

**Property Industry Foundation
Annual report - 31 October 2017**

Contents

	Page
Directors' Report	3
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the financial statements	9
Directors' Declaration	24
Independent Auditor's Report to the trustee	25

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 11 May 2018. The Foundation has the power to amend and reissue the financial report.

The directors of Property Industry Foundation Pty Limited as trustee for Property Industry Foundation ("the Foundation") present their report for the year ended 31 October 2017.

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
P Inge (appointed 7 May 2018)
C Kirk
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 2017 was \$140,972 (2016: deficit of \$368,609)

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 October 2017 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

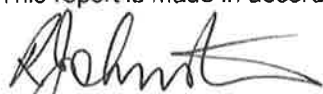
A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 is set out on page 4 and forms part of the Directors' Report.

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

14 May 2018



Auditor's Independence Declaration

As lead auditor for the audit of Property Industry Foundation for the year ended 31 October 2017, 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
14 May 2018

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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Property Industry Foundation
Statement of Comprehensive Income
For the financial year ended 31 October 2017

	Notes	2017 \$	2016 \$
Revenue	3	5,287,814	3,875,529
Other income	3	447,641	171,995
Total Revenue & Other income		5,735,455	4,047,524
Less Expenses:			
Yachting regattas		(222,013)	(224,011)
Annual balls		(274,650)	(257,703)
Networking and other events		(100,444)	(21,733)
PA exclusive campaign		(27,141)	(20,834)
National Hard Hat Day		(6,152)	(6,088)
Cycling Rallies		(192,189)	(141,945)
Property Blitz		(16,147)	(16,166)
Employee benefits expense	4	(1,257,710)	(1,052,136)
Depreciation	4	(30,612)	(24,743)
Computer and internet expense		(45,759)	(37,527)
Rental Expense	4	(67,126)	(60,050)
Office supplies expense		(9,935)	(17,311)
Marketing and travel expenses		(114,102)	(75,085)
Utilities expense		(30,561)	(23,617)
Insurance expense		(14,404)	(16,865)
Other expenses		(134,633)	(141,498)
Total Expenses		(2,543,578)	(2,137,314)
Surplus before income tax expense		3,191,878	1,910,209
Income tax expense	1(b)	-	-
Surplus after income tax expense		3,191,878	1,910,209
Distributions to eligible charities		(3,332,850)	(2,278,818)
Net (deficit)		(140,972)	(368,609)
Other Comprehensive (loss)			
<i>Items that may be reclassified to profit and loss</i>			
Changes in the fair value of available-for-sale financial assets		267,162	(129,042)
Gain on disposal of available-for-sale assets reclassified to profit and loss		(298,855)	-
Total Comprehensive loss for the year		(172,665)	(497,651)

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

Property Industry Foundation
Balance Sheet
As at 31 October 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash assets	5	1,011,170	1,377,845
Receivables	6	154,907	226,833
Other	7	43,267	52,818
Total current assets		<u>1,209,344</u>	<u>1,657,496</u>
Non-current assets			
Other financial assets	8	3,381,884	3,007,789
Property, plant and equipment	9	64,150	88,368
Total non-current assets		<u>3,446,034</u>	<u>3,096,157</u>
Total assets		<u>4,655,378</u>	<u>4,753,653</u>
LIABILITIES			
Current liabilities			
Payables	10	44,328	450
Provisions	11	187,571	158,897
Deferred Income	12	92,577	90,739
Total current liabilities		<u>324,476</u>	<u>250,086</u>
Non-current liabilities			
Provisions	13	20,000	20,000
Total liabilities		<u>344,476</u>	<u>270,086</u>
Net assets		<u>4,310,902</u>	<u>4,483,567</u>
EQUITY			
Units issued	14	100	100
Reserves	15	136,336	168,029
Retained surpluses	16	4,174,466	4,315,438
Total equity		<u>4,310,902</u>	<u>4,483,567</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 2017

	Attributable to the equity holders of the Property Industry Foundation			
	Contributed Equity	Reserves	Accumulated Surplus	Total
	\$	\$	\$	\$
Balance at 1 November 2015	100	297,071	4,684,048	4,981,219
Net deficit 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)
Balance at 31 October 2016	100	168,029	4,315,439	4,483,568
Balance at 1 November 2016	100	168,029	4,315,439	4,483,568
Net deficit for the year	-	-	(140,972)	(140,972)
Other comprehensive income for the year:				
Changes in the fair value of available-for-sale financial assets	-	(31,693)	-	(31,693)
Total comprehensive loss for the year	-	(31,693)	(140,972)	(172,665)
Balance at 31 October 2017	100	136,336	4,174,467	4,310,903

