# Property Industry Foundation

# Annual report - 31 October 2011

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## Contents



This financial report covers Property Industry Foundation. The financial report is presented in the Australian currency.

Property Industry Foundation is a foundation domiciled in Australia. Its registered office and principal place of business is:

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

A description of the Foundation's operations and its principal activities is included in the directors' report on page 3, which is not part of this financial report.

The financial report was authorised for issue by the directors on 13 April 2012. The Foundation has the power to amend and reissue the financial report.

The directors of Property Industry Foundation Pty Limited as trustee for Property Industry Foundation ("the Foundation") present their report for the year ended 31 October 2011.

**Directors of the Trustee**
The following persons were directors of the trustee of Property Industry Foundation during the whole of the year and up to the date of this report, unless noted otherwise:

B Brakey
V Chiodo
N Collishaw
B Crotty
K R Griffin
V P Hoog Antink
T Johansen
C Kirk
C J Hanan (Appointed 26 Aug 2011)
B Johnston (Appointed 3 Feb 2012)

**Principal activities**
Property Industry Foundation is a registered Foundation 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 2011 was $650,158 (2010: surplus of $9,919)

**Matters subsequent to the end of the financial year**
No other matter or circumstance has arisen since 31 October 2011 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.

Victor P Hoog Antink
Chairman

Sydney
13 April 2012

**Property Industry Foundation**
**Statement of Comprehensive Income**
For the financial year ended 31 October 2011

| | Notes | 2011 $ | 2010 $ |
|---|---|---|---|
| **Revenue** | 3 | **2,984,934** | 2,155,789 |
| Other income | 3 | **221,757** | 215,575 |
| **Less Expenses:** | | | |
| Yachting regatta | | **(196,886)** | (145,555) |
| Annual ball | | **(358,965)** | - |
| Networking Forums | | **(1,168)** | - |
| PA exclusive campaign | | **(20,138)** | (26,030) |
| Government House cocktail party | | **(14,810)** | (7,829) |
| National Hard Hat Day | | **(12,046)** | (18,792) |
| Car Rally | | **(46,296)** | (56,079) |
| Property Blitz | | **(36,216)** | (30,571) |
| Employee benefits expense | 4 | **(676,319)** | (628,161) |
| Depreciation | 4 | **(25,120)** | (24,220) |
| Computer and internet expense | | **(29,970)** | (24,459) |
| Rental Expense | 4 | **(58,145)** | (51,712) |
| Office supplies expense | | **(20,327)** | (23,605) |
| Marketing and travel expenses | | **(24,969)** | (17,219) |
| Other expenses | | **(167,299)** | (138,193) |
| **Total Expenses** | | **(1,688,674)** | **(1,192,425)** |
| **Surplus before related income tax expense** | | **1,518,017** | 1,178,939 |
| Income tax expense | 1(b) | **-** | - |
| **Surplus after related income tax expense** | | **1,518,017** | 1,178,939 |
| Distributions to eligible charities | | **(867,859)** | (1,169,020) |
| **Net surplus** | | **650,158** | 9,919 |
| **Other Comprehensive Income** | | | |
| Changes in the fair value of available-for-sale financial assets | | **(109,128)** | 5,711 |
| **Total Comprehensive Income for the year** | | **541,030** | 15,630 |

