



**AUSTRALIAN INDIGENOUS EDUCATION  
FOUNDATION**

**ABN 13 127 908 187**

**Financial Report - 31 March 2014**

# **Australian Indigenous Education Foundation**

## **Directors' report**

### **31 March 2014**

The directors present their report, together with the financial statements, on the Foundation for the financial year ended 31 March 2014.

#### **Directors**

The following persons were directors of the Foundation during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Coombe  
Michael Lindsay  
Warren Mundine  
Andrew Penfold  
Ann Sherry AO (resigned November 2013)

#### **Objectives**

The short-term objective of the Foundation is to provide scholarships to Indigenous secondary school students to attend boarding schools around Australia and to support such students to successfully transition into sustainable careers.

The long-term objective of the Foundation is to provide scholarships for up to 2,000 Indigenous secondary school students to attend boarding schools around Australia over 20 years and to support such students to successfully transition into sustainable careers.

#### **Strategy for achieving the objectives**

The Foundation entered into a contract with the Australian Government in May 2009 whereby the Australian Government committed to investing \$20 million over three years and this was subsequently increased to \$22 million in 2012 and \$32 million in 2013. The Foundation committed to using its best endeavours to match this with an additional \$32 million from the private sector over a period of 20 years, with an undertaking to raise \$5 million in the first five years.

To date, the Foundation has raised or been pledged donations in excess of the \$32 million target from the private sector.

AIEF will continue to seek donations from both corporate and individuals in the corporate sector to expand the number of students who will receive scholarships and to support such students to successfully transition into sustainable careers.

#### **Principal activities**

During the financial year the principal continuing activities of the Foundation involved the funding and managing a program for education scholarships to Indigenous students to attend high performing boarding schools and to support such students to successfully transition into sustainable careers.

No significant change in the nature of these activities occurred during the financial year.

#### **Performance measures**

The Foundation measures its performance in the amount of capital in the Scholarship Fund, the low level of expenditure from scholarship funds donated spent on operating costs, the number of students on scholarships, their year 12 completion and post school destinations. The AIEF definition of success is Indigenous students completing year 12 and making a successful transition to a sustainable career.

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**Information on directors**

Name:	Robert Coombe
Title:	Non-Executive Director
Qualifications:	LLB (Hons)
Experience and expertise:	Rob has over 30 years experience in banking, insurance and wealth management throughout Australia and Asia. He utilises this expertise to provide strategic and transactional advice to international and domestic banks, private equity firms and pension funds. Between 2010 and 2012 Rob was the Group Executive, Westpac Retail and Business Banking. During this time he had responsibility for all of Westpac's retail, small-to-medium enterprises and commercial and agricultural customers in Australia. For 6 years prior to this Rob was the Chief Executive of the BT Financial Group with responsibility for private banking, superannuation, financial planning, funds management, life and general insurance businesses. In 2011 Rob was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector. He is also a Director of Surfing Australia and a member of the Advisory Board to the UTS Faculty of Law.
Special responsibilities:	Chairman of the Investment Committee and Member of the Remuneration Committee
Name:	Michael Lindsay
Title:	Non-Executive Director
Qualifications:	BEng (Hons 1), MBA, Grad Dip CSP, FIEAust, CP Eng, EngExec, FCIS
Experience and expertise:	Michael is Director and Group Company Secretary of the Olbia & Tenix Group, a leading provider of infrastructure asset services and parking and traffic solutions to clients in Australia, New Zealand, the Pacific Islands and the USA. Michael trained as a mining engineer and began work in a variety of operational roles in underground and open cut coal mines with BP Coal in the Hunter Valley. He then completed an MBA at the AGSM before rejoining the mining industry working in a variety of executive roles with Energy Resources of Australia, North Ltd and Resource Finance Corporation before joining Tenix in 2003. Michael is a Fellow of Engineers Australia, Eng Exec Engineers Australia and Fellow of the Institute of Chartered Secretaries. Michael is also a Director of the Tenix Foundation.
Special responsibilities:	Member of Investment Committee, Company Secretary and Treasurer

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**Information on directors (continued)**

