

**Property Industry Foundation**  
**Annual report - 31 October 2016**

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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 5 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 10 March 2017. The Foundation has the power to amend and reissue the financial report.

**Property Industry Foundation  
Directors Report**

For the financial year ended 31 October 2016

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 2016.

**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  
M Coleman  
S Gatt (appointed 2 September, 2016)  
V P Hoog Antink (resigned 1 July, 2016)  
C Kirk  
C J Hanan (resigned 1 July, 2016)  
R Johnston  
J W Kenny  
B McGuckin

**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 deficit for the year ended 31 October 2016 was \$368,609 (2015: surplus of \$258,617)

**Matters subsequent to the end of the financial year**

No other matter or circumstance has arisen since 31 October 2016 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 \$2,862 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 20 MARCH 2017



## **Auditor's Independence Declaration**

As auditor for the audit of Property Industry Foundation for the year ended 31 October 2016, 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.

A handwritten signature in black ink, appearing to read "N R McConnell", written over a light blue horizontal line.

N R McConnell  
Partner  
PricewaterhouseCoopers

Sydney  
20 March 2017

**Property Industry Foundation**  
**Statement of Comprehensive Income**  
For the financial year ended 31 October 2016

	Notes	2016 \$	2015 \$
<b>Revenue</b>	3	<b>3,875,529</b>	3,499,433
Other income	3	<u>171,995</u>	263,984
<b>Total Revenue &amp; Other income</b>		<u><b>4,047,524</b></u>	<u>3,763,417</u>
<b>Less Expenses:</b>			
Yachting regattas		(224,011)	(233,171)
Annual balls		(257,703)	(163,105)
Networking and Other Events		(21,733)	(22,924)
PA exclusive campaign		(20,834)	(23,262)
National Hard Hat Day		(6,088)	(5,650)
Cycling Rallies		(141,945)	(115,950)
Property Blitz		(16,166)	(23,247)
Employee benefits expense	4	(1,052,136)	(883,200)
Depreciation	4	(24,743)	(11,314)
Computer and internet expense		(37,527)	(30,911)
Rental Expense	4	(60,050)	(77,643)
Office supplies expense		(17,311)	(12,933)
Marketing and travel expenses		(75,085)	(74,452)
Utilities expense		(23,617)	(27,678)
Insurance expense		(16,865)	(16,128)
Other expenses		(141,498)	(209,525)
<b>Total Expenses</b>		<u><b>(2,137,314)</b></u>	<u>(1,931,093)</u>
<b>Surplus before income tax expense</b>		<b>1,910,209</b>	1,832,322
Income tax expense	1(b)	-	-
<b>Surplus after income tax expense</b>		<u><b>1,910,209</b></u>	<u>1,832,322</u>
Distributions to eligible charities		(2,278,818)	(1,573,705)
<b>Net (deficit)/surplus</b>		<u><b>(368,609)</b></u>	<u>258,617</u>
<b>Other Comprehensive (Loss)/Income</b>			
<i>Items that may be reclassified to profit and loss</i>			
Changes in the fair value of available-for-sale financial assets		(129,042)	239,333
Gain on disposal of available-for-sale assets reclassified to profit and loss		-	(40,773)
<b>Total Comprehensive (Loss)/Income for the year</b>		<u><b>(497,651)</b></u>	<u>457,177</u>

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

**Property Industry Foundation**  
**Balance Sheet**  
As at 31 October 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	5	1,377,845	2,002,492
Receivables	6	226,833	125,512
Other	7	52,818	40,001
Total current assets		<u>1,657,496</u>	<u>2,168,005</u>
<b>Non-current assets</b>			
Other financial assets	8	3,007,789	3,031,371
Property, plant and equipment	9	88,368	60,847
Total non-current assets		<u>3,096,157</u>	<u>3,092,218</u>
<b>Total assets</b>		<u>4,753,653</u>	<u>5,260,222</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	450	4,640
Provisions	11	158,897	151,994
Deferred Income	12	90,739	102,369
Total current liabilities		<u>250,086</u>	<u>259,003</u>
<b>Non-current liabilities</b>			
Provisions	13	20,000	20,000
<b>Total liabilities</b>		<u>270,086</u>	<u>279,003</u>
<b>Net assets</b>		<u>4,483,567</u>	<u>4,981,219</u>
<b>EQUITY</b>			
Units issued	14	100	100
Reserves	15	168,029	297,071
Retained surpluses	16	4,315,438	4,684,048
<b>Total equity</b>		<u>4,483,567</u>	<u>4,981,219</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 2016