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

**Property Industry Foundation**
**Balance Sheet**
As at 31 October 2011

| | Notes | 2011 $ | 2010 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash assets | 5 | **1,405,514** | 1,294,392 |
| Receivables | 6 | **66,988** | 94,564 |
| Other | 7 | **190,245** | 61,843 |
| Total current assets | | **1,662,747** | 1,450,799 |
| **Non-current assets** | | | |
| Other financial assets | 8 | **1,954,105** | 1,757,144 |
| Property, plant and equipment | 9 | **20,068** | 38,279 |
| Total non-current assets | | **1,974,173** | 1,795,423 |
| **Total assets** | | **3,636,920** | 3,246,222 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables | 10 | **58,880** | 65,990 |
| Provisions | 11 | **161,431** | 135,479 |
| Deferred Income | | **34,171** | 174,921 |
| Total current liabilities | | **254,482** | 376,390 |
| **Non current liabilities** | | | |
| Provisions | 12 | **51,640** | 80,064 |
| **Total liabilities** | | **306,122** | 456,454 |
| **Net assets** | | **3,330,798** | 2,789,768 |
| **EQUITY** | | | |
| Units issued | 13 | **100** | 100 |
| Reserves | 14 | **(81,248)** | 27,880 |
| Retained surpluses | 15 | **3,411,946** | 2,761,788 |
| **Total equity** | | **3,330,798** | 2,789,768 |

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

| | Contributed Equity | Reserves | Accumulated Surplus | Total |
|---|---|---|---|---|
| | | Attributable to the equity holders of the Property Industry Foundation | | |
| | $ | $ | $ | $ |
| **Balance at 1 November 2009** | 100 | 22,169 | 2,751,869 | 2,774,138 |
| Net surplus for the year | - | - | 9,919 | 9,919 |
| Other comprehensive income for the year: | | | | |
| Changes in the fair value of available-for-sale financial assets | - | 5,711 | - | 5,711 |
| Total comprehensive income for the year | - | 5,711 | 9,919 | 15,630 |
| **Balance at 31 October 2010** | 100 | 27,880 | 2,761,788 | 2,789,768 |
| **Balance at 1 November 2010** | **100** | **27,880** | **2,761,788** | **2,789,768** |
| Net surplus for the year | - | - | **650,158** | **650,158** |
| Other comprehensive income for the year: | | | | |
| Changes in the fair value of available-for-sale financial assets | - | **(109,128)** | - | **(109,128)** |
| Total comprehensive income for the year | - | **(109,128)** | **650,158** | **541,030** |
| **Balance at 31 October 2011** | **100** | **(81,248)** | **3,411,946** | **3,330,798** |

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

| | Notes | **2011** | 2010 |
|---|---|---|---|
| | | **$** | $ |
| **Cash flows from operating activities** | | | |
| Receipts from donations and fundraising activities | | **3,012,510** | 2,286,254 |
| Payments for fundraising activities | | **(697,984)** | (416,984) |
| | | **2,314,526** | 1,869,270 |
| Interest received | | **58,856** | 58,286 |
| Payments to other suppliers and employees | | **(1,187,493)** | (794,552) |
| Distributions to eligible charities | | **(867,859)** | (1,169,020) |
| **Net cash inflow/(outflow) from operating activities** | 20 | **318,031** | (36,016) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(6,909)** | (680) |
| Payments for available-for-sale financial assets | | **(362,831)** | (157,289) |
| Distribution received from available-for-sale financial assets | | **162,831** | 157,289 |
| **Net cash outflow from investing activities** | | **(206,909)** | (680) |
| **Cash flows from financing activities** | | | |
| **Net cash inflow/(outflow) from financing activities** | | **-** | - |
| **Net increase / (decrease) in cash held** | | **111,121** | (36,696) |
| Cash at the beginning of the financial year | | **1,294,392** | 1,331,088 |
| **Cash at the end of the financial year** | 5 | **1,405,514** | 1,294,392 |

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

# Content of the notes to the financial statements

## 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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* Property Industry Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

*(i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements*
The financial statements of the Property Industry Foundation comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

*(ii) New and amended standards adopted by the group*
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 November 2010 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

*(iii) Early adoption of standards*
The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 November 2010.

*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 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. These include estimates of the fair value of available-for-sale financial assets.

*Going concern*
These financial statements have been prepared on a going concern basis. The Foundation is dependent on the continued support of its donors and sponsors by way of donations to carrying out its activities.

### (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 measured at the fair value of the consideration received or receivable. The Foundation records revenue when the amount of revenue can be reliability measured, it is probable that economic benefits will flow to the entity and specific criteria have been met for each of the Foundation's activities as detailed below.