**Name:** Warren Mundine  
**Title:** Non-Executive Director  
**Qualifications:** DUniv FAIM MAICD  
**Experience and expertise:** Warren Mundine is from the First Australian Nations of Bundjalung and the Gumbaynggirr people on the North Coast of New South Wales. Warren is a highly respected and influential businessman, political strategist and Indigenous advocate for empowering First Australians to build a sustained Indigenous economy. His life and career have been shaped by a deep-seated personal commitment to community, both Indigenous and non-Indigenous, and he has more than 26 years experience working in the public, private and community sectors. As Chairman of the Australian Indigenous Chamber of Commerce he provides national leadership for initiatives to help Indigenous people break the welfare cycle, such as the Australian Employment Covenant. Warren is also currently Chairman of GenerationOne, a national organization that is working to reduce the disparity between Indigenous and non-Indigenous Australians in one generation. He was previously the Chief Executive Officer of NTSCORP Ltd, a company in NSW that assists Traditional Owners to achieve social justice and promote economic, environmental and cultural development through Native Title and other avenues. Warren has been recognised for his community, government and business achievements with an Honorary Doctorate from Southern Cross University.

**Special responsibilities:** None

**Name:** Andrew Penfold  
**Title:** Chief Executive Officer  
**Qualifications:** Bachelor of Laws (Hons)  
**Experience and expertise:** Andrew is a former finance lawyer and investment banker with 20 years experience working in leading international firms in Sydney, London and Hong Kong, in 2004, Andrew left the business world and spent five years working on a fulltime but voluntary basis as Founder and Chairman of the St Joseph's College Indigenous Fund and a range of other non-profit and charitable organisations. More recently, Andrew established the Australian Indigenous Education Foundation to replicate and scale this work for Indigenous boarding school scholarships on a broader national basis through a \$40 million fund in partnership between the Australian Government and corporate Australia, and he currently serves as Chief Executive of AIEF. He is also a former director of the ANZ Stadium Club at Homebush, a former director of the South-West Inner Sydney Housing Cooperative in Redfern, Secretary and Trustee of the Hong Kong Rugby Bali Fund, and was a participant in the Indigenous stream of the Australia 2020 Summit in Canberra in April 2008. Andrew received a leadership award from the Prime Minister at the Australian Davos Connection in 2008, was one of the 2009 true leaders in the annual Australian Financial Review Boss Magazine awards, was a finalist for Australian of the Year in 2010 and was nominated by The Australian newspaper for its Australian of the Year award in 2012.

**Special responsibilities:** Member of the Remuneration Committee and Member of the Investment Committee

**Name:** Ann Sherry AO  
**Title:** Non-Executive Chairman  
**Qualifications:** BA, Grad Dip IR  
**Experience and expertise:** Ann is the Chief Executive Officer of Carnival Australia, a division of Carnival Corporation, the leading cruise company in Australia. Before this Ann was with Westpac for 12 years in a variety of roles which included Group Executive and CEO of Westpac New Zealand and CEO of the Bank of Melbourne. Prior to this Ann was First Assistant Secretary of the Office of the Status of Women in Department of Prime Minister and Cabinet. Ann holds a number of non-executive roles including ING Direct (Australia), The Myer Family Company Holdings Pty Ltd, Australian Rugby Union and Jawun. Ann is the Chair of Safe Work Australia and Deputy Chair of the Tourism & Transport Forum.

**Special responsibilities:** Member of the Remuneration Committee

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**Meetings of directors**

The number of meetings of the Foundation's Board of Directors and of each board committee held during the financial year ended 31 March 2014, and the number of meetings attended by each director were:

	Full Board		Investment Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Andrew Penfold	3	3	2	2	1	1
Ann Sherry AO	3	3	-	-	-	-
Michael Lindsay	3	3	2	2	-	-
Robert Coombe	3	3	2	2	2	2
Warren Mundine	3	3	-	-	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Contributions on winding up**

In the event of the Foundation being wound up, members are required to contribute a maximum of \$10 each.

The total amount that members of the Foundation are liable to contribute if the Foundation is wound up is \$30, based on 3 current ordinary members.

