



INNER NORTH
COMMUNITY
FOUNDATION



Connecting
people
who care
to causes
that matter



YEAR IN REVIEW
FINANCIAL
STATEMENTS
2012/13

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Compliance with Public Ancillary Fund Guidelines

Inner North Community Foundation is an endorsed charitable institution bound by both ASIC and ATO legislation. It is also the Trustee to two trusts:

Charitable Fund (ABN: 12 901 071 775)

Public Fund (ABN: 33 542 897 543)

The Charitable Fund is required to disburse grants to charitable organisations as defined by the ATO. The Public Fund is a Deductible Gift Recipient (DGR) endorsed public ancillary fund. The Public Ancillary Fund has been operated in compliance with the requirements of the Public Ancillary Fund Guidelines 2011 through the year ended 28 June 2013.

Significant Changes

There were no significant changes during the year.

After Balance Day Events

No matters or circumstances have arisen since 28 June 2013 that have significantly affected, or may significantly affect the:

- Inner North Community Foundation's operations in future financial years;
- Results of the operations in future financial years; or
- Inner North Community Foundation's state of affairs in future financial years.

Future Developments

The future developments of the Inner North Community Foundation are guided by the business plan and the board provides direction and commitment to the continued development of the business.

Environmental Issues

The Inner North Community Foundation's operations are regulated by Charity Law and in particular regulations governing the operation of an entity with Deductible Gift Recipient endorsement.

Dividends Paid or Recommended

The Constitution of the Inner North Community Foundation prohibits the payment of dividends from retained earnings. Upon dissolution of the Inner North Community Foundation, any surplus funds after settling all liabilities and realising assets will be paid to a charitable organisation approved by the directors.

Share Options

No options over issued shares or interests in the Inner North Community Foundation were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Proceedings on Behalf of Economic Entity

No person has applied for leave of Court to bring proceedings on behalf of the Inner North Community Foundation or intervene in any proceedings to which the Inner North Community Foundation is a party for the purpose of taking responsibility on behalf of the Inner North Foundation for all or any part of those proceedings. The Inner North Community Foundation was not a party to any such proceedings during the period.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the board of directors.

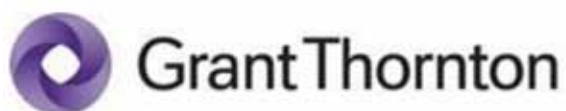
Director

Director

Genevieve Timmons

Cheryl Chan

Dated at Northcote, this 9th day of October 2013



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Auditor's Independence Declaration

To the Directors of Inner North Community Foundation Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Inner North Community Foundation Limited for the year ended 28 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in dark ink, appearing to read "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A stylized, handwritten signature in dark ink, appearing to read "Burne".

Nicholas E. Burne
Partner - Audit & Assurance

Melbourne, 9 October 2013



Statement of Profit or Loss and Other Comprehensive Income

FOR THE PERIOD ENDED 28 JUNE 2013

	Note	2013 \$	2012 \$
Revenue & Other Income	2	897,850	946,677
Employee Benefits Expense		(82,577)	(91,564)
Grant & Community Disbursements		(289,710)	(211,066)
Fundraising & Communication Expenses		(16,709)	(18,278)
Bank Funds Management Fees		(20,694)	(21,072)
Consulting Expenses		(1,600)	–
Other Administration Expenses		(12,536)	(12,760)
Profit before Income Tax Expense		474,024	591,937
Income Tax Expense		–	–
Profit after Income Tax Expense		474,024	591,937
Other Comprehensive income		–	–
Movements in fair value of available for sale assets, recognised in reserves		253,726	(170,994)
Total Comprehensive Income		727,750	420,943

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements on pages 7-11

Statement of Financial Position

FOR THE PERIOD ENDED 28 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash	4	960,478	1,315,192
Available-for-Sale Financial Assets	3	3,050,951	1,985,174
GST Receivable		1,307	2,513
Trade Receivables		50,639	35,162
TOTAL CURRENT ASSETS		4,063,375	3,338,041
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors and other accruals		2,599	3,027
Provisions		891	2,879
TOTAL CURRENT LIABILITIES		3,490	5,906
NET ASSETS		4,059,885	3,332,135
EQUITY			
Retained Earnings		3,844,322	3,370,298
Available for sale reserve		215,563	(38,163)
TOTAL EQUITY		4,059,885	3,332,135

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements on pages 7-11



Statements of Changes in Equity FOR THE PERIOD ENDED 28 JUNE 2013

	Retained profits \$	Available For Sale Reserve \$	Total \$
2013			
Balance 30 June 2012	3,370,298	(38,163)	3,332,135
Profit after Income Tax Expense	474,024	–	474,024
Revaluation increase on Available-for-Sale Financial Assets	–	253,726	253,726
Balance as at 28 June 2013	3,844,322	215,563	4,059,885
2012			
Balance 1 July 2011	2,778,361	132,831	2,911,192
Profit after Income Tax Expense	591,937	–	591,937
Revaluation increase on Available-for-Sale Financial Assets	–	(170,994)	(170,994)
Balance as at 29 June 2012	3,370,298	(38,163)	3,332,135

The statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 7-11.