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.

## Note 1. Summary of significant accounting policies (continued)

*(iii) Interest income*
Interest income is recognised using the effective interest rate method.

*(iv)* Investment income
Distributions are recognised as revenue when the right to receive payment is established.

### (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. Payments made under operating leases (net of any incentive received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### (e) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Receivables are non-interest bearing. Receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is used when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the 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 statement of comprehensive income within other expense. When receivables for which a provision allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

### (f) Investments and other financial assets

*Classification*
The Foundation classifies its investment portfolio as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of initial recognition.

Available-for-sale financial assets comprise of managed funds and units in listed trusts. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

*Recognition and de-recognition*
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 the statement of comprehensive income. Financial assets carried at fair value through the statement of comprehensive income are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. 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.

## Note 1. Summary of significant accounting policies (continued)

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the statement of comprehensive income as gains and losses from investment securities.

*Subsequent measurement*
Available-for-sale financial assets are subsequently carried at fair value.

*Impairment*
The Foundation assesses at the end of each reporting period 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 statement of comprehensive income - is reclassified from equity and recognised in the statement of comprehensive income as a reclassification adjustment. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

### (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 statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their costs, 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 the end of each reporting 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 statement of comprehensive income.

### (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. Payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

## Note 1. Summary of significant accounting policies (continued)

### (i) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past event, 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

### (j) Employee benefits

*(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

A liability for long service leave is recognised for all employees with service beyond 5 years. The liability is calculated as the employee salary multiplied by the number of weeks long service leave accrued at present value.

### (k) Cash and cash equivalents

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

### (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 flows.

## Note 1. Summary of significant accounting policies (continued)

**(m) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 October 2011 reporting periods. The Foundation's assessment of the impact of these new standards and interpretations is that there is not expected to be any material effect on the Foundation in future reporting periods.

## Note 2. Financial risk management

The Foundation's activities expose it to a variety of financial risks including credit risk and liquidity risk. The Foundation's overall risk management program focuses on the credit and liquidity markets and seeks to minimise potential adverse effects on the financial operations of the Foundation. The Foundation uses an approved budget of expenditure to monitor the different types of risk to which it is exposed. The method used is a cash flow forecast.

The Foundation manages its capital by budgeting its operations in line with the existing fund raising activities, donations and contributions from the public.

Risk management is carried out by the finance department under review and approval by the Board. The Board identifies and evaluates the financial risks in close co-operation with the finance team. The Board provides approval for overall risk management covering specific areas such as credit risk and investments.

## Note 3. Revenue

| | 2011 $ | 2010 $ |
|---|---|---|
| **Revenue from operating activities** | | |
| Donations | | |
| Platinum donations | **425,795** | 602,500 |
| Gold donations | **371,500** | 187,375 |
| Silver donations | **92,750** | 105,000 |
| General corporate donations | **47,485** | 86,417 |
| | **937,530** | 981,292 |
| Fundraising revenue | | |
| National Hard Hat Day | **309,862** | 320,464 |
| Annual ball | **867,389** | 101,283 |
| Yachting regatta | **677,904** | 510,716 |
| PA exclusive campaign | **13,273** | 36,698 |
| Charity Property Auction | **2,800** | 19,706 |
| Car Rally | **99,594** | 149,736 |
| Property Blitz | **59,873** | 21,480 |
| Government House cocktail party | **16,709** | 14,414 |
| | **2,047,404** | 1,174,497 |
| | **2,984,934** | 2,155,789 |

## Other Income

| | 2011 $ | 2010 $ |
|---|---|---|
| Interest income | **58,856** | 58,286 |
| Managed fund distributions | **162,901** | 157,289 |
| | **221,757** | 215,575 |
| Total revenue | **3,206,691** | 2,371,364 |

## Note 4. Surplus

Surplus before income tax includes the following expenses:

| | 2011 $ | 2010 $ |
|---|---|---|
| Depreciation of non-current assets | **25,120** | 24,220 |
| Employee benefits expense | **676,319** | 628,161 |
| Rental lease expense relating to operating leases | **58,145** | 51,712 |

