# NATIONAL COMMUNITY FOUNDATION FUND

## ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2008

# NATIONAL COMMUNITY FOUNDATION FUND

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# NATIONAL COMMUNITY FOUNDATION FUND

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 30 JUNE 2008

The Directors of Community Foundation Network Ltd (CAN 077 830 347), the Trustee of the National Community Foundation Fund present their report together with the financial report of National Community Foundation Fund (the "Fund") for the financial year ended 30 June 2008 and the auditor's report thereon.

**1. Directors**

The Directors of Community Foundation Network Ltd at any time during or since the end of the financial year are:

Marion Webster OAM BA Monash, DipSocStud (Chairperson) - appointed 12 March 1997
Chris Arnold BCom, MBA - appointed 9 July 2002
Sam Chandler - appointed 30 March 2006
Annie Duncan PhD - appointed 30 March 2006
Peter Griffin AM BCom - appointed 18 August 2004
Jo Grigg appointed 16 June 2007
Peter Hero BA, MC, MBA - appointed 31 May 2007
Greg Larsen BCA - appointed 30 June 2005
Chris Lovell LLB, BA, LLM - appointed 1 February 2005
Karen Mahlab BEcon - appointed 12 June 2001
Ian McHutchison LLB - appointed 30 March 2006
Lucy O'Brien LLB BA - appointed 1 February 2007 - retired 1 February 2008
His Honourable Judge David Parsons SC LLB - appointed 11 September 1997
Jac Phillips appointed - 22 February 2008
Jill Reichstein OAM BA - appointed 16 October 1998
Casey Tan BCom - appointed 1 July 2007
Mike Zafiropoulos BA - appointed 13 July 1999

**2. Fund secretary**

Ian McHutchison was appointed to the position of Fund secretary on 31 May 2007.

**3. Principal activities**

The National Community Foundation Fund is a charitable fund.

**4. Operating and financial review**

The profit for the year was $105,175. No income tax is payable by the Fund.

**5. Significant changes in the state of affairs**

In the opinion of the Directors there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

**6. Distributions**

No distributions were paid during financial year.

# DIRECTORS' REPORT (CONTINUED)
# FOR THE YEAR ENDED 30 JUNE 2008

**7. Directors' meetings**

The number of Directors' meetings and number of meetings attended by each of the Directors during the financial year are:

| Director | Board Meetings | |
|---|---|---|
| | A | B |
| Marion Webster OAM | 11 | 8 |
| Chris Arnold | 11 | 9 |
| Sam Chandler | 11 | 4 |
| Annie Duncan | 11 | 9 |
| Peter Griffin | 11 | 7 |
| Jo Grigg | 11 | 11 |
| Peter Hero | 11 | 2 |
| Greg Larsen | 11 | 8 |
| Chris Lovell | 11 | 9 |
| Karen Mahlab | 11 | 7 |
| Ian McHutchison | 11 | 9 |
| Lucy O'Brien | 6 | 3 |
| His Hon Judge David Parsons SC | 11 | 7 |
| Jac Phillips | 4 | 4 |
| Jill Reichstein OAM | 11 | 9 |
| Casey Tan | 11 | 8 |
| Mike Zafiropoulos | 11 | 6 |

**A** Number of meetings held during the time the Director held office during the year
**B** Number of meetings attended

**8. Directors' benefits**

The Directors act in an honorary capacity unless otherwise stated. During the financial year, no Director has received or become entitled to receive a benefit because of a contract that the Director, or firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Fund, or an entity that the Fund controlled, or a body corporate that was related to the Fund, when the contract was made or when the Director received, or became entitled to receive the benefit.

**9. Environmental regulation**

The Fund's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

**10. Events subsequent to reporting date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 30 JUNE 2008

**11. Likely developments**

We are aware of large fluctuations on global markets which will affect investment values and overtime investment returns. These will impact the Melbourne Community Foundation but the manner of the impact is not yet clear.

**12. Indemnification**

The Fund is entitled to be indemnified in respect of liabilities, out of the assets of the Fund.