	<b>Attributable to the equity holders of the Property Industry Foundation</b>			
	<b>Contributed Equity</b>	<b>Reserves</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 November 2014</b>	100	98,511	4,425,431	4,524,042
Net surplus for the year	-	-	258,617	258,617
Other comprehensive income for the year:				
Changes in the fair value of available-for-sale financial assets	-	239,333	-	239,333
Gain on disposal of available-for-sale assets reclassified to profit and loss	-	(40,773)	-	(40,773)
Total comprehensive income for the year	-	198,560	258,617	457,177
<b>Balance at 31 October 2015</b>	100	297,071	4,684,048	4,981,219
<b>Balance at 1 November 2015</b>	100	297,071	4,684,048	4,981,219
Net loss for the year	-	-	(368,609)	(368,609)
Other comprehensive income for the year:				
Changes in the fair value of available-for-sale financial assets	-	(129,042)	-	(129,042)
Total comprehensive loss for the year	-	(129,042)	(368,609)	(497,651)
<b>Balance at 31 October 2016</b>	100	168,029	4,315,439	4,483,568

*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 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from donations and fundraising activities		3,552,556	3,480,614
Payments for fundraising activities		<u>(897,572)</u>	<u>(783,668)</u>
		2,654,984	2,696,946
Interest received		38,837	56,132
Payments to other suppliers and employees		(1,434,195)	(1,318,476)
Distributions to eligible charities		<u>(1,859,704)</u>	<u>(1,442,698)</u>
<b>Net cash (outflow) from operating activities</b>	21	<u>(600,078)</u>	<u>(8,096)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(52,264)	(67,257)
Payments for available-for-sale financial assets		(105,461)	(143,941)
Distribution received from available-for-sale financial assets		133,158	167,079
<b>Net cash inflow from investing activities</b>		<u>(24,568)</u>	<u>(44,119)</u>
<b>Cash flows from financing activities</b>			
<b>Net cash inflow from financing activities</b>		-	-
<b>Net decrease in cash held</b>		(624,646)	(52,215)
Cash at the beginning of the financial year		2,002,492	2,054,707
<b>Cash at the end of the financial year</b>	5	<u>1,377,845</u>	<u>2,002,492</u>

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



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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 2015 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 2015.

#### *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**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to Property Industry Foundation. The Foundation has decided not to early adopt any of these new and amended pronouncements. The Foundation's assessment of the new and amended pronouncements that are relevant to the Foundation but applicable in future reporting periods is set out below.

**AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).**

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

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Foundation's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

### **AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).**

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Foundation's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

### **(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.

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

The Property Industry Foundation has assessed the fair or market value of professional services or goods as totalling \$419,114 (PY \$131,007). 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

	2016 \$	2015 \$
<b>Revenue from operating activities</b>		
Donations		
National donations	567,500	455,000
Platinum donations	228,000	247,000
Gold donations	168,500	208,000
Silver donations	126,125	112,375
General corporate donations	87,359	45,232
In Kind Donations	419,114	131,007
	<u>1,596,598</u>	<u>1,198,614</u>
Fundraising revenue		
National Hard Hat Day	188,018	337,246
Annual balls	596,498	487,460
Yachting regattas	829,826	870,244
PA exclusive campaign	25,855	25,770
Cycling Rallies	449,430	342,131
Property Blitz	134,980	203,810
Networking and Other Events	54,324	34,158
	<u>2,278,931</u>	<u>2,300,819</u>
	<u>3,875,529</u>	<u>3,499,433</u>

### Other Income

	2016 \$	2015 \$
Interest income	38,837	56,132
Managed fund distributions	133,158	167,079
Gain on disposal of available for sale assets reclassified to profit and loss from reserves	-	40,773
	<u>171,995</u>	<u>263,984</u>
Total revenue	<u>4,047,524</u>	<u>3,763,417</u>

### Note 4. (Deficit)/Surplus

(Deficit) / Surplus before income tax includes the following expenses:

	2016 \$	2015 \$
Depreciation of non-current assets	24,743	11,314
Employee benefits expense	1,052,136	883,200
Rental lease expense relating to operating leases	60,050	77,643



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

	2016 \$	2015 \$
Cash at bank and on hand	<u>1,377,845</u>	<u>2,002,492</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:

	2016 \$	2015 \$
<b>Balances as above</b>	<u>1,377,845</u>	<u>2,002,492</u>
<b>Balances per statement of cash flows</b>	<u>1,377,845</u>	<u>2,002,492</u>

**Note 6. Current assets - Receivables**

	2016 \$	2015 \$
Receivables	<u>226,833</u>	<u>125,512</u>

These amounts generally arise from fundraising events. There are no impaired receivables to be written-off for the year ended 31 October 2016.