## Note 5. Current assets - Cash and cash equivalents

| | **2011** | 2010 |
|---|---|---|
| | **$** | $ |
| Cash at bank and on hand | **1,405,514** | 1,294,392 |

### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

| | **2011** | 2010 |
|---|---|---|
| | **$** | $ |
| Balances as above | **1,405,514** | 1,294,392 |
| Balances per statement of cash flows | **1,405,514** | 1,294,392 |

## Note 6. Current assets - Receivables

| | **2011** | 2010 |
|---|---|---|
| | **$** | $ |
| Receivables | **66,988** | 94,564 |

These amounts generally arise from fund raising events. There are no impaired receivables to be written-off for 2011.

## Note 7. Current assets - Other

| | **2011** | 2010 |
|---|---|---|
| | **$** | $ |
| Prepayments | **33,700** | 61,843 |
| Accrued income | **156,545** | - |
| Current assets - other | **190,245** | 61,843 |

## Note 8. Non-current assets - Other financial assets

Available-for-sale financial assets include the following classes of financial assets:

| | **2011** | 2010 |
|---|---|---|
| | **$** | $ |
| Listed securities | **96,875** | - |
| Managed funds and listed trusts | **1,857,230** | 1,757,144 |
| Available-for-sale financial assets | **1,954,105** | 1,757,144 |

Available-for- sale financial assets are comprised of listed securities, listed trusts and unlisted managed funds. The fair value of listed securities and listed trusts is determined by the market price available in relation to the investment as of 31 October 2011. The fair value of unlisted managed funds is determined using market data and rely as little as possible on specific estimates and is provided by the fund manager.

## Note 9. Non-current assets - Property, plant & equipment

| | Furniture Fittings | Office Equipment | Total |
|---|---|---|---|
| **At 1 November 2009** | | | |
| Cost | 114,147 | 16,809 | 130,956 |
| Accumulated depreciation | (52,328) | (16,809) | (69,137) |
| Net book amount | **61,819** | **-** | **61,819** |
| **Year ended 31 October 2010** | | | |
| Opening net book amount | 61,819 | - | 61,819 |
| Additions | 680 | - | 680 |
| Depreciation charge | (24,220) | - | (24,220) |
| **Closing net book amount** | **38,279** | **-** | **38,279** |
| **At 31 October 2010** | | | |
| Cost | 114,827 | 16,809 | 131,636 |
| Accumulated depreciation | (76,548) | (16,809) | (93,357) |
| Net book amount | **38,279** | **-** | **38,279** |
| **Year ended 31 October 2011** | | | |
| Opening net book amount | 38,279 | - | 38,279 |
| Additions | 6,909 | - | 6,909 |
| Depreciation charge | (25,120) | - | (25,120) |
| Closing net book amount | **20,068** | **-** | **20,068** |
| **At 31 October 2011** | | | |
| Cost | 121,736 | 16,809 | 138,545 |
| Accumulated depreciation | (101,668) | (16,809) | (118,477) |
| Net book amount | **20,068** | **-** | **20,068** |

## Note 10. Current liabilities - Payables

| | 2011 $ | 2010 $ |
|---|---|---|
| Payables | **58,880** | 65,990 |
| | **58,880** | 65,990 |

## Note 11. Current liabilities - Provisions

| | 2011 $ | 2010 $ |
|---|---|---|
| Employee benefits | **161,431** | 135,479 |

## Note 12. Non current liabilities - Provisions

| | 2011 $ | 2010 $ |
|---|---|---|
| Employee Benefits | **22,052** | 19,758 |
| Lease Incentive | **9,995** | 41,909 |
| Make good provision | **19,593** | 18,397 |
| | **51,640** | 80,064 |

### (a) Make good provision

Property Industry Foundation is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised and are amortised over the shorter of the term of the lease or the useful life of the assets.

