



**AUSTRALIAN INDIGENOUS EDUCATION
FOUNDATION**

ABN 13 127 908 187

Financial Report - 31 March 2017

Australian Indigenous Education Foundation

Directors' report

31 March 2017

The directors present their report, together with the financial statements, on the Foundation for the financial year ended 31 March 2017.

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
Gregory Cooper
Michelle Gray
Helen McCabe
Warren Mundine AO
Andrew Penfold AM
Carlie Smart

Objectives

The short-term objective of the Foundation is to provide scholarships to Indigenous secondary school and university students to attend boarding schools and universities 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 7,000 Indigenous students 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, \$32 million in 2013, \$38 million in 2015 and \$53 million in 2016. The Foundation committed to using its best endeavours to match this with an additional \$53 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 \$53 million target from the private sector.

AIEF will continue to seek donations from both corporate and individuals in the corporate and philanthropic sector to sustain or 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 universities 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 each year through the number of Indigenous students staying at school or university and completing their studies and making a successful transition to a sustainable career, and other measures relating to stakeholder engagement.

Australian Indigenous Education Foundation
Directors' report
31 March 2017

Information on directors

Name: Robert Coombe
Title: Non-Executive Director
Qualifications: LLB (Hons)
Experience and expertise: Rob has over 30 years of corporate experience in Australia and Asia including over 10 years in a Chief Executive Officer capacity. He is currently the Chief Executive Officer of QSRH Ltd which owns and operates 3 iconic brands in the Quick Service Restaurant Sector with 18,000 people employed throughout 600 restaurants in Australia and New Zealand. Prior to joining QSRH Ltd, he spent 2 years running Westpac's Retail, Business and Agri banking operations throughout Australia. For the 6 years before that, he was the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia. Rob is also Deputy Chairman of Surfing Australia, a member of the Advisory Board to the UTS Faculty of Law and a director of CIMB Group, one of ASEANs largest financial services institution. Rob graduated from the University of Technology, Sydney with a Bachelor of Laws degree (Honours). In 2011, he was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector.

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

Name: Gregory Cooper
Title: Non-Executive Director
Qualifications: BEc (Actuarial Studies), Fellow of the Institute of Actuaries of Australia and the UK
Experience and expertise: Greg is Chief Executive Officer of Schroder Investment Management Australia Limited, a position he has held since September 2006. Greg is also responsible for Schroders Institutional Business across Asia Pacific, including institutional teams in Singapore, Hong Kong, Taiwan, South Korea, Indonesia and Japan. Prior to joining Schroders in 2000 he was the Head of the actuarial and asset consulting practice for Towers Perrin in Asia, he has also worked in the UK, Hong Kong and Singapore. Greg commenced his investment career in 1992. He is a Chairman of the Financial Services Council.

Special responsibilities: Investment Committee

Name: Michelle Gray
Title: Executive Director
Qualifications: BA (Communications)
Experience and expertise: Michelle is a co-founder and Executive Director of AIEF and former CEO of the Australian Chamber of Commerce in Hong Kong (AustCham), the largest Australian business organisation outside of Australia, representing over 1,000 Australian businesses across Greater China. Michelle began her career in the hospitality industry and spent eