

**Property Industry Foundation
Annual report - 31 October 2014**

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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 in March 2015. The Foundation has the power to amend and reissue the financial report

Property Industry Foundation
Statement of Comprehensive Income
For the financial year ended 31 October 2014

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 2014.

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
D Browning (appointed 1 April 2014)
V Chiodo (resigned 1 April 2014)
M Coleman (appointed 24 July 2014)
N Collishaw (resigned 5 February 2015)
K R Griffin (resigned 24 October 2014)
V P Hoog Antink
T Johansen
C Kirk
C J Hanan
R Johnston
J W Kenny
E A Pidgeon

Company Secretary

T D Petry

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 2014 was \$143,580 (2013: surplus of \$684,475)

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 October 2014 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.

Auditor's Independence Declaration


A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 is set out on page 4 and forms part of the Director's Report.

Insurance of officers

During the financial year, Property Industry Foundation paid a premium of \$6,462 to insure the directors and secretary of the Foundation.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the foundation. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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


Robert William Johnston
Chairman, Sydney
30/3/15



Auditor's Independence Declaration

As auditor for the audit of Property Industry Foundation for the year ended 31 October 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



N R McConnell
Partner
PricewaterhouseCoopers

30 March 2015

Property Industry Foundation
Directors Report
For the financial year ended 31 October 2014

| | Notes | 2014 \$ | 2013 \$ |
|---|-------|--------------------|-------------|
| Revenue | 3 | 3,476,526 | 3,227,666 |
| Other income | 3 | 231,132 | 308,846 |
| Less Expenses: | | | |
| Yachting regattas | | (234,441) | (195,184) |
| Annual balls | | (170,088) | (164,513) |
| Networking and Other Events | | (33,461) | (28,559) |
| PA exclusive campaign | | (20,069) | (19,758) |
| Government House cocktail party | | (13,433) | (13,282) |
| National Hard Hat Day | | (10,926) | (1,716) |
| Cycling Rallies | | (115,147) | (39,220) |
| Property Blitz | | (13,463) | (13,958) |
| Employee benefits expense | 4 | (820,956) | (684,586) |
| Depreciation | 4 | - | (8,651) |
| Computer and internet expense | | (30,171) | (28,144) |
| Rental Expense | 4 | (72,220) | (71,521) |
| Office supplies expense | | (13,225) | (10,906) |
| Marketing and travel expenses | | (60,396) | (64,599) |
| Utilities expense | | (27,788) | (25,874) |
| Insurance expense | | (13,214) | (15,704) |
| Other expenses | | (113,083) | (154,060) |
| Total Expenses | | (1,762,081) | (1,540,235) |
| Surplus before income tax expense | | 1,945,577 | 1,996,277 |
| Income tax expense | 1(b) | - | - |
| Surplus after income tax expense | | 1,945,577 | 1,966,277 |
| Distributions to eligible charities | | (1,801,997) | (1,311,802) |
| Net surplus | | 143,580 | 684,475 |
| Other Comprehensive Income | | | |
| <i>Items that may be reclassified to profit and loss</i> | | | |
| Changes in the fair value of available-for-sale financial assets | | 33,158 | 310,081 |
| Gain on disposal of available-for-sale assets reclassified to profit and loss | | (35,295) | (132,642) |
| Total Comprehensive Income for the year | | 141,443 | 861,914 |

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

Property Industry Foundation
Balance Sheet
As at 31 October 2014

| | Notes | 2014 \$ | 2013 \$ |
|--------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash assets | 5 | 2,054,707 | 1,963,939 |
| Receivables | 6 | 45,112 | 117,254 |
| Other | 7 | 47,487 | 25,743 |
| Total current assets | | <u>2,147,306</u> | <u>2,106,936</u> |
| Non-current assets | | | |
| Other financial assets | 8 | 2,648,097 | 2,500,547 |
| Property, plant and equipment | 9 | 4,904 | - |
| Total non-current assets | | <u>2,653,001</u> | <u>2,500,547</u> |
| Total assets | | <u>4,800,306</u> | <u>4,607,483</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 10 | 19,585 | 44,766 |
| Provisions | 11 | 95,938 | 100,355 |
| Deferred Income | 12 | 106,137 | 32,031 |
| Total current liabilities | | <u>221,659</u> | <u>177,151</u> |
| Non-current liabilities | | | |
| Provisions | 13 | 54,605 | 47,732 |
| Total liabilities | | <u>276,264</u> | <u>224,884</u> |
| Net assets | | <u>4,524,042</u> | <u>4,382,599</u> |
| EQUITY | | | |
| Units issued | 14 | 100 | 100 |
| Reserves | 15 | 98,511 | 100,648 |
| Retained surpluses | 16 | 4,425,431 | 4,281,851 |
| Total equity | | <u>4,524,042</u> | <u>4,382,599</u> |