### (b) Movements in provision

Movement in each class of provision during the financial year, other than employee benefits, are set out below:

| **Non-current provision – Lease incentive** | 2011 $ | 2010 $ |
|---|---|---|
| Carrying amount in the beginning of the financial year | **41,909** | 64,829 |
| Amortisation of lease incentives | **(31,914)** | (22,920) |
| Carrying amount at the end of the financial year | **9,995** | 41,909 |

| **Non-current provision – Make good provision** | 2011 $ | 2010 $ |
|---|---|---|
| Carrying amount in the beginning of the financial year | **18,397** | 17,274 |
| Additional provision recognised | **1,196** | 1,123 |
| Carrying amount at the end of the financial year | **19,593** | 18,397 |

## Note 13. Units issued

| | 2011 Units | 2010 Units | 2011 $ | 2010 $ |
|---|---|---|---|---|
| Units issued | **100** | 100 | **100** | 100 |

## Note 14. Reserves

| | 2011 $ | 2010 $ |
|---|---|---|
| Available-for-sale investments revaluation reserve | **(81,248)** | 27,880 |

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

| | 2011 $ | 2010 $ |
|---|---|---|
| Balance at the beginning of the financial year | **27,880** | **22,169** |
| Transferred to the statement of comprehensive income | **-** | **-** |
| Movement in fair value of investments | **(109,128)** | **5,711** |
| Balance at the end of the financial year | **(81,248)** | **27,880** |

## Note 15. Retained surpluses

| | 2011 $ | 2010 $ |
|---|---|---|
| Retained surplus at the beginning of the financial year | **2,761,788** | 2,751,869 |
| Net surplus for the financial year | **650,158** | 9,919 |
| Retained surplus at the end of the financial year | **3,411,946** | 2,761,788 |

## Note 16. Remuneration of auditors

The audit of the Foundation for the year ended 31 October 2011 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 following persons were directors of the trustee of Property Industry Foundation during the whole of the year and up to the date of this report, unless noted otherwise:

B Brakey
V Chiodo
N Collishaw
B Crotty
K R Griffin
V P Hoog Antink
T Johansen
C Kirk
C J Hanan (Appointed 26th Aug 2011)
B Johnston (Appointed 3rd Feb 2012)

## Note 17. Related parties (continued)

**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

**Lease commitments:**

*(i) Non-cancellable operating leases*
The Foundation leases one office (Sydney) under – non cancellable operating leases expiring within 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | |
| Within one year | **35,715** | 93,460 |
| Later than one year but not later than five years | **-** | 38,942 |
| | **35,715** | 132,402 |

Subsequent to year end the Foundation has renewed the Sydney office lease, the terms of the lease are not materially different to the previous lease agreement which expired in February 2012.

## Note 19. Charitable Disbursements

During the year the Foundation made distributions to charities totalling $867,859 (2010: $1,169,020). In addition, the Foundation has approved in the current and prior years a number of projects which are expected to proceed in the 2012 year. The outstanding approvals amount to $756,000 as at 31 October 2011.

## Note 20. Cash flow information

Reconciliation of operating surplus to net cash flows from operating activities.

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| (Deficit)/Surplus after income tax | **650,158** | **9,919** |
| Depreciation | **25,120** | **24,220** |
| Change in operating assets and liabilities: | | |
| Increase/(decrease) in receivables | **(27,576)** | **(85,114)** |
| Increase in other assets | **128,402** | **(16,133)** |
| Increase in Deferred Income | **(140,750)** | **112,795** |
| (Decrease)/increase in payables | **(131,160)** | **19,501** |
| (Decrease)/increase in provisions | **(23,333)** | **56,085** |
| Dividends received from available-for-sale financial assets | **(162,831)** | **(157,289)** |
| | **318,031** | **(36,016)** |

## Note 21. Events occurring after the balance sheet date

No matter or circumstances has arisen since 31 October 2011 that has significantly affected, or may significantly affect:

(a) the Foundation's operations in future financial years; or
(b) the collections in future years; or
(c) the Foundation's state of affairs in future financial years.

