1,256,701
Interest received		76,836	69,764
Payments to other suppliers and employees		(612,570)	(563,668)
Distributions to eligible charities		(290,316)	(899,539)
Managed fund distribution		57,388	35,608
Net cash inflow/(outflow) from operating activities	20	<u>743,543</u>	<u>(101,134)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(85,857)	(3,234)
Payments for available-for-sale financial assets		<u>(597,432)</u>	<u>(535,874)</u>
Net cash outflow from investing activities		<u>(683,289)</u>	<u>(539,108)</u>
Cash flows from financing activities			
Net cash inflow/(outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase /(decrease) in cash held		60,254	(640,242)
Cash at the beginning of the year		875,958	1,516,200
Cash at the end of the year	4	<u>936,212</u>	<u>875,958</u>

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

Note 1. Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements of Property Industry Foundation comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Foundation's accounting policies. However, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(b) Income tax

The Foundation is exempt from the payment of income tax under section 50-5 of the *Income Tax Assessment Act 1997*.

(c) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Functions

Revenue from functions is recognised when confirmations of attendance are received and invoices raised.

(ii) Donations

Amounts disclosed as donation revenues are recognised on a cash received basis.

(iii) Interest and investment income

Interest and investment income are recognised on an accrual basis.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Foundation as lessee are classified as operating leases (note 18). Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. (Net of any incentive received from the lessor).

Note 1. Summary of significant accounting policies

(e) Receivables

All trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(f) Investments and other financial assets

The Foundation classifies its investment portfolio as available for sale financial assets. Management determines the classification of its investments at the time of initial recognition.

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in another category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

Fair value

The fair values of quoted investments are based on current bid prices.

Impairment

The Foundation assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss - is removed from equity and recognised in the income statement.

Note 1. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Office equipment	3 years
Furniture and fittings	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(h) Payables

These amounts 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 of recognition.

(i) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been readily estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The increase in the provision due to the passage of time is recognised as interest expense.

(j) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(k) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes deposits at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1. Summary of significant accounting policies (continued)

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 October 2007 reporting periods. The Foundation's assessment of the impact of these new standards and interpretations is set out below:

AASB 7 Financial Instruments: Disclosures and *AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 7, AASB 1023 & AASB1038]*. AASB 7 and AASB 2005-10 are applicable to annual reporting beginning on or after 1 January 2007. The Foundation has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements.

Note 2. Revenue

	2007	2006
	\$	\$
Revenue from operating activities		
Donations		
Platinum donations	417,000	300,000
Gold donations	182,000	175,500
Silver donations	72,500	66,000
General corporate donations	26,534	16,470
	698,034	557,970
 Fundraising revenue		
National Hard Hat Day	232,944	185,401
Annual ball	338,977	301,206
Yachting regatta	595,262	568,122
PA exclusive campaign	20,751	13,166
Car Rally	-	38,380
Government House cocktail party	27,509	27,045
	1,215,443	1,133,320
	1,913,477	1,691,290
 Revenue from outside the operating activities		
Interest income	76,836	69,764
Managed fund distributions	57,388	35,608
	134,224	105,372
Total revenue	2,047,701	1,796,662
 Other income		
Gains from investment securities	9,463	18,032

Note 3. Surplus

	2007	2006
	\$	\$
Surplus before income tax includes the following expenses:		
Depreciation of non-current assets:		
Office equipment	11,916	4,490
Net bad and doubtful debts recovered – trade debtors	-	(2,727)
Other Provisions		
Employee benefits	8,200	6,055

Note 4. Current assets - Cash assets

	2007	2006
	\$	\$
Cash at bank and on hand	936,212	875,958

Property Industry Foundation
Notes to the financial statements (continued)
31 October 2007

Note 5. Current assets - Receivables

	2007 \$	2006 \$
Trade debtors	<u>60,110</u>	<u>48,423</u>

Note 6. Current assets - Other

	2007 \$	2006 \$
Prepayments	<u>7,842</u>	<u>7,665</u>

Note 7. Non-current assets - Other financial assets

	2007 \$	2006 \$
Available-for-sale investments – at fair value Managed funds	<u>1,626,411</u>	<u>1,110,813</u>

Note 8. Non-current assets - Property, plant & equipment

	Furniture Fittings	Office Equipment \$	Total \$
At 1 November 2005			
Cost	-	19,049	19,049
Accumulated depreciation	-	(9,328)	(9,328)
Net book amount	-	<u>9,721</u>	<u>9,721</u>
Year ended 31 October 2006			
Opening net book amount	-	9,721	9,721
Additions	-	3,234	3,234
Depreciation charge	-	(4,490)	(4,490)
Closing net book amount	-	<u>8,465</u>	<u>8,465</u>
At 31 October 2006			
Cost	-	22,283	22,283
Accumulated depreciation	-	(13,818)	(13,818)
Net book amount	-	<u>8,465</u>	<u>8,465</u>
Year ended 31 October 2007			
Opening net book amount	-	8,465	8,465
Additions	83,329	2,528	85,857
Depreciation charge	(6,944)	(4,972)	(11,916)
Closing net book amount	<u>76,385</u>	<u>6,021</u>	<u>82,406</u>
At 31 October 2007			
Cost	83,329	16,809	100,138
Accumulated depreciation	(6,944)	(10,788)	(17,732)
Net book amount	<u>76,385</u>	<u>6,021</u>	<u>82,406</u>