**Auditor's independence declaration**

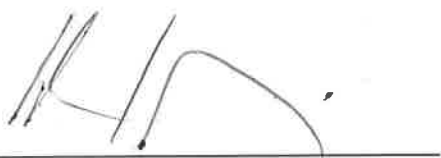
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

**Auditor details**

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Warren Mundine  
Chairman



Andrew Penfold  
Chief Executive Officer

30<sup>th</sup> Day of April 2014

## **DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF AUSTRALIAN INDIGENOUS EDUCATION FOUNDATION**

As lead auditor for the audit of Australian Indigenous Education Foundation for the year ended 31 March 2014, I declare that to the best of my knowledge and belief, there have been:

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



**Grant Saxon**  
**Partner**

Sydney

Dated this 30<sup>th</sup> day of April 2014

**Australian Indigenous Education Foundation**  
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**For the financial year ended 31 March 2014**

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**General information**

The financial report covers Australian Indigenous Education Foundation as an individual entity. The financial report is presented in Australian dollars, which is Australian Indigenous Education Foundation's functional and presentation currency.

The financial report covers the financial year ended 31 March 2014.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australian Indigenous Education Foundation is a not-for-profit unlisted company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, Suite 2a  
2-12 Foveaux Street  
Surry Hills NSW 2010

A description of the nature of the Foundation's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30<sup>th</sup> April 2014.

**Australian Indigenous Education Foundation**  
**Statement of profit or loss and other comprehensive income**  
**For the financial year ended 31 March 2014**

	Note	Year ended 31 March 2014 \$	Year ended 31 March 2013 \$
<b>Revenue</b>			
Government funding of scholarships		8,000,000	600,000
Government establishment grant		2,000,000	1,400,000
Investment earnings	3	2,042,217	1,510,967
Donations for scholarships		16,428,657	4,920,447
Other revenue	3	818,570	645,008
<b>Total revenue</b>		<u>29,289,444</u>	<u>9,076,422</u>
<b>Expenses</b>			
Scholarship distributions		(5,524,421)	(3,775,321)
Employee benefits expense		(1,630,186)	(1,059,542)
Office expenses		(683,856)	(502,151)
Depreciation expense		(13,946)	(11,772)
Cumulative loss reclassified from equity on impairment of available-for-sale investment	9	-	(241,000)
Other expenses	4	(90,626)	(97,102)
<b>Total expenses</b>		<u>(7,943,035)</u>	<u>(5,686,888)</u>
<b>Surplus before income tax expense</b>		21,346,409	3,389,534
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus after income tax expense for the year</b>		21,346,409	3,389,534
<b>Other comprehensive income</b>			
Gain on the revaluation of available-for-sale financial assets, net of tax		131,000	-
<b>Total other comprehensive income for the year</b>		<u>131,000</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>21,477,409</u>	<u>3,389,534</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes



**Australian Indigenous Education Foundation**  
**Statement of financial position**  
**As at 31 March 2014**

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	44,899,973	25,457,651
Trade and other receivables	6	1,943,888	1,210,118
Financial assets at fair value through profit or loss	7	3,474,338	2,215,573
Total current assets		<u>50,318,199</u>	<u>28,883,342</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	123,530	38,833
Available-for-sale financial assets	9	<u>525,000</u>	<u>394,000</u>
Total non-current assets		<u>648,530</u>	<u>432,833</u>
<b>Total assets</b>		<u>50,966,729</u>	<u>29,316,175</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	192,325	31,268
Employee benefits	11	<u>33,826</u>	<u>35,266</u>
Total current liabilities		<u>226,180</u>	<u>66,534</u>
<b>Non-current liabilities</b>			
Employee benefits	12	<u>27,339</u>	<u>13,840</u>
Total non-current liabilities		<u>27,339</u>	<u>13,840</u>
<b>Total liabilities</b>		<u>253,519</u>	<u>80,374</u>
<b>Net assets</b>		<u>50,713,210</u>	<u>29,235,801</u>
<b>Equity</b>			
Retained surpluses		50,582,210	29,235,801
Reserves	18	<u>131,000</u>	<u>-</u>
<b>Total equity</b>		<u>50,713,210</u>	<u>29,235,801</u>

The above statement of financial position should be read in conjunction with the accompanying notes

**Australian Indigenous Education Foundation**  
**Statement of changes in equity**  
**For the financial year ended 31 March 2014**

	<b>Reserves</b> \$	<b>Retained Surpluses</b> \$	<b>Total Equity</b> \$
Balance at 1 April 2012	(54,000)	25,846,267	25,792,267
Other comprehensive income for the period, net of tax	-	-	-
Surplus after income tax expense for the year	54,000	3,389,534	3,443,534
Total comprehensive income for the year	54,000	3,389,534	3,443,534
Balance at 31 March 2013	-	29,235,801	29,235,801