**Note 7. Current assets - Other**

	2016 \$	2015 \$
Prepayments	49,160	36,063
Other	3,658	3,938
Current assets - other	<u>52,818</u>	<u>40,001</u>

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

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

	2016 \$	2015 \$
Managed funds and listed trusts	3,007,789	3,031,371
Available-for-sale financial assets	<u>3,007,789</u>	<u>3,031,371</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 2016. 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
<b>At 1 November 2014</b>			
Cost	127,352	21,713	149,065
Accumulated depreciation	(127,370)	(16,809)	(144,161)
Net book amount	<u>-</u>	<u>4,904</u>	<u>4,904</u>
<b>Year ended 31 October 2015</b>			
Opening net book amount	-	4,904	4,904
Additions	3,011	64,248	67,259
Depreciation charge	(18)	(11,298)	(11,316)
Closing net book amount	<u>2,993</u>	<u>57,854</u>	<u>60,847</u>
<b>At 31 October 2015</b>			
Cost	130,363	85,961	216,324
Accumulated depreciation	(127,352)	(28,107)	(155,477)
Net book amount	<u>2,993</u>	<u>57,854</u>	<u>60,847</u>
<b>Year ended 31 October 2016</b>			
Opening net book amount	2,993	57,854	60,847
Additions	29,964	22,300	52,264
Depreciation charge	(3,229)	(21,514)	(24,743)
Closing net book amount	<u>29,728</u>	<u>58,640</u>	<u>88,368</u>
<b>At 31 October 2016</b>			
Cost	160,327	108,261	268,588
Accumulated depreciation	(130,599)	(49,621)	(180,220)
Net book amount	<u>29,728</u>	<u>58,640</u>	<u>88,368</u>

**Note 10. Current liabilities - Payables**

	2016 \$	2015 \$
Payables	450	4,640
	<u>450</u>	<u>4,640</u>

**Note 11. Current liabilities - Provisions**

	2016 \$	2015 \$
Employee benefits	114,066	79,455
Accruals	44,831	72,539
	<u>158,897</u>	<u>151,994</u>

**Note 12. Current liabilities – Deferred Income**

	2016 \$	2015 \$
Deferred Income from future events	90,739	102,369
	<u>90,739</u>	<u>102,369</u>

**Note 13. Non current liabilities - Provisions**

	2016 \$	2015 \$
Make good provision	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

**(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:

	2016 \$	2015 \$
<b>Non-current provision – Make good provision</b>		
Carrying amount in the beginning of the financial year	20,000	20,000
Additional provision recognised	-	-
Carrying amount at the end of the financial year	<u>20,000</u>	<u>20,000</u>

**Note 14. Units issued**

	<b>2016 Units</b>	<b>2016 Units</b>	<b>2015 \$</b>	<b>2015 \$</b>
Units issued	<b>100</b>	100	<b>100</b>	100

**Note 15. Reserves**

	<b>2016 \$</b>	<b>2015 \$</b>
Available-for-sale investments revaluation reserve	<b>168,029</b>	<b>297,071</b>
Movements in the available-for-sale investments revaluation reserve are set out below:		
	<b>2016 \$</b>	<b>2015 \$</b>
Balance at the beginning of the financial year	<b>297,071</b>	98,511
Transferred to the statement of comprehensive income	-	(40,773)
Movement in fair value of investments	<b>(129,042)</b>	239,333
Balance at the end of the financial year	<b>168,029</b>	<b>297,071</b>

**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**

	<b>2016 \$</b>	<b>2015 \$</b>
Retained surplus at the beginning of the financial year	<b>4,684,048</b>	4,425,431
Net surplus for the financial year	<b>(368,610)</b>	258,617
Retained surplus at the end of the financial year	<b>4,315,438</b>	<b>4,684,048</b>

**Note 17. Remuneration of auditors**

The audit of the Foundation for the year ended 31 October 2016 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  
M Coleman  
S Gatt (appointed 2 September, 2016)  
V P Hoog Antink (resigned 1 July, 2016)  
C Kirk  
C J Hanan (resigned 1 July, 2016)  
R Johnston  
J W Kenny  
B McGuckin

### **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 and who provide in kind donations.

### **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 two offices (Sydney & Melbourne) 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.

