

Supporting local people and communities in the inner north of Melbourne



INNER NORTH
COMMUNITY
FOUNDATION

FINANCIAL REPORT

2011/12

Cultivating
stronger local
communities

Nurturing
thriving
organisations

Encouraging
local giving

Planting new
opportunities

Sowing seeds
of success



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: 44 382 501 209)

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 throughout the year ended 29 June 2012.

Significant Changes

There were no significant changes during the year.

After Balance Day Events

No matters or circumstances have arisen since 29 June 2012 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 Community 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.

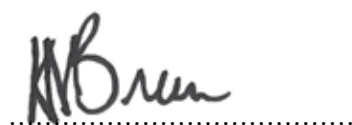
Auditor's Independence Declaration

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.

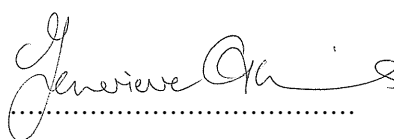
Signed in accordance with a resolution of the board of directors.

Director/Chair

Director



Kevin Breen



Genevieve Timmons

Dated at Northcote, this 13th day of September 2012

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 29 June 2012, 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.



GRANT THORNTON AUDIT PTY LTD



Nicholas E. Burne
Partner - Audit & Assurance

Melbourne Collins St, 13 September 2012

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Statement of comprehensive income FOR THE PERIOD ENDED 29 JUNE 2012

	Note	2012 \$	Restated 2011 \$
Revenue & Other Income	3	946,677	358,755
Employee Benefits Expense		(91,564)	(68,815)
Grant & Community Disbursements		(211,066)	(134,500)
Fundraising & Communication Expenses		(18,278)	(9,197)
Bank Funds Management Fees		(21,072)	(18,260)
Consulting Expenses		-	(2,934)
Other Administration Expenses		(12,760)	(8,581)
Profit before Income Tax Expense		591,937	116,468
Income Tax Expense		-	-
Profit after Income Tax Expense		591,937	116,468
Other comprehensive income		-	-
Movements in fair value of available for sale assets, recognised in reserves		(170,994)	132,831
Total Comprehensive Income		420,943	249,299

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements on pages 19 to 26

Statement of financial position FOR THE PERIOD ENDED 29 JUNE 2012

	Note	2012 \$	Restated 2011 \$
ASSETS			
CURRENT ASSETS			
Cash	5	1,315,192	741,714
Available-for-Sale Financial Assets	4	1,985,174	2,169,967
Prepayments		-	804
GST Receivable		2,513	981
Trade Receivables		35,162	-
TOTAL CURRENT ASSETS		3,338,041	2,913,466
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors and other accruals		3,027	1,390
Provisions		2,879	884
GST Payable		-	-
TOTAL CURRENT LIABILITIES		5,906	2,274
NET ASSETS		3,332,135	2,911,192
EQUITY			
Retained Earnings		3,370,298	2,778,361
Available for sale reserve		(38,163)	132,831
TOTAL EQUITY		3,332,135	2,911,192

The statement of financial position is to be read in conjunction with the notes to the financial statements on pages 19 to 26.

Statements of changes in equity FOR THE PERIOD ENDED 29 JUNE 2012

	Retained profits \$	Available For Sale Reserve \$	Total \$
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
2011 (Restated)			
Balance 2 July 2010	2,661,893	-	2,661,893
Profit after Income Tax Expense	116,468	-	116,468
Revaluation increase on Available-for-Sale Financial Assets	-	132,831	132,831
Balance as at 1 July 2011	2,778,361	132,831	2,911,192

The statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 19 to 26.

Statement of cash flows FOR THE PERIOD ENDED 29 JUNE 2012

	Note	2012 \$	Restated 2011 \$
Cash Flows from Operating Activities			
Donations		586,789	85,884
Sponsorships		120,165	98,141
Payments to Suppliers & Employees		(386,998)	(268,107)
Interest Received		60,458	77,970
Investment Income		179,265	96,760
Net Cash Generated from Operating Activities	5	559,679	90,648
Cash Flows from Investing Activities			
Cash flows from Investments		13,799	(514,696)
Net Cash Used in Investing Activities		13,799	(514,696)
Increase in Cash during the Period		573,478	(424,048)
Cash at Beginning of Financial Period		741,714	1,165,762
Cash at End of Financial Period	5	1,315,192	741,714

The statement of cash flows is to be read in conjunction with the notes to the financial statements on pages 19 to 26.

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.

(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.

(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.

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.

Note 1: Statement of Significant Accounting Policies (cont'd)

(i) Critical Accounting Estimates and Judgments (cont'd)

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 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 have an impact on the entity.