## Note 22. Additional information furnished under the *Charitable Fundraising Act 1991* and the Regulations

| | 2011 $ | 2010 $ |
|---|---|---|
| **a) Details of aggregate gross income and expenditure of fundraising appeals** | | |
| Gross proceeds from fundraising appeals (i) | **2,047,404** | 1,174,497 |
| Total costs of fundraising appeals | **(697,984)** | (416,984) |
| Net surplus from fundraising | **1,349,420** | 757,513 |

(i) Gross proceeds from fundraising exclude donations

| | 2011 $ | 2010 $ |
|---|---|---|
| **b) Statement showing how funds received were applied to charitable purposes** | | |
| Net surplus from fundraising | **1,349,420** | 757,513 |
| This was applied to charitable purposes in the following manner: | | |
| Distributions to eligible charities | **867,859** | 1,169,020 |
| Surplus /(deficit) in funds available from fundraising | **481,561** | (411,507) |

### c) Fundraising appeals conducted during the year

Special events held during the year included National Hard Hat Day, Networking Forums, Annual Foundation Ball, Yachting Regatta, PA Exclusive Campaign, Car Rally & Cycling Challenge and the Government House Cocktail Party.

### d) Comparison of monetary figures and percentages

| | 2011 | 2010 |
|---|---|---|
| Total cost of fundraising | **697,984** | 416,984 |
| Gross income from fundraising | **2,047,404** | 1,174,497 |
| % of fundraising cost over income | **34%** | 35% |
| Net surplus from fundraising | **1,349,420** | 757,513 |
| Revenue | **2,047,404** | 1,174,497 |
| % of surplus over revenue | **66%** | 65% |
| Total distributions to eligible charities | **867,859** | 1,169,020 |
| Net surplus from fundraising | **1,349,420** | 757,513 |
| % of total distributions to eligible charities over surplus | **64%** | 154% |

**Property Industry Foundation**
**Declaration by the Chairman of the Trustee**
31 October 2011

I, Victor Hoog Antink, 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 20 are in accordance with the Trust Deed, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the entity's financial position as at 31 October 2011 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.

Victor P Hoog Antink
Chairman

Sydney
13 April 2012

# Independent auditor's report to the unitholders 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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*The responsibility of the Directors of the Trustee for the financial report*

The directors of Property Industry Foundation Pty Limited (the trustee) of the Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2008, 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. 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.

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 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 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 of the foundation, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to unitholders for the purpose of fulfilling the financial reporting obligations of the directors of the trustee of the Foundation under the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2008. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the unitholders or for any purpose other than that for which they were prepared.

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Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

*Basis for qualified auditor's opinion*

Cash from donations and other fundraising activities 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 cash donations and other fundraising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from these sources was limited, our audit procedures with respect to cash donations and other fundraising activities had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

*Qualified auditor's opinion*

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed the financial report presents fairly, in all material respects, the financial position of Property Industry Foundation as at 31 October 2011 and its financial performance for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

*Report on the requirements of the Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2008 (NSW)*

We have audited the financial report as required by Section 24(2) of the Charitable Fundraising Act 1991 (NSW). The directors of the trustee are responsible for the preparation and presentation of the financial report in accordance with the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulations 2008 (NSW). Our responsibility is to express an opinion on the financial report based on our audit.

*Qualified auditor's opinion*

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed:

(a) the financial report and associated records have been properly kept during the year ended 31 October 2011 in accordance with:

I. section 20(1) and section 22(1-2) of the NSW Charitable Fundraising Act 1991 (the Act);

II. section 10 of the NSW Charitable Fundraising Regulation 2008 (the Regulations) and section 7 of Schedule 1 to the Regulations.

(b) the money received as a result of fundraising appeals conducted during the year ended 31 October 2011 have been properly accounted for and applied in accordance with the above mentioned sections in the Act and the Regulations.

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
19 April 2012