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

Property Industry Foundation
Statement of changes in equity
For the financial year ended 31 October 2014

**Attributable to the equity holders of the
Property Industry Foundation**

| | Contributed Equity | Reserves | Accumulated Surplus | Total |
|---|-------------------------------|-----------------|--------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 November 2012 | 100 | (76,791) | 3,597,376 | 3,520,685 |
| Net surplus for the year | - | - | 684,475 | 684,475 |
| Other comprehensive income for the year: | | | | |
| Changes in the fair value of available-for-sale financial assets | - | 310,081 | - | 310,081 |
| Gain on disposal of available-for-sale assets reclassified to profit and loss | - | (132,642) | - | (132,642) |
| Total comprehensive income for the year | - | 177,439 | 684,475 | 861,914 |
| Balance at 31 October 2013 | 100 | 100,648 | 4,281,851 | 4,382,599 |
| Balance at 1 November 2013 | 100 | 100,648 | 4,281,851 | 4,382,599 |
| Net surplus for the year | - | - | 143,580 | 143,580 |
| Other comprehensive income for the year: | | | | |
| Changes in the fair value of available-for-sale financial assets | - | 33,158 | - | 33,158 |
| Gain on disposal of available-for-sale assets reclassified to profit and loss | - | (35,295) | - | (35,295) |
| Total comprehensive income for the year | - | (2,137) | 143,580 | 141,443 |
| Balance at 31 October 2014 | 100 | 98,511 | 4,425,431 | 4,524,042 |

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

Property Industry Foundation
Statement of Cash Flows
For the financial year ended 31 October 2014

| | Notes | 2014 \$ | 2013 \$ |
|--|-------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from donations and fundraising activities | | 3,553,071 | 2,948,041 |
| Payments for fundraising activities | | <u>(799,505)</u> | <u>(660,515)</u> |
| | | 2,753,566 | 2,287,526 |
| Interest received | | 57,446 | 49,919 |
| Payments to other suppliers and employees | | (1,195,524) | (1,131,540) |
| Distributions to eligible charities | | <u>(1,543,816)</u> | <u>(880,448)</u> |
| Net cash inflow from operating activities | 21 | <u>71,672</u> | <u>325,457</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (4,904) | - |
| Payments for available-for-sale financial assets | | (114,392) | (99,482) |
| Distribution received from available-for-sale financial assets | | 138,391 | 105,346 |
| Net cash inflow from investing activities | | <u>19,095</u> | <u>5,864</u> |
| Cash flows from financing activities | | | |
| Net cash inflow from financing activities | | <u>-</u> | <u>-</u> |
| Net increase in cash held | | 90,768 | 331,321 |
| Cash at the beginning of the financial year | | <u>1,963,939</u> | 1,632,618 |
| Cash at the end of the financial year | 5 | <u>2,054,707</u> | <u>1,963,939</u> |

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

Content of the notes to the financial statements

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Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements 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. 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 2013 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 Foundation has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 November 2013.

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 profit and loss. Financial assets carried at fair value through profit and loss 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.

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.

Note 1. Summary of significant accounting policies (continued)

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.

(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.

Note 1. Summary of significant accounting policies (continued)

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 annual leave expected to be settled within 12 months of the reporting date are recognised in 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement Benefit Obligations

All employees of the company are entitled to benefits from superannuation on retirement, death or disability. The company contributes to defined contribution superannuation funds as nominated by the individual employees and these contributions are recognised as an expense as they become payable.

(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.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 October 2014 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 1. Summary of significant accounting policies (continued)

(n) Pro bono services and In kind support

Property Industry Foundation receives pro bono services or in kind donations from a range of providers involved in the property industry.

The Property Industry Foundation has assessed the fair or market value of professional services or goods as totalling \$258,181 (PY \$431,354). They relate mainly to refurbishments and workabees of charity partner properties. The value of these services or goods are recognised in the accounts as income with an equivalent expense.