Note 2: Correction of prior year errors

Post signing the audit report for the year ended 1 July 2011 the following prior year errors were identified:

- a) In prior years, the foundation recognised the fair value movements of available for sale investment as a reversal of impairment rather than as a component of equity,
- b) The fair value movement of available for sale recognised in prior period as a reversal of impairment includes dividend income earned from investment,
- c) The net profit recognised on the face of prior year comprehensive income statement is added incorrectly, despite the correct profit figure carrying through to equity,

Financials

d) On the face of the comprehensive income statement for prior year, bank funds management fees is incorrect and overstated.

	2011 \$
Fair value gain on revaluation of available-for-sale financial assets (income statement component)	219,598
Correction of error (2a)	(132,831)
Correction of error (2b)	(86,767)
Restated balance	-
Fair value of gain on revaluation of available-for-sale financial assets (equity component)	-
Correction of error (2a)	132,831
Restated balance	132,831
Profit before Income Tax Expense	231,580
Correction of error (2a)	(132,831)
Correction of error (2c)	17,719
Restated balance	116,468
Revenue	271,988
Correction of error (2b)	86,767
Restated balance	358,755
Retained Earnings	2,911,192
Correction of error (2a)	(132,831)
Restated balance	2,778,361
Bank funds management fees	21,296
Correction of error (2d)	(3,036)
Restated balance	18,260

Note 3: Revenue & Other Income

	2012 \$	Restated 2011 \$
Operating activities		
- Donations received	586,789	85,884
- Sponsorship	120,165	98,141
- Interest received	60,458	77,970
- Investment income	179,265	96,760
Total Revenue	946,677	358,755

Note 4: Available-for-sale Financial Assets

Units held in managed investments schemes, at fair value	1,985,174	2,169,967
Movements during the financial period		
Opening balance at the start of the period	2,169,967	1,522,440
Acquisitions of units	-	500,000
Net returns reinvested in units	(13,799)	14,696
Changes in fair value of investments	(170,994)	132,831
Closing balance at the end of the period	1,985,174	2,169,967

Information about the Foundation's exposure to price risk is provided in Note 7.

Note 5: Reconciliation of cash flows

	2012 \$	Restated 2011 \$
Profit after income tax	591,937	116,468
(Decrease)/Increase in trade payables and other accruals	1,636	(20,893)
(Decrease)/Increase in provisions	1,995	(4,646)
Increase in prepayments	804	(804)
Decrease/(Increase) in receivables	(36,693)	523
Cash Flows from operations	559,679	90,648
Cash		
Cash at bank and in hand	1,315,192	741,714
Total Cash	1,315,192	741,714

Note 6: Events subsequent to reporting date

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

Note 7: Financial risk management

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

The Foundation does not have any derivative instruments at 29 June 2012.

The Foundation holds the following financial instruments:

	2012 \$	2011 \$
Units held in managed investment schemes, at fair value	1,985,174	2,169,967

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 equity investment in the ANZ Trustee's Common Fund 102. 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:

	2012 \$	2011 \$
Increase by 10%	198,517	216,997
Decrease by 10%	(198,517)	(216,997)

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

Note 8: Related Party Transactions

During the year, expenses of \$121,227 (2011: \$98,141) were incurred by the Foundation and paid for by Inner Northern Group Training Limited, an entity related by virtue of common directorship.

Note 9: Accounting Standards and Interpretations issued, not yet effective, not early adopted

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 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 10: 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:

The financial statements, comprising the statement of 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 comply with Accounting Standards and the Corporations Regulations 2001; and give a true and fair view of the company's financial position as at 29 June 2012 and of its performance for the year ended on that date.

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



Kevin Breen

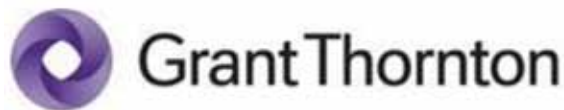
Director



Genevieve Timmons

Dated at Northcote, this 13th day of September 2012

Auditor's Report



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Independent Auditor's Report

To the Members of Inner North Community Foundation Limited

We have audited the accompanying financial report of Inner North Community Foundation Limited (the "Company"), which comprises the statement of financial position as at 29 June 2012, the statement of 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 Australian 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 29 June 2012.

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 of the financial report 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 are necessary to enable the preparation of the financial report to be 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 which 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 29 June 2012 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



Nicholas E. Burne
Partner - Audit & Assurance

Melbourne Collins St, 13 September 2012

Acknowledgements

The Inner North Community Foundation would like to thank all our partners who have provided financial, in-kind and community support. Their interest and generosity has ensured that we are able to continue our work increasing community well-being.

Key Partner

Inner Northern Group Training (INGT)

INGT
INNER NORTHERN
GROUP TRAINING



Granting Partner

Portland House Foundation



Community Partners



Department of Planning
and Community Development



Supporting Partners



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A big thank you to:

Daybreak Films for producing our wonderful short documentary.
Watch it on our website or Vimeo.

Miles Openshaw and Anne Burgi for their input to the Annual Review.

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