Signed in accordance with a resolution of the Board of Directors:

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**M Webster OAM**
**Director**

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**I McHutchison**
**Director**

**Melbourne**
**18 November 2008**

# NATIONAL COMMUNITY FOUNDATION FUND

## INCOME STATEMENT
## FOR THE YEAR ENDED 30 JUNE 2008

| | 2008<br>$ |
|---|---|
| **Revenue** | |
| Interest Income | 1,416 |
| Donations | 103,764 |
| | 105,180 |
| **Expenses** | (5) |
| **Profit/(loss) from operating activities** | 105,175 |
| **Profit/(loss) for the year** | 105,175 |

The notes on pages 8 to 12 form an integral part of these financial statements.

## NATIONAL COMMUNITY FOUNDATION FUND

## BALANCE SHEET
## AS AT 30 JUNE 2008

| | 2008<br>$ |
|---|---|
| **CURRENT ASSETS** | |
| Cash at Bank | 103,831 |
| Receivable | 1,444 |
| **TOTAL ASSETS** | 105,275 |
| | |
| **EQUITY** | |
| Corpus | 100 |
| Retained earnings | 105,175 |
| **TOTAL EQUITY** | 105,275 |

The notes on pages 8 to 12 form an integral part of these financial statements.

## NATIONAL COMMUNITY FOUNDATION FUND

## STATEMENT OF CHANGES IN EQUITY
## AS AT 30 JUNE 2008

| | 2008<br>$ |
|---|---|
| Corpus | 100 |
| Opening retained earnings | - |
| Profit / (Loss) for the year | 105,175 |
| Closing retained earnings | 105,175 |
| **TOTAL EQUITY** | 105,275 |

The notes on pages 8 to 12 form an integral part of these financial statements.

## NATIONAL COMMUNITY FOUNDATION FUND

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2008

| | 2008<br>$ |
|---|---|
| Interest received | 72 |
| Donations received | 103,764 |
| Bank charges | (5) |
| **Cash flows from operating activities** | 103,831 |
| **Cash flows from investing activites** | - |
| **Net movement in cash held** | 103,831 |
| **Cash at the beginning of the year** | - |
| **Cash at the end of the year** | 103,831 |

The notes on pages 8 to 12 form an integral part of these financial statements.

# NATIONAL COMMUNITY FOUNDATION FUND

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2008

### 1. Significant accounting policies

The National Community Foundation Fund (the "Fund") is a Fund domiciled in Australia. The Trustee of the Fund is Community Foundation Network Ltd (the "Trustee"). The address of the Fund's and the Trustee's registered office is Suite 6, 19 - 35 Gertrude Street, Fitzroy, Victoria 3065. The Fund was created on 7 July 2007.

The financial report was authorised for issue by the Directors on 18 November 2008.

The significant polices which have been adopted in the preparation of this Financial Report are:

**(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ("AASB"). The financial report of the Fund also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

**(b) Basis of measurement**

The financial report is presented in Australian dollars.

The financial report has been prepared on the historical cost basis except for certain financial instruments which are stated at their fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

**(c ) Revenue recognition**

*(i) Interest income*

Interest income and expense is recognised in the income statement as it accrues, using the effective interest rate method of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

*(ii) Donations*

Donations are recognised when received.

**(d) Expenses**

All expenses are recognised in the income statement on an accruals basis.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances.

**(f) Receivables**

Receivables may include amounts for dividends, trust distributions, imputation credits and interest. Dividends, distributions and imputation credits are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment.

**(g) Income tax**

The Fund is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. The Fund is a deductible gift recipient.

**(h) Goods and services tax**

Expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO). GST on brokerage is claimed at the rate of 75% of the total. Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

**(i) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. They are available for early adoption at 30 June 2008, but have not been applied in preparing these financial statements. The Directors' assessment of the impact of these new standards (to the extent relevant for the Fund) and interpretations is set out below:

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Fund's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Fund's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Under the management approach, the Fund will present segment information on charitable organisations in Australia.

Revised AASB 101 Presentation of Financial Statements introduced as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosure.