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 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from donations and fundraising activities		4,068,542	3,552,556
Payments for fundraising activities		(1,074,123)	(897,572)
		<u>2,994,419</u>	<u>2,654,984</u>
Interest received		21,853	38,837
Payments to other suppliers and employees		(1,592,127)	(1,434,195)
Distributions to eligible charities		(1,804,427)	(1,859,704)
Net cash (outflow) from operating activities	21	<u>(380,282)</u>	<u>(600,078)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(6,393)	(52,264)
Payments for available-for-sale financial assets		(405,788)	(105,461)
Distribution received from available-for-sale financial assets		425,788	133,158
Net cash inflow from investing activities		<u>13,607</u>	<u>(24,568)</u>
Cash flows from financing activities			
Net cash inflow from financing activities		<u>-</u>	<u>-</u>
Net decrease in cash held		(366,675)	(624,646)
Cash at the beginning of the financial year		1,377,845	2,002,492
Cash at the end of the financial year	5	<u>1,011,170</u>	<u>1,377,845</u>

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

Content of the notes to the financial statements

1	Summary of significant accounting policies	10
2	Financial risk management	15
3	Revenue	16
4	(Deficit)/surplus	16
5	Current assets - Cash and cash equivalents	17
6	Current assets - Receivables	17
7	Current assets - Other	17
8	Non-current assets - Other financial assets	17
9	Non-current assets - Property, plant & equipment	18
10	Current liabilities - Payables	19
11	Current liabilities - Provisions	19
12	Current liabilities - Deferred income	19
13	Non-current liabilities - Provisions	19
14	Units issued	20
15	Reserves	20
16	Retained surpluses	20
17	Remuneration of auditors	20
18	Related parties	21
19	Commitments and Contingencies	21
20	Charitable Disbursements	22
21	Cash flow information	22
22	Events occurring after the balance sheet date	22
23	Additional information furnished under the <i>Charitable Fundraising Act 1991</i> and the Regulations	23
	Declaration by the Chairman of the Trustee	24
	Independent auditor's report to the trustee of Property Industry Foundation	25

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.

Basis of preparation

(a)

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.

(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.

(v) Pro bono services and in-kind support

The Property Industry Foundation receives pro bono services or in kind donations from a range of providers involved in the property industry. To the extent that such in-kind donations relate to building works, refurbishments and workabees of charity partner properties, the fair value of these goods or services, as determined by the Foundation, are recognised as revenue with an equivalent expense and the amount recognised is \$1,528,423 (PY \$419,114).

(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. 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.

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.

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).

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.

The directors anticipate that the adoption of AASB 9 could have an impact in respect of accounting for the Foundation's financial assets. The Foundation is in the process of determining its accounting policy choices under the new standard going forward. There will be no impact on the net assets of the Foundation and its managed fund investments will continue to be held at fair value.

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.

The standard will affect primarily the accounting for the Foundation's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of \$87,790, see note 19.

However, the group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.

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

	2017	2016
	\$	\$
Revenue from operating activities		
Donations		
National donations	525,000	567,500
Platinum donations	280,000	228,000
Gold donations	213,000	168,500
Silver donations	119,000	126,125
General corporate donations	81,595	87,359
In-kind donations	1,528,423	419,114
	<u>2,747,018</u>	<u>1,596,598</u>
 Fundraising revenue		
National Hard Hat Day	186,923	188,018
Annual balls	556,994	596,498
Yachting regattas	833,153	829,826
PA exclusive campaign	32,196	25,855
Cycling rallies	564,929	449,430
Property Blitz	143,759	134,980
Networking and other events	222,841	54,324
	<u>2,540,796</u>	<u>2,278,931</u>
	<u>5,287,814</u>	<u>3,875,529</u>

Other Income

	2017	2016
	\$	\$
Interest income	21,853	38,837
Managed fund distributions	126,933	133,158
Gain on disposal of available for sale financial assets reclassified to profit and loss from reserves	298,855	-
	<u>447,641</u>	<u>171,995</u>
Total revenue	<u>5,735,455</u>	<u>4,047,524</u>