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

| | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue from operating activities | | |
| Donations | | |
| National donations | 184,500 | - |
| Platinum donations | 412,500 | 576,250 |
| Gold donations | 217,500 | 171,979 |
| Silver donations | 110,000 | 100,500 |
| General corporate donations | 96,392 | 104,350 |
| In Kind Donations | 258,181 | 431,354 |
| | 1,279,073 | 1,384,433 |
| Fundraising revenue | | |
| National Hard Hat Day | 312,681 | 265,966 |
| Annual balls | 491,228 | 463,146 |
| Yachting regattas | 883,561 | 680,123 |
| PA exclusive campaign | 19,006 | 21,654 |
| Cycling Rallies | 354,023 | 224,994 |
| Property Blitz | 17,422 | 112,902 |
| Government House cocktail party | 25,418 | 26,304 |
| Networking and Other Events | 94,116 | 48,144 |
| | 2,197,453 | 1,843,233 |
| | 3,476,526 | 3,227,666 |

Other Income

| | 2014 | 2013 |
|---|------------------|------------------|
| | \$ | \$ |
| Interest income | 57,446 | 49,919 |
| Managed fund distributions | 138,391 | 105,346 |
| Gain on disposal of available for sale assets reclassified to profit and loss from reserves | 35,680 | 132,642 |
| (Loss)/Gain on disposal of available for sale assets for the year | (385) | 20,939 |
| | 231,132 | 308,846 |
| Total revenue | 3,707,658 | 3,536,512 |

Note 4. Surplus

Surplus before income tax includes the following expenses:

| | 2014 | 2013 |
|---|---------|---------|
| | \$ | \$ |
| Depreciation of non-current assets | - | 8,651 |
| Employee benefits expense | 820,956 | 684,586 |
| Rental lease expense relating to operating leases | 72,220 | 71,521 |

Note 5. Current assets - Cash and cash equivalents

| | 2014 | 2013 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | <u>2,054,707</u> | <u>1,963,939</u> |

(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:

| | 2014 | 2013 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Balances as above | <u>2,054,707</u> | <u>1,963,939</u> |
| Balances per statement of cash flows | <u>2,054,707</u> | <u>1,963,939</u> |

Note 6. Current assets - Receivables

| | 2014 | 2013 |
|-------------|---------------|----------------|
| | \$ | \$ |
| Receivables | <u>45,112</u> | <u>117,254</u> |

These amounts generally arise from fundraising events. There are no impaired receivables to be written-off for the year ended 31 October 2014.

Note 7. Current assets - Other

| | 2014 | 2013 |
|------------------------|---------------|---------------|
| | \$ | \$ |
| Prepayments | 44,617 | 25,389 |
| Other | 2,870 | 354 |
| Current assets - other | <u>47,487</u> | <u>25,743</u> |

Note 8. Non-current assets - Other financial assets

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

| | 2014 | 2013 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| Listed securities | 221,445 | 597,398 |
| Managed funds and listed trusts | 2,426,652 | 1,903,149 |
| Available-for-sale financial assets | <u>2,648,097</u> | <u>2,500,547</u> |

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 2014. 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 2012 | | | |
| Cost | 127,352 | 16,809 | 144,161 |
| Accumulated depreciation | (118,701) | (16,809) | (135,510) |
| Net book amount | 8,651 | - | 8,651 |
| Year ended 31 October 2013 | | | |
| Opening net book amount | 8,651 | - | 8,651 |
| Additions | - | - | - |
| Depreciation charge | 8,651 | - | 8,651 |
| Closing net book amount | - | - | - |
| At 31 October 2013 | | | |
| Cost | 127,352 | 16,809 | 144,161 |
| Accumulated depreciation | (127,352) | (16,809) | (144,161) |
| Net book amount | - | - | - |
| Year ended 31 October 2014 | | | |
| Opening net book amount | - | - | - |
| Additions | - | 4,904 | 4,904 |
| Depreciation charge | - | - | - |
| Closing net book amount | - | 4,904 | 4,904 |
| At 31 October 2014 | | | |
| Cost | 127,352 | 21,713 | 149,065 |
| Accumulated depreciation | (127,352) | (16,809) | (144,161) |
| Net book amount | - | 4,904 | 4,904 |

Note 10. Current liabilities - Payables

| | 2014 | 2013 |
|----------|--------|--------|
| | \$ | \$ |
| Payables | 19,585 | 44,766 |
| | 19,585 | 44,766 |

Note 11. Current liabilities - Provisions

| | 2014 | 2013 |
|-------------------|--------|---------|
| | \$ | \$ |
| Employee benefits | 47,027 | 43,511 |
| Accruals | 48,911 | 56,844 |
| | 95,938 | 100,355 |