Note 9. Current liabilities - Payables

	2007	2006
	\$	\$
Trade creditors	54,963	10,000
Other payables and accruals	44,476	29,434
	99,439	39,434

Note 10. Current liabilities - Provisions

	2007	2006
	\$	\$
Employee benefits	34,478	17,329
	34,478	17,329

Note 11. Non current liabilities - Provisions

	2007	2006
	\$	\$
Other	30,943	-
Make good provision	2,880	-
	33,823	-

Note 12. Units issued

	2007	2006	2007	2006
	Units	Units	\$	\$
Units issued	100	100	100	100
	100	100	100	100

Note 13. Reserves

	2007	2006
	\$	\$
Available-for-sale investments revaluation reserve	(81,834)	9,463
	(81,834)	9,463

Movements in the available-for-sale investments revaluation reserve are set out below:

	2007	2006
	\$	\$
Balance at the beginning of the year	9,463	18,032
Transferred to the income statement	(9,463)	(18,032)
Revaluation	(81,834)	9,463
Balance at the end of the year	(81,834)	9,463

Note 14. Retained surpluses

	2007	2006
	\$	\$
Retained surplus at the beginning of the year	1,984,998	2,030,913
Net surplus/ (deficit) for the year	641,977	(45,915)
Retained surplus at the end of the year	2,626,975	1,984,998

Note 15. Financial instruments

(a) Credit risk exposure

The credit risk on financial assets of the Foundation which have been recognised on the balance sheet is generally the carrying amount, net of any provision for doubtful debts.

(b) Interest rate risk exposures

The Foundation's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Foundation intends to hold fixed rate assets and liabilities to maturity.

2007	Notes	Fixed interest maturing in:					Total \$
		Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non interest bearing \$	
Financial assets							
Cash and deposits	4	936,212	-	-	-	-	936,212
Receivables	5	-	-	-	-	60,110	60,110
Other financial assets - investments	7	-	-	-	-	1,626,411	1,626,411
		936,212	-	-	-	1,686,521	2,622,733
Weighted average interest rate		3.78%					
Financial liabilities							
Trade and other creditors	9	-	-	-	-	99,439	99,439
		-	-	-	-	99,439	99,439
Net financial assets		936,212	-	-	-	1,587,082	2,523,294

2006	Notes	Fixed interest maturing in:					Total \$
		Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non interest bearing \$	
Financial assets							
Cash and deposits	4	875,958	-	-	-	-	875,958
Receivables	5	-	-	-	-	48,423	48,423
Other financial assets - investments	7	-	-	-	-	1,110,813	1,110,813
		875,958	-	-	-	1,159,236	2,035,194
Weighted average interest rate		1.41%	-	-	-	-	
Financial liabilities							
Trade and other creditors	9	-	-	-	-	39,434	39,434
		-	-	-	-	39,434	39,434
Net financial assets		875,958	-	-	-	1,119,802	1,995,760

Note 15. Financial instruments (continued)

(c) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Foundation approximates their carrying amounts.

Note 16. Remuneration of auditors

The audit of the Foundation for the year ended 31 October 2007 was carried out by PricewaterhouseCoopers. The audit is done on an honorary basis and therefore no expense was incurred by the Foundation.

Note 17. Related parties

Directors of the trustee

The directors of the trustee during the year were:

G Munro
G Rothwell
K A Grayson
C Kirk
B Crotty
T Johansen
K R Griffin

B Crotty was appointed as a director on 11 April 2007.

K R Griffin and T Johansen were appointed as directors on 1 November 2007.

G Paramor and R G Campbell were directors from the beginning of the financial year until their resignations on 28 August 2007.

Remuneration of trustee directors

Trustee directors are not remunerated in connection with the management of the affairs of the Foundation.

Transactions with trustee director-related entities

Several of the directors of the trustee are employees or directors of donor companies who have paid donations in the year to become members of the Foundation.

Note 18. Commitments

(i) Operating leases

The Foundation commenced leasing office premises during the year.

	2007	2006
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	48,504	-
Later than one year but not later than five years	161,680	-
	210,184	-

Note 19. Charitable Disbursements

During the year the Foundation made distributions to charities totalling \$290,316 (2006: \$899,539). In addition, the Foundation has approved in the current and prior years a number of projects which are expected to proceed in the 2008 year. The outstanding approvals amount to \$1,137,000 as at 31 October 2007.