Note 4. (Deficit)/Surplus

Deficit before income tax includes the following expenses:

	2017	2016
	\$	\$
Depreciation of non-current assets	30,612	24,743
Employee benefits expense	1,257,710	1,052,136
Rental lease expense relating to operating leases	67,126	60,050

Note 5. Current assets - Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank and on hand	<u>1,011,170</u>	<u>1,377,845</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:

	2017	2016
	\$	\$
Balances as above	1,011,170	1,377,845
Balances per statement of cash flows	<u>1,011,170</u>	<u>1,377,845</u>

Note 6. Current assets - Receivables

	2017	2016
	\$	\$
Receivables	<u>154,907</u>	<u>226,833</u>

These amounts generally arise from fundraising events. There are no impaired receivables to be written-off for the year ended 31 October 2017.

Note 7. Current assets - Other

	2017	2016
	\$	\$
Prepayments	43,185	49,160
Other	82	3,658
Current assets - other	<u>43,267</u>	<u>52,818</u>

Note 8. Non-current assets - Other financial assets

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

	2017	2016
	\$	\$
Managed funds	3,381,884	3,007,789
Available-for-sale financial assets	<u>3,381,884</u>	<u>3,007,789</u>

Available-for-sale financial assets are comprised of listed securities 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 2017. 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 2015			
Cost	130,363	85,961	216,324
Accumulated depreciation	(127,352)	(28,107)	(155,477)
Net book amount	2,993	57,584	60,847
Year ended 31 October 2016			
Opening net book amount	2,993	57,584	60,847
Additions	29,964	22,300	52,264
Depreciation charge	(3,229)	(21,514)	(24,743)
Closing net book amount	29,728	58,640	88,368
At 31 October 2016			
Cost	160,327	108,261	268,588
Accumulated depreciation	(130,599)	(49,621)	(180,220)
Net book amount	29,728	58,640	88,368
Year ended 31 October 2017			
Opening net book amount	29,728	58,640	88,368
Additions	3,206	3,188	6,394
Depreciation charge	(6,401)	(24,211)	(30,612)
Closing net book amount	26,533	37,617	64,150
At 31 October 2017			
Cost	163,533	111,449	274,982
Accumulated depreciation	(137,000)	(73,832)	(210,832)
Net book amount	26,533	37,617	64,150

Note 10. Current liabilities - Payables

	2017 \$	2016 \$
Payables	44,328	450
	<u>44,328</u>	<u>450</u>

Note 11. Current liabilities - Provisions

	2017 \$	2016 \$
Employee benefits	120,972	114,066
Accruals	66,599	44,831
	<u>187,571</u>	<u>158,897</u>

Note 12. Current liabilities – Deferred Income

	2017 \$	2016 \$
Deferred income from future events	92,577	90,739
	<u>92,577</u>	<u>90,739</u>

Note 13. Non current liabilities - Provisions

	2017 \$	2016 \$
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:

	2017 \$	2016 \$
Non-current provision – Make good provision		
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

	2017 Units	2016 Units	2017 \$	2016 \$
Units issued	100	100	100	100

Note 15. Reserves

	2017 \$	2016 \$
Available-for-sale investments revaluation reserve	136,336	168,029
Movements in the available-for-sale investments revaluation reserve are set out below:		
	2017 \$	2016 \$
Balance at the beginning of the financial year	168,029	297,071
Movement in fair value of investments	267,162	(129,042)
Amounts reclassified to profit and loss	(298,855)	-
Balance at the end of the financial year	136,336	168,029

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

	2017 \$	2016 \$
Retained surplus at the beginning of the financial year	4,315,438	4,684,048
Net surplus for the financial year	(140,972)	(368,610)
Retained surplus at the end of the financial year	4,174,466	4,315,438

Note 17. Remuneration of auditors

The audit of the Foundation for the year ended 31 October 2017 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
P Inge (appointed 7 May 2018)
C Kirk
R Johnston
J W Kenny
B McGuckin

Transactions with trustee directors and 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 in the ordinary course of business.

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.

	2017	2016
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	52,174	39,200
Later than one year but not later than five years	35,616	-
	87,790	39,200

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 \$3,332,850 (2016: \$2,278,818). In addition, the Foundation has approved in the current and prior years a number of projects which are expected to proceed in the 2018 year. The outstanding approvals amount to \$2,972,362 (2016: \$2,337,262) as at 31 October 2017.