	<b>Reserves</b> \$	<b>Retained surpluses</b> \$	<b>Total equity</b> \$
Balance at 1 April 2013	-	29,235,801	29,235,801
Other comprehensive income for the period, net of tax	131,000	-	131,000
Surplus after income tax expense for the year	-	21,346,409	21,346,409
Total comprehensive income for the year	131,000	21,346,409	21,477,409
Balance at 31 March 2014	131,000	50,582,210	50,713,210

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Australian Indigenous Education Foundation**  
**Statement of cash flows**  
**For the financial year ended 31 March 2014**

	Note	Year ended 31 March 2014 \$	Year ended 31 March 2013 \$
<b>Cash flows from operating activities</b>			
Receipts from donations and contributions		15,563,191	4,824,418
Receipts from government grants		10,000,000	2,000,000
Scholarship distributions		(5,524,421)	(3,775,321)
Receipts from other activities		793,935	126,238
Payments to suppliers and employees		(2,231,523)	(1,728,137)
Investment earnings		<u>1,939,783</u>	<u>1,295,394</u>
Net cash from operating activities	16	<u>20,540,965</u>	<u>2,742,592</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(98,643)	(20,382)
Payments for investments		<u>(1,000,000)</u>	<u>(2,000,000)</u>
Net cash used in investing activities		<u>(1,098,643)</u>	<u>(2,020,382)</u>
<b>Cash flows from financing activities</b>			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		19,442,322	722,210
Cash and cash equivalents at the beginning of the financial year		<u>25,457,651</u>	<u>24,735,441</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>44,899,973</u></u>	<u><u>25,457,651</u></u>

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

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The Foundation has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Foundation.

**Basis of preparation**

In the directors' opinion, the Foundation is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the *Corporations Act 2001* and various state legislation including the Charitable Fundraising Act 1991 requirements to prepare and distribute financial statements to the members of Australian Indigenous Education Foundation. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Australian Indigenous Education Foundation. For the purposes of preparing the financial report, the Foundation is a not-for-profit oriented entity.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

*Critical accounting estimates*

The preparation of the 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

**Revenue recognition**

The following specific recognition criteria must be met before revenue is recognised:

*Donations*

Donations are recognised at the time the donation is made.

*Grants*

Grants are recognised at their fair value on receipt and no additional conditions are attached to the grant which must be satisfied.

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 1. Significant accounting policies (continued)**

**Revenue recognition (continued)**

*Interest*

Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

As the Foundation is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held 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.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	3-5 years
Leasehold Improvements	Lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Foundation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
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**Note 1. Significant accounting policies (continued)**

**Employee benefits**

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities 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.

*Long service leave*

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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.

**Financial instruments**

*Recognition and initial measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

After initial recognition available-for-sale financial assets are measured at fair value with the gains and losses recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of profit or loss and other comprehensive income.

**Impairment**

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
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**Note 1. Significant accounting policies (continued)**

**Impairment (continued)**

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**Operating leases**

Leases where the lessor retains substantially all the risks and reward of the ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

**Fundraising activities**

As a charitable institution, Australian Indigenous Education Foundation has requirements under the following state legislation:

ACT – Charitable Collections Act 2003

NSW – Charitable Fundraising Act 1991

SA – Charitable Purposes Act 1939

QLD – Collections Act 1966

VIC – Fundraising Act 1998

SA – Collections for Charitable Purposes Act 1939

WA – Charitable Collections Act 1946

TAS – Collections for Charities Act 2001

These acts prescribe the manner in which fundraising raising appeals are conducted, controlled and reported. During the current and previous financial periods, Australian Indigenous Education Foundation did not incur any direct expenditure whilst undertaking fundraising activities that require further financial disclosure.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Foundation for the reporting period ended 31 March 2014. The Foundation has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that Management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Estimation of useful lives of assets*

The Foundation determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Long service leave provision*

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 3. Revenue**

	Year ended 31 March 2014 \$	Year ended 31 March 2013 \$
<i>Investment earnings</i>		
Investment earnings in corporate account	260,239	90,943
Investment earnings in government grant account	52,986	21,878
Investment earnings in government scholarship fund	753,019	725,994
Investment earnings in scholarship fund	975,973	672,152
	<u>2,042,217</u>	<u>1,510,967</u>
<i>Other revenue</i>		
Fees received	772,088	567,751
Other revenue	46,482	77,257
	<u>818,570</u>	<u>645,008</u>