Note 12. Current liabilities – Deferred Income

| | 2014 | 2013 |
|------------------------------------|---------|--------|
| | \$ | \$ |
| Deferred Income from future events | 106,137 | 32,031 |
| | 106,137 | 32,031 |

Note 13. Non current liabilities - Provisions

| | 2014 | 2013 |
|---------------------|--------|--------|
| | \$ | \$ |
| Employee Benefits | 34,605 | 28,859 |
| Make good provision | 20,000 | 18,873 |
| | 54,605 | 47,732 |

(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:

| | 2014 | 2013 |
|--|--------|--------|
| | \$ | \$ |
| Non-current provision – Make good provision | | |
| Carrying amount in the beginning of the financial year | 18,873 | 15,273 |
| Additional provision recognised | 1,127 | 3,600 |
| Carrying amount at the end of the financial year | 20,000 | 18,873 |

Note 14. Units issued

| | 2014 Units | 2013 Units | 2014 \$ | 2013 \$ |
|--------------|---------------|---------------|------------|------------|
| Units issued | 100 | 100 | 100 | 100 |

Note 15. Reserves

| | 2014 \$ | 2013 \$ |
|--|---------------|------------|
| Available-for-sale investments revaluation reserve | 98,511 | 100,648 |

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

| | 2014 \$ | 2013 \$ |
|--|-----------------|------------|
| Balance at the beginning of the financial year | 100,648 | (76,791) |
| Transferred to the statement of comprehensive income | (35,295) | (132,642) |
| Movement in fair value of investments | 33,158 | 310,081 |
| Balance at the end of the financial year | 98,511 | 100,648 |

Nature and purpose of other reserves

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income, as described in note 1(f) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Note 16. Retained surpluses

| | 2014 \$ | 2013 \$ |
|---|------------------|------------|
| Retained surplus at the beginning of the financial year | 4,281,851 | 3,597,376 |
| Net surplus for the financial year | 143,580 | 684,475 |
| Retained surplus at the end of the financial year | 4,425,431 | 4,281,851 |

Note 17. Remuneration of auditors

The audit of the Foundation for the year ended 31 October 2014 was carried out by PricewaterhouseCoopers. The audit is done on an honorary basis and therefore no expense was incurred by the Foundation.

Note 18. 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
D Browning (appointed 1 April 2014)
V Chiodo (resigned 1 April 2014)
M Coleman (appointed 24 July 2014)
N Collishaw (resigned 5 February 2015)
K R Griffin (resigned 24 October 2014)
V P Hoog Antink
T Johansen
C Kirk
C J Hanan
R Johnston
J W Kenny
E A Pidgeon

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.

Remuneration of trustee directors

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

Note 19. Commitments & Contingencies

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.

| | 2014 | 2013 |
|--|--------|--------|
| | \$ | \$ |
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | |
| Within one year | 30,572 | 67,742 |
| Later than one year but not later than five years | - | - |
| | 30,572 | 67,742 |

Contingencies:

It is the Directors' view that contingent liabilities will not give rise to any liabilities other than those disclosed in the financial statements notes.

Note 20. Charitable Disbursements

During the year the Foundation made distributions to charities totalling \$1,801,997 (2013: \$1,311,802). In addition, the Foundation has approved in the current and prior years a number of projects which are expected to proceed in the 2015 year. The outstanding approvals amount to \$1,097,012 (PY \$500,214) as at 31 October 2014.

Note 21. Cash flow information

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

| | 2014 | 2013 |
|---|---------------|----------------|
| | \$ | \$ |
| Surplus after income tax | 143,580 | 684,475 |
| Depreciation | - | 8,651 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in receivables | 72,142 | (42,416) |
| (Increase)/decrease in other assets | (21,744) | 11,830 |
| Increase in Deferred Income | 74,106 | 9,820 |
| (Decrease) in payables | (25,181) | (83,854) |
| Increase/(decrease) in provisions | 2,456 | (4,122) |
| Gain on disposal of available-for-sale financial assets | (35,295) | (153,581) |
| Dividends received from available-for-sale financial assets | (138,391) | (105,346) |
| | <u>71,672</u> | <u>325,457</u> |