Statement of Cash Flows FOR THE PERIOD ENDED 28 JUNE 2013

	Note	2013 \$	2012 \$
Cash Flows from Operating Activities			
Donations		611,823	586,789
Sponsorships		114,842	120,165
Payments to Suppliers & Employees		(150,802)	(174,304)
Payments – grants		(289,710)	(212,694)
Interest Received		80,856	60,458
Dividends received		90,329	179,265
Net Cash Generated from Operating Activities	4	457,338	559,679
Cash Flows from Investing Activities			
Payments made for Investments		(812,052)	13,799
Net Cash Used in Investing Activities		(812,052)	13,799
Increase in Cash during the Period		(354,714)	573,478
Cash at Beginning of Financial Period		1,315,192	741,714
Cash at End of Financial Period	4	960,478	1,315,192

The statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 7-11.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

(a) General Information

This general-purpose financial report covers the economic entity of Inner North Community Foundation Limited (“the Foundation”). The directors have determined that the Foundation is a reporting entity.

Inner North Community Foundation Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements for the year ended 30 June 2013 were approved and authorised for issue by the board of directors on 1 October 2013.

(b) Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards (including Australian Accounting Interpretations) set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of available-for-sale financial assets.

(c) Investments

(i) Available-for-sale financial assets

Available-for-sale financial assets comprise investments in managed investment schemes. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

(ii) Recognition and de-recognition

Acquisitions and disposals of investments are recognised on trade date being the date the Foundation commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value.

(iii) Unrealised gains and losses arising from changes in the fair value of long term investments

Unrealised gains are recognised in equity in the available-for-sale financial assets reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(iv) Fair Value

The fair values of quoted investments are based on current published bid prices at the reporting date.

(v) Impairment

At each reporting date, the Foundation assesses whether there is objective evidence that a financial asset 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 an indication that a security could potentially be impaired.

If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current market value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in profit or loss are not reversed through the income statement.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Employee Benefits

Contributions are made by the Foundation to employee superannuation funds and are charged as expenses when incurred.

(f) Income Tax

No provision for income tax has been recognised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(g) Revenue

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue is recognised when the right to receive the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Goods and Services Tax (GST)

Revenues, Expenses and Assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Reserves

Other components of equity include Available For Sale financial assets reserves. This comprises gains and losses relating to these types of financial instruments.

Retained earnings include all current and prior period retained profits.

(i) Critical Accounting Estimates and Judgments

The preparation of financial statements requires the directors to make judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(i) Critical judgments in applying the accounting policies – Available-for-sale financial assets

The Foundation follows the guidance of AASB 139: Financial Instruments: Recognition and Measurement in classifying investments in managed investments schemes as available-for-sale financial assets.

(ii) Critical judgments in applying the accounting policies – Impairment of available-for-sale financial assets

The Foundation follows the guidance of AASB 139 in determining when an available-for-sale financial asset is impaired. This determination is based on the market value of the shares. Furthermore, the directors evaluate, among other things, the duration and extent to which the market value of the investment is more or less than its cost and the financial health of, and near term business outlook for, the investment.

Apart from those listed above, there were no other critical accounting estimates or judgments made in the preparation of the financial statements.

(j) Accounting Standards Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of profit or loss and other comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

(ii) AASB 119 Employee Benefits

The Company currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement.

When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This may result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.

No other accounting standards issued but not yet effective are expected to impact the entity.

Note 2: Revenue & Other Income

	2013 \$	Restated 2012 \$
Operating activities		
- Donations received	611,823	586,789
- Sponsorship	114,842	120,165
- Interest received	80,856	60,458
- Investment income	90,329	179,265
Total Revenue	897,850	946,677

Note 3: Available-for-sale Financial Assets

Units held in managed investments schemes, at fair value	3,050,951	1,985,174
Movements during the financial period		
Opening balance at the start of the period	1,985,174	2,169,967
Acquisitions of units	812,051	-
Net returns reinvested in units	-	(13,799)
Changes in fair value of investments	253,726	(170,994)
Closing balance at the end of the period	3,050,951	1,985,174

Information about the Foundation's exposure to price risk is provided in Note 8.