**Note 4. Expenses**

	Year ended 31 March 2014 \$	Year ended 31 March 2013 \$
<i>Other Expenses</i>		
Accountancy, legal & consulting	80,719	86,541
Bank Charges	5,707	4,293
Insurance	4,200	6,268
	<u>90,626</u>	<u>97,102</u>

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

	2014 \$	2013 \$
Cash on hand	90	267
Scholarship fund cheque account	8,824	532
Scholarship fund savings account	995,189	417,109
AIEF corporate cheque account	17,902	36,903
AIEF corporate savings account	1,160,202	596,231
AIEF corporate government savings account	14,820	127,731
AIEF term deposit cheque account	61	61
AIEF corporate government term deposit	160,000	250,000
Government scholarship fund cheque account	91	79
Government scholarship fund savings account	1,191,819	66,469
Government scholarship fund term deposit	13,129,000	10,876,000
Scholarship fund term deposit	12,425,000	9,375,000
AIEF corporate term deposit	7,270,000	3,711,269
AIEF scholarship fund segregated account	8,526,975	-
	<u>44,899,973</u>	<u>25,457,651</u>



**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 6. Current assets - trade and other receivables**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Donations receivable	1,091,428	225,962
Interest and other receivables	852,460	972,030
Goods and services tax receivable	-	12,126
	<u>1,943,888</u>	<u>1,210,118</u>

**Note 7. Current assets - financial assets at fair value through profit or loss**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Managed investments at fair value through profit or loss	<u>3,474,338</u>	<u>2,215,573</u>

**Note 8. Non-current assets - property, plant and equipment**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	168,576	69,933
Less: Accumulated depreciation	(45,046)	(31,100)
	<u>123,530</u>	<u>38,833</u>

**Note 9. Non-current assets - available-for-sale financial assets**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Investment – listed companies	<u>525,000</u>	<u>394,000</u>

The investment relates to listed shares donated to the entity with no consideration paid. At the reporting date, it was determined that a significant gain in the fair value of the investment existed due to an increase in the market price of the shares. As a result, the gain was recognised in other comprehensive income for the year.

**Note 10. Current liabilities – trade and other payables**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade creditors and accruals	131,318	3,400
FBT and PAYG payable	36,571	27,868
Goods and services tax payable	24,465	-
	<u>192,325</u>	<u>31,268</u>

**Note 11. Current liabilities – employee benefits**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	<u>33,826</u>	<u>35,266</u>

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 12. Non-current liabilities – employee benefits**

	2014 \$	2013 \$
Employee benefits	27,339	13,840

**Note 13. Remuneration of auditors**

	Year ended 31 March 2014 \$	Year ended 31 March 2013 \$
<i>Remuneration of BDO</i>		
Audit of the financial report	18,000	13,500

**Note 14. Contingent liabilities**

The Foundation had no contingent liabilities as at 31 March 2014 and 31 March 2013.

**Note 15. Events occurring after the reporting date**

No matter or circumstance has arisen since 31 March 2014 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

**Note 16. Reconciliation of surplus after income tax to net cash from operating activities**

	Year ended 31 March 2014 \$	Year ended 31 March 2013 \$
Surplus after income tax expense for the year	21,346,409	3,389,534
<i>Adjustments for:</i>		
Depreciation and amortisation	13,946	11,772
Impairment loss on available-for-sale financial assets	-	241,000
Dividend income not received in cash	(258,765)	(215,573)
<i>Change in operating assets and liabilities:</i>		
Increase in trade and other receivables	(733,770)	(648,938)
Increase/ (Decrease) in trade and other payables	161,086	(15,273)
Increase/(Decrease) in employee benefits	12,059	(19,930)
Net cash from operating activities	20,540,965	2,742,592

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 17. Lease commitments**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Operating lease commitments payable</i>		
Not later than one year	117,379	112,000
Later than one year but not later than five years	318,961	382,667
	<u>436,339</u>	<u>494,667</u>

**Note 18. Reserves**

*Available-for-sale reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

At the reporting date, it was determined that a significant gain in the fair value of the available for sale investment existed due to an increase in the market price of the shares. As a result, the gain was recognised in other comprehensive income for the year. At the reporting date the balance of reserves is \$131,000 (2013: balance of \$Nil).