Note 21. Cash flow information

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

	2017 \$	2016 \$
(Deficit) after income tax	(140,972)	(368,609)
Depreciation	30,612	24,743
Gain on disposal of available-for-sale financial assets	(298,855)	-
Dividends received from available-for-sale financial assets	(126,933)	(133,158)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	71,926	(101,320)
(Increase)/decrease in other assets	9,551	(12,817)
Increase/(decrease) in deferred income	1,838	(11,630)
Increase/(decrease) in payables	43,878	(4,190)
Increase in provisions	28,674	6,903
	<u>(380,282)</u>	<u>(600,078)</u>

Note 22. Events occurring after the balance sheet date

No matter or circumstances has arisen since 31 October 2017 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

	2017	2016
	\$	\$

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

Gross proceeds from fundraising appeals (i)	2,540,796	2,278,930
Total costs of fundraising appeals	(838,736)	(688,481)
Net surplus from fundraising	<u>1,702,060</u>	<u>1,590,449</u>

(i) Gross proceeds from fundraising exclude donations

2017	2016
\$	\$

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

Net surplus from fundraising	1,702,060	1,590,450
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This was applied to charitable purposes in the following manner:

Distributions to eligible charities	<u>1,804,427</u>	<u>1,859,704</u>
(Excess) in funds available from fundraising	<u>(102,367)</u>	<u>(269,255)</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, charity sleepouts, PA Exclusive Campaigns and Cycling Rallies.

d) Comparison of monetary figures and percentages

	2017	2016
	\$	\$
Total cost of fundraising	838,736	688,481
Gross income from fundraising	2,540,796	2,278,930
% of fundraising cost over income	<u>33%</u>	<u>30%</u>
Net surplus from fundraising	1,702,060	1,590,450
Revenue	2,540,796	2,278,930
% of surplus over revenue	<u>67%</u>	<u>70%</u>
Total distributions to eligible charities	1,804,427	1,859,704
Net surplus from fundraising	1,702,060	1,590,450
% of total distributions to eligible charities over surplus	<u>106%</u>	<u>117%</u>

**Property Industry Foundation
Directors' Declaration
31 October 2017**

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 2017 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

14 May 2018



Independent auditor's report

To the unitholders of Property Industry Foundation

Report on the audit of the financial report

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the *Basis for qualified opinion* section of our report, the accompanying financial report of Property Industry Foundation (the Foundation) is in accordance with Division 60 of 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 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 October 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the directors of the Trustee.

Basis for qualified opinion

Cash from donations and other fundraising activities are a significant source of revenue for the Foundation. The directors of 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 Foundation's 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.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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Independence

We are independent of the Foundation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Property Industry Foundation and its unitholders and should not be used by parties other than Property Industry Foundation and its unitholders. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Foundation's Annual Report for the year ended 31 October 2017, including the Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2015 (NSW)* and is appropriate to meet the needs of the unitholders. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the ability of the Foundation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the requirements of the Charitable Fundraising Act 1991 (NSW) and Charitable Fundraising Regulations 2015 (NSW)

Our qualified opinion

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act (NSW) 1991*.

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

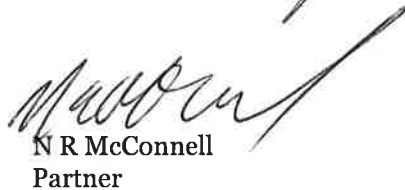
- a) the Foundation's financial report represents a true and fair view as required by the section 24(2)(a) of the *Charitable Fundraising Act 1991 (NSW)* of the financial result of the fundraising appeals for the financial year ended 31 October 2017
- b) the accounts and associated financial records have been properly kept in accordance to section 20(1), 22(1-2) and 24(1-3) of the *Charitable Fundraising Act 1991 (NSW)* and section 10(6) and 11 of the *Charitable Fundraising Regulation 2008 (NSW)* during the financial year ended 31 October 2017
- c) money received as a result of fundraising appeals conducted by the Foundation during the financial year ended 31 October 2017 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 2015 (NSW)*.



The directors 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 2015 (NSW)*. Our responsibility is to express an opinion on the financial report based on our audit.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers", written over the printed name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read "N R McConnell", written over the printed name.

N R McConnell
Partner

Sydney
14 May 2018