Note 4: Reconciliation of Cash Flows

	2013 \$	2012 \$
Profit after income tax	474,024	591,937
(Decrease)/Increase in trade payables and other accruals	(427)	1,636
(Decrease)/Increase in provisions	(1,987)	1,995
Decrease/(Increase) in prepayments and receivables	(14,272)	(35,889)
Cash Flows from operations	457,338	559,679
Cash		
Cash at bank and in hand	960,478	1,315,192
Total Cash	960,478	1,315,192

Note 5: Reserves

	Available For Sale Reserve \$	Total \$
The details of reserves are as follows:		
Balance 1 July 2011	132,831	132,831
AFS financial assets – current year gains	(170,994)	(170,994)
Balance at 30 June 2012	(38,163)	(38,163)
Balance 1 July 2012	(38,163)	(38,163)
AFS financial assets – current year gains	253,726	253,726
Balance as at 30 June 2013	215,563	215,563

Note 6: Auditor Remuneration

Audit and review of Financial Statements

- Auditors of Inner North Community Foundation Limited

Note 7: Events Subsequent to Reporting Date

There were no significant events subsequent to the reporting date that require disclosure in the financial statements



Note 8: Financial Risk Management

The Foundation's financial instruments consist of available-for-sale financial assets.

The Foundation does not have any derivative instruments at 28 June 2013.

	2013 \$	2012 \$
The Foundation holds the following financial instruments:		
Units held in managed investment schemes, at fair value	3,050,951	1,985,174

Treasury Risk Management

The directors and management regularly analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risk Exposures and Management

The main risk the Foundation is exposed to through its financial instruments is price risk. The Foundation does not have any assets or liabilities that expose it to material interest rate, foreign currency, liquidity or credit risk.

Price risk

The Foundation is exposed to equity investments price risk. This arises from investments held by the Foundation and classified on the balance sheet as available-for-sale financial assets. All the Foundation's equity investments are in managed investment schemes.

The table below summarises the impact of reasonable/possible increases/decreases in the unit prices of the Foundation's investment with ANZ Trustees and JBWere. The analysis is based on the assumption that the unit price of this investment increased/decreased by 10% with all other variables held constant. Unit price increases/decreases would have a positive/negative impact on the available-for-sale financial asset reserve of:

	2013 \$	2012 \$
Increase by 10%	169,240	198,517
Decrease by 10%	(169,240)	(198,517)

The Foundation is not exposed to any other material financial risks.

Note 9: Related Party Transactions

During the year, expenses of \$114,842 (2012: \$120,165) were incurred by the Foundation and paid for by Inner Northern Group Training Limited, an entity related by virtue of common directorship.

Note 10: Contingent assets and contingent liabilities

There are no contingent liabilities that have been incurred by the Group in relation to 2013 or 2012

Note 11: Company Details

The registered office and principal place of business of the entity is:

Inner North Community Foundation Limited
Level 2,
192-198 High Street,
Northcote, Victoria, 3072



The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 28 June 2013 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director

Genevieve Timmons

Director

Cheryl Chan

Dated at Northcote, this 9th day of October 2013

Auditor's Report



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Independent Auditor's Report To the Members of Inner North Community Foundation Ltd

We have audited the accompanying financial report of Inner North Community Foundation Ltd (the "Company"), which comprises the statement of financial position as at 28 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

The Company is the trustee to Inner North Community Foundation Public Fund (Public Fund) which is an endorsed deductible gift recipient by the Australia taxation Office. We have audited compliance with the Public Ancillary Fund guidelines 2011 (the "Guidelines") by the public fund and the Trustee of the fund to comply with the Guidelines for the reporting year ended 28 June 2013.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The trustee to the Public Fund is also responsible for establishing and maintaining effective internal controls in relation to compliance with the requirements of the Public Ancillary Fund Guidelines 2011. This responsibility includes such internal controls 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our responsibility is to also report on the Public Fund and the Trustee's compliance with requirements as imposed by the Public Ancillary Fund Guidelines 2011 based on our audit. We conducted our audit in accordance with Australian Auditing Standards.

Those standards require us to 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.

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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 Company's preparation of the financial report that gives a true and fair view 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 Company'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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Inner North Community Foundation Ltd is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 28 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b the Public Fund and the Trustee having complied with the Public Ancillary Fund Guidelines 2011 in respect to the Public Fund and the trustee to the Public Fund.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Nicholas E. Burne
Partner - Audit & Assurance

Melbourne, 9 October 2013

ACKNOWLEDGEMENTS

The Inner North Community Foundation thanks our partners

Key Partner

A generous pledge from IntoWork Australia (INGT Ltd) helps us grow our endowment every year. Operational support from IntoWork Australia enables us to direct 100% of our donations towards our perpetual fund and granting programs.



Granting Partner



Local Government Partners



Pro bono partner

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farrelly
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