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 19. Departmental trading statement of profit or loss and other comprehensive income for the financial year ended 31 March 2014**

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
<b>Revenue</b>					
Government funding of scholarships	10,000,000	-	-	(2,000,000)	8,000,000
Government establishment grant	-	-	2,000,000	-	2,000,000
Investment earnings	753,019	975,974	510,421	(197,197)	2,042,217
Donations	-	15,592,386	536,271	-	16,428,657
Other revenue	-	-	3,102,049	(2,283,479)	818,570
<b>Total revenue</b>	<b>10,753,019</b>	<b>17,145,866</b>	<b>5,612,470</b>	<b>(4,480,676)</b>	<b>29,289,444</b>
<b>Expenses</b>					
Cost contribution	(2,112,953)	(2,367,723)	-	4,480,676	-
Scholarship distributions	(5,360,385)	(164,036)	-	-	(5,524,421)
Employee benefits expense	-	-	(1,630,186)	-	(1,630,186)
Office expenses	-	-	(683,856)	-	(683,856)
Depreciation expense	-	-	(13,946)	-	(13,946)
Other expenses	-	-	(90,626)	-	(90,626)
<b>Total expenses</b>	<b>(7,473,338)</b>	<b>(2,531,759)</b>	<b>(2,418,614)</b>	<b>4,480,676</b>	<b>(7,943,035)</b>
<b>Surplus before income tax expense</b>	<b>3,279,681</b>	<b>14,614,107</b>	<b>3,193,856</b>	<b>-</b>	<b>21,346,409</b>
Income tax expense	-	-	-	-	-
<b>Other comprehensive income</b>					
Gain on the revaluation of available-for-sale financial assets	-	131,000	-	-	131,000
<b>Total comprehensive income for the year</b>	<b>3,279,681</b>	<b>14,745,107</b>	<b>3,193,856</b>	<b>-</b>	<b>21,477,409</b>

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 19. Departmental trading statement of profit or loss and other comprehensive income for the period ended 31 March 2013**

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
<b>Revenue</b>					
Government funding of scholarships	2,000,000	-	-	(1,400,000)	600,000
Government establishment grant	-	-	1,400,000	-	1,400,000
Investment earnings	725,994	672,152	288,673	(175,852)	1,510,967
Donations	-	4,528,507	391,940	-	4,920,447
Other revenue	-	-	1,298,351	(653,343)	635,681
<b>Total revenue</b>	<b>2,725,994</b>	<b>5,200,659</b>	<b>3,378,964</b>	<b>(2,229,195)</b>	<b>9,076,422</b>
<b>Expenses</b>					
Cost contribution	(1,508,899)	(720,296)	-	2,229,195	-
Scholarship distributions	(3,744,813)	(30,508)	-	-	(3,775,321)
Employee benefits expense	-	-	(1,059,542)	-	(1,059,542)
Office expenses	-	-	(502,151)	-	(502,151)
Depreciation expense	-	-	(11,772)	-	(11,772)
Other expenses	-	-	(97,102)	-	(97,102)
Cumulative loss reclassified from equity on impairment of available-for-sale investment	-	(241,000)	-	-	(241,000)
<b>Total expenses</b>	<b>(5,253,712)</b>	<b>(991,804)</b>	<b>(1,670,567)</b>	<b>2,229,195</b>	<b>(5,686,888)</b>
<b>Surplus before income tax expense</b>	<b>(2,527,718)</b>	<b>4,208,855</b>	<b>1,708,397</b>	<b>-</b>	<b>3,389,534</b>
Income tax expense	-	-	-	-	-
<b>Other comprehensive income</b>					
Loss on the revaluation of available-for-sale financial assets	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(2,527,718)</b>	<b>4,208,855</b>	<b>1,708,397</b>	<b>-</b>	<b>3,389,534</b>

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 19. Departmental trading statement of financial position as at 31 March 2014**