	<b>2016</b>	<b>2015</b>
	\$	\$

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	<b>39,200</b>	43,997
Later than one year but not later than five years	-	10,800
	<b>39,200</b>	<b>54,797</b>

### **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 \$2,278,818 (2015: \$1,573,705). In addition, the Foundation has approved in the current and prior years a number of projects which are expected to proceed in the 2017 year. The outstanding approvals amount to \$2,337,262 (PY \$1,788,262) as at 31 October 2016.

## Note 21. Cash flow information

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

	2016 \$	2015 \$
(Deficit) / Surplus after income tax	(368,609)	258,617
Depreciation	24,743	11,314
Change in operating assets and liabilities:		
(Increase)/(decrease) in receivables	(101,320)	(80,400)
(Increase)/decrease in other assets	(12,817)	7,486
Increase in Deferred Income	(11,630)	(3,768)
Increase in payables	(4,190)	(14,944)
Increase/(decrease) in provisions	6,903	21,452
Gain on disposal of available-for-sale financial assets	-	(40,773)
Dividends received from available-for-sale financial assets	(133,158)	(167,079)
	<u>(600,078)</u>	<u>(8,095)</u>

## Note 22. Events occurring after the balance sheet date

No matter or circumstances has arisen since 31 October 2016 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**

	2016	2015
	\$	\$

**a) Details of aggregate gross income and expenditure of fundraising appeals**

Gross proceeds from fundraising appeals (i)	2,278,930	2,300,819
Total costs of fundraising appeals	(688,481)	(587,310)
Net surplus from fundraising	<u>1,590,449</u>	<u>1,713,509</u>

(i) Gross proceeds from fundraising exclude donations

2016	2015
\$	\$

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

Net surplus from fundraising	1,590,450	1,713,508
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This was applied to charitable purposes in the following manner:

Distributions to eligible charities	<u>1,859,704</u>	<u>1,442,698</u>
Surplus/(excess) in funds available from fundraising	<u>(269,255)</u>	<u>270,810</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 and Cycling Rallies.

**d) Comparison of monetary figures and percentages**

	2016	2015
	\$	\$
Total cost of fundraising	688,481	587,310
Gross income from fundraising	2,278,930	2,300,819
% of fundraising cost over income	<u>30%</u>	<u>26%</u>
Net surplus from fundraising	1,590,450	1,713,508
Revenue	2,278,930	2,300,819
% of surplus over revenue	<u>70%</u>	<u>74%</u>
Total distributions to eligible charities	1,859,704	1,442,698
Net surplus from fundraising	1,590,450	1,713,508
% of total distributions to eligible charities over surplus	<u>117%</u>	<u>84%</u>

**Property Industry Foundation**  
**Declaration by the Chairman of the Trustee**  
31 October 2016

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 2016 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 20 MARCH 2017





## **Independent auditor's report to the members 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 2016, 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 directors' declaration.

### ***Directors' 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*, *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2008 (NSW)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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, 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 fund raising activities are a significant source of revenue for the Foundation. The directors have determined that it is impractical to establish control over the collection of cash donations and other fund raising activities prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from cash donations and other fundraising activities

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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 and other fund raising activities is complete.

### *Qualified 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 Foundation's financial position as at 31 October 2016 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards.

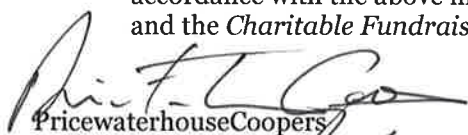

### ***Report on the requirements of the Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2008 (NSW)***

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

### *Qualified opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph of the Report on the financial report section above:

- a) The Foundation's financial report represents a true and fair view as required by the section 24(2)(a) of the *Charitable Fundraising Act 1991 (NSW)* of the financial result of the fundraising appeals for the financial year ended 31 October 2016;
- b) the accounts and associated financial records have been properly kept, in all material respects, in accordance to section 20(1), 22(1-2) and 24(1-3) of the *Charitable Fundraising Act 1991 (NSW)* and section 9(6) and 10 of the *Charitable Fundraising Regulation 2008 (NSW)* during the financial year ended 31 October 2016; and
- c) money received as a result of fundraising appeals conducted by the Foundation during the financial year ended 31 October 2016 has been properly accounted for and applied in accordance with the above mentioned sections of the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2008 (NSW)*, in all material respects.

  
PricewaterhouseCoopers  
  
N R McConnell  
Partner

20 March 2017