Note 22. Events occurring after the balance sheet date

No matter or circumstances has arisen since 31 October 2014 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 23. Additional information furnished under the *Charitable Fundraising Act 1991* and the Regulations

| | 2014 \$ | 2013 \$ |
|--|------------------|------------------|
| a) Details of aggregate gross income and expenditure of fundraising appeals | | |
| Gross proceeds from fundraising appeals (i) | 2,197,453 | 1,843,233 |
| Total costs of fundraising appeals | <u>(611,027)</u> | <u>(476,190)</u> |
| Net surplus from fundraising | <u>1,586,426</u> | <u>1,367,043</u> |

(i) Gross proceeds from fundraising exclude donations

| | 2014 \$ | 2013 \$ |
|--|------------|------------|
|--|------------|------------|

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

| | | |
|--|------------------|----------------|
| Net surplus from fundraising | 1,586,426 | 1,367,043 |
| This was applied to charitable purposes in the following manner: | | |
| Distributions to eligible charities | <u>1,543,816</u> | <u>880,448</u> |
| Surplus in funds available from fundraising | <u>42,610</u> | <u>486,595</u> |

c) Fundraising appeals conducted during the year

Special events held during the year included National Hard Hat Day, Networking Forums, Annual Foundation Balls, Yachting Regattas, PA Exclusive Campaign, Cycling Rallies, and the Government House Cocktail Party.

d) Comparison of monetary figures and percentages

| | | |
|---|------------------|------------------|
| | 2014 | 2013 |
| Total cost of fundraising | 611,027 | 476,190 |
| Gross income from fundraising | <u>2,197,453</u> | <u>1,843,233</u> |
| % of fundraising cost over income | <u>28%</u> | <u>26%</u> |
| | | |
| Net surplus from fundraising | 1,586,426 | 1,367,043 |
| Revenue | <u>2,197,453</u> | <u>1,843,233</u> |
| % of surplus over revenue | <u>72%</u> | <u>74%</u> |
| | | |
| Total distributions to eligible charities | 1,543,816 | 880,448 |
| Net surplus from fundraising | <u>1,586,426</u> | <u>1,367,043</u> |
| % of total distributions to eligible charities over surplus | <u>97%</u> | <u>64%</u> |

**Property Industry Foundation
Declaration by the Chairman of the Trustee
31 October 2014**

I, Robert William Johnston, Chairman of the trustee for the Property Industry Foundation declare that in my opinion:

- (a) the financial statements and notes set out on pages 5 to 22 are in accordance with the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 and 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 2014 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.
- (c) the accounts give a true and fair view of all income and expenditure with respect to fundraising appeals;
- (d) the provisions and regulations of the *Charitable Fundraising Act 1991 (NSW)* and the conditions attached to the fundraising authority have been complied with by the trust
- (e) the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

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



Robert William Johnston
Chairman
Sydney

30/03/2015



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

Report on the financial report

We have audited the accompanying financial report of Property Industry Foundation (the Foundation), which comprises the balance sheet as at 31 October 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the trustee's declaration.

Directors of the Trustee responsibility for the financial report

The directors of Property Industry Foundation Pty limited (the trustee) 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 *Australian Charities and Not-for-profits Commission Act (ACNC) 2012* and for such internal control as the directors of the trustee 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 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 trustee, 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.

Basis for Qualified Opinion

Cash from donations and other fundraising activities are a significant source of revenue for the Foundation. The directors have determined that it is impracticable to establish control 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 and other fundraising activities was limited, our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations and other fundraising activities is complete.

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Qualified Auditor's opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Property Industry Foundation is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

- (a) giving a true and fair view of the trust's financial position as at 31 October 2014 and of its performance for the year ended on that date; and
- (b) comply with Australian Accounting Standards including the Australian Accounting Interpretations.

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 *NSW Charitable Fundraising Act 1991*. The directors of the trustee are responsible for the preparation and presentation of the financial report in accordance with the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*. Our responsibility is to express an opinion on the financial report based on our audit.

Auditor's opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- a) The financial report of the Foundation has been properly drawn up and associated records have been properly kept from 1 November 2013 to 31 October 2014 in accordance with:
 - i. Sections 20 (1), 22 (1-2) of the *Charitable Fundraising Act 1991 (NSW)* ("the Act");
 - ii. Section 10 of the *Charitable Fundraising Regulation 2008 (NSW)* ("the Regulations") and section 7 of Schedule 1 of the Regulations; and
- b) the funds received as a result of fundraising appeals conducted for the year ended 31 October 2014 have been properly accounted for and applied in accordance with the above mentioned sections of the Act and Regulations

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
30 March 2015