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	14,321,535	21,955,363	8,623,075	-	44,899,973
Trade and other receivables	309,895	1,398,995	234,998	-	1,943,888
Financial assets at fair value through profit or loss	-	3,474,338	-	-	3,474,338
Total current assets	14,631,430	26,828,696	8,858,073	-	50,318,199
<b>Non-current assets</b>					
Property, plant and equipment	-	525,000	123,530	-	123,530
Available-for-sale financial assets	-	525,000	-	-	525,000
Total non-current assets	-	525,000	123,530	-	648,530
<b>Total assets</b>	14,631,430	27,353,696	8,981,603	-	50,966,729
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	-	-	192,325	-	192,325
Employee benefits	-	-	33,826	-	33,826
Total current liabilities	-	-	226,180	-	226,180
<b>Non-current liabilities</b>					
Employee benefits	-	-	27,339	-	27,339
Total non-current liabilities	-	-	27,339	-	27,339
<b>Total liabilities</b>	-	-	253,519	-	253,519
<b>Net assets</b>	14,631,430	27,353,696	8,728,084	-	50,713,210
<b>Equity</b>					
Retained surpluses	14,631,430	27,222,696	8,728,084	-	50,582,210
Asset revaluation	-	131,000	-	-	131,000
<b>Total equity</b>	14,631,430	27,353,696	8,728,084	-	50,713,210

**Australian Indigenous Education Foundation**  
**Notes to the financial statements**  
**31 March 2014**

**Note 19. Departmental trading statement of financial position as at 31 March 2013**

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	10,942,549	9,792,641	4,722,461	-	25,457,651
Trade and other receivables	409,201	483,881	317,036	-	1,210,118
Financial assets at fair value through profit or loss	-	2,215,573	-	-	2,215,573
Total current assets	11,351,750	12,492,095	5,039,497	-	28,883,342
<b>Non-current assets</b>					
Property, plant and equipment	-	-	38,833	-	38,833
Available-for-sale financial assets	-	394,000	-	-	394,000
Total non-current assets	-	394,000	38,833	-	432,833
<b>Total assets</b>	11,351,750	12,886,095	5,078,330	-	29,316,175
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	-	-	31,268	-	31,268
Employee benefits	-	-	35,266	-	35,266
Total current liabilities	-	-	66,534	-	66,534
<b>Non-current liabilities</b>					
Employee benefits	-	-	13,840	-	13,840
Total non-current liabilities	-	-	13,840	-	13,840
<b>Total liabilities</b>	-	-	80,374	-	80,374
<b>Net assets</b>	11,351,750	12,886,095	4,997,956	-	29,235,801
<b>Equity</b>					
Retained surpluses	11,351,750	12,886,095	4,997,956	-	29,235,801
<b>Total equity</b>	11,351,750	12,886,095	4,997,956	-	29,235,801

## Australian Indigenous Education Foundation Directors' declaration

In the directors' opinion:

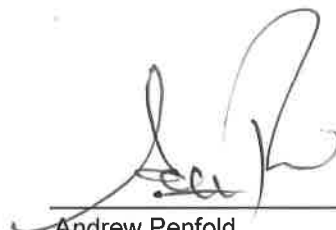
- the Foundation is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Charitable Fundraising Act 1991 and the *Corporations Act 2001* requirements to prepare and distribute financial statements to the members of Australian Indigenous Education Foundation;
- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards as described in note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Foundation's financial position as at 31 March 2014 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



Warren Mundine  
Chairman



Andrew Penfold  
Chief Executive Officer

30<sup>th</sup> April 2014



## INDEPENDENT AUDITOR'S REPORT

To the members of Australian Indigenous Education Foundation

### Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Australian Indigenous Education Foundation, which comprises the statement of financial position as at 31 March 2014, 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.

#### Directors' Responsibility for the Financial Report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Indigenous Education Foundation, would be in the same terms if given to the directors as at the time of this auditor's report.



## Opinion

In our opinion:

- (a) the financial report of Australian Indigenous Education Foundation is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Foundation's financial position as at 31 March 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to 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 *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

## Report on Other Legal and Regulatory Requirements

We also report that:

- (a) the financial report gives a true and fair view of the financial result of fundraising appeals for the financial year ended 31 March 2014, as required by the Charitable Fundraising Act 1991;
- (b) the accounting and associated records of the Australian Indigenous Education Foundation have been kept in accordance with the Charitable Fundraising Act 1991 and the Regulations for the financial year ended 31 March 2014;
- (c) money received as a result of fundraising appeals conducted by the Australian Indigenous Education Foundation during the financial year ended 31 March 2014 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and
- (d) at the date of this report, there are reasonable grounds to believe that the Australian Indigenous Education Foundation will be able to pay its debts as and when they fall due.

## BDO East Coast Partnership



**Grant Saxon**  
**Partner**

Sydney

Dated this 30<sup>th</sup> Day of April 2014