Note 20. Reconciliation of surplus after income tax to net cash inflow from operating activities

	2007	2006
	\$	\$
Surplus/(deficit) after income tax	641,977	(45,915)
Depreciation	11,916	4,490
Net gain on sale of available-for-sale financial assets	(9,463)	(18,032)
Change in operating assets and liabilities:		
Increase in receivables	(11,687)	(40,824)
(Increase)/decrease in other assets	(177)	1,691
Increase /(decrease) in payables	60,005	(1,902)
Increase /(decrease) in provisions	50,972	(642)
	743,543	(101,134)

Note 21. Additional information furnished under the *Charitable Fundraising Act 1991* and the Regulations

	2007	2006
	\$	\$
a) Details of aggregate gross income and expenditure of fundraising appeals		
Gross proceeds from fundraising appeals (i)	1,215,433	1,133,320
Total costs of fundraising appeals	(389,575)	(393,765)
Net surplus from fundraising	825,868	739,555

(i) Gross proceeds from fundraising exclude donations

	2007	2006
	\$	\$

b) Statement showing how funds received were applied to charitable purposes

Net surplus from fundraising	825,868	739,555
This was applied to charitable purposes in the following manner:		
Distributions to eligible charities	(290,316)	(899,539)
Surplus /(deficit) in funds available from fundraising	535,552	(159,954)

c) Fundraising appeals conducted during the year

Special events held during the year included National Hard Hat Day, Annual Charity Ball, Yachting Regatta, PA Exclusive Campaign and the Government House Cocktail Party.

d) Comparison of monetary figures and percentages

	2007		2006	
	\$	%	\$	%
Total cost of fundraising/ Gross income from fundraising	389,575/ 1,215,443	32	393,765/ 1,113,320	35
Surplus/ Revenue	932,293/ 2,047,701	46	853,624/ 1,796,662	48
Total distributions to eligible charities/ Surplus	290,316/ 932,293	32	899,539/ 853,624	105

**Property Industry Foundation
Declaration by the Chairman of the Trustee
31 October 2007**

I, Brendan Patrick Crotty, Chairman of the trustee for the Property Industry Foundation declare that in my opinion:

- (a) the financial statements and notes set out on pages 4 to 17 are in accordance with the Trust Deed, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the entity's financial position as at 31 October 2007 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.

This declaration is made in accordance with a resolution of the directors.



Brendan Patrick Crotty
Chairman

Sydney
3 March, 2008

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Independent auditor's report to the trustee of Property Industry Foundation

Report on the financial report and fundraising appeals

We have audited the accompanying financial report of Property Industry Foundation (the Foundation), which comprises the balance sheet as at 31 October 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the trustee's declaration.

The financial report also contains the results of fundraising appeals as required by the *Charitable Fundraising Act 1991*.

The responsibility of the directors of the trustee for the financial report and fundraising appeals

The directors of the trustee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors of the trustee also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the financial result of fundraising appeals, the Foundation's record keeping and the accounting and application of money received as a result of fundraising appeals based on our audit.

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 Foundation's preparation and fair presentation of the financial report 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 Foundation's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors of the trustee, as well as evaluating the overall presentation of the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independent auditor's report to the trustee of Property Industry Foundation (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Qualification

Cash donations are a significant source of revenue for the Foundation. The Foundation's committee of management has determined that it is impracticable to establish controls over the collection of revenue from these sources prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the Foundation's financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations is complete.

Qualified auditor's opinion on the financial report

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph:

- a) the financial report presents fairly, in all material respects, the financial position of Property Industry Foundation as of 31 October 2007 and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the provisions of the Trust Deed dated 24 October 1995
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Qualified auditor's opinion on fundraising appeals

In our opinion, except for the effects on fundraising appeals of the matter referred to in the qualification paragraph:

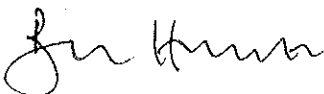
- a) the accounts and associated records have been properly kept in accordance with:
 - sections 20(1), 22(1-2), 24(1-3) of the *Charitable Fundraising Act 1991* (the Act)
 - sections 4(1-3), 7(1-5), 7(7), 7(9), 8, 18, 20(1-2), 21, 22 and 26 of schedule 1 to the Authority to Fundraise Under the Charitable Fundraising Act dated 12 October 2003
 - sections 8(6) and 9 of the *Charitable Fundraising Regulations 1993* (the Regulations)

during the year ended 31 October 2007

- b) the money received as a result of fundraising appeals conducted during the year ended 31 October 2007 has been properly accounted for and applied in accordance with the above mentioned sections in the Act and Regulations during the year ended 31 October 2007.



PricewaterhouseCoopers



B K Hunter
Partner

Sydney
February 2008

3 March