## (j) Financial risk management

### Overview

The Fund has exposure to the following risks from their use of financial instruments:
· credit risk

This note presents information about the Fund's exposure to the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report. The Board has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Finance & Investment Committee oversees how the Fund's manager monitors compliance with the Funds risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

### Credit risk

Credit risk is the risk of financial loss to the Fund if a counter party to a financial instrument fails to meet its contractual obligations, and rises principally from the Fund's investment securities and receivables from investment securities. Other credit risk arises from cash and cash equivalents holdings of the Fund.

The Fund's exposure to credit risk is influenced mainly by the counter-party that holds the Fund's cash balance.

The Fund's manager has established a credit policy based on the present investment mandate set by the Finance & Investment Committee that complies with the the Fund's risk tolerance level and investment objectives.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is disclosed in Note 5.

## NATIONAL COMMUNITY FOUNDATION FUND

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2008

### 2 Related parties

### (a) Directors' and key management personnel

Directors of Community Foundation Network Limited since the beginning of the financial year to the date of this report:

Marion Webster OAM BA Monash, DipSocStud (Chairperson) - appointed 12 March 1997
Chris Arnold BCom, MBA - appointed 9 July 2002
Sam Chandler - appointed 30 March 2006
Annie Duncan PhD - appointed 30 March 2006
Peter Griffin AM BCom - appointed 18 August 2004
Jo Grigg appointed 16 June 2007
Peter Hero BA, MC, MBA - appointed 31 May 2007
Greg Larsen BCA - appointed 30 June 2005
Chris Lovell LLB, BA, LLM - appointed 1 February 2005
Karen Mahlab BEcon - appointed 12 June 2001
Ian McHutchison LLB - appointed 30 March 2006
Lucy O'Brien LLB BA - appointed 1 February 2007 - retired 1 February 2008
His Honourable Judge David Parsons SC LLB - appointed 11 September 1997
Jac Phillips - appointed 22 February 2008
Jill Reichstein OAM BA - appointed 16 October 1998
Casey Tan BCom - appointed 1 July 2007
Mike Zafiropoulos BA - appointed 13 July 1999

**Finance Committee**
Ian McHutchison LLB (Chair)
Michael Gilmore B Econ, GradDip Fin. Planning
Peter Griffin AM Bcom
Casey Tan BCom
Peter Walsh

**Audit Committee**
Hugh Parkes BA MBA, FCA, CISA (Chair)
Chris Arnold BCom, MBA
Hayden Raysmith DipSocStud

### (b) Directors' compensation

The Directors act in an honorary capacity unless otherwise stated. During the financial year, no Director has received or become entitled to receive a benefit because of a contract that the Director, or firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Company, or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive the benefit.

### 3 Segment reporting

The Company is organised into one main segment which operates solely as a trustee company in Australia.

### 4 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2008.

## 5 Financial instruments

### (a) Terms, conditions and accounting policies

The Fund's accounting policies, including terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date are as follows:

*(i) Financial assets*

| | |
|---|---|
| Cash assets | |
| Cash at bank is stated at cost. Interest is recognised when earned. | Cash at bank is at call with effective interest rate of 6.82% |
| Receivables | |
| Amounts receivable are carried at nominal amount due. | No interest is charged on outstanding balances. |

### (b) Exposure to credit risk

The carrying amount of the Fund's financial assets represents the maximum credit exposure. The Fund's maximum exposure to credit risk at the reporting date was:

| | Carrying Amount 2008 |
|---|---|
| Cash and cash equivalents | 103,831 |
| Receivables | 1,444 |
| | 105,275 |

## DIRECTORS' DECLARATION

In the opinion of the Directors of Community Foundation Network Ltd, the Trustee of the National Community Foundation Network (the "Fund"):

(a) the financial statements and notes, set out on pages 4 to 12, are drawn up in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), so as to present fairly the financial position of the Fund as at 30 June 2008 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a); and

(c) there are reasonable grounds to believe that the Fund will be able to pays its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:

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**M Webster OAM**
**Director**

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**I McHutchison**
**Director**

**Melbourne**
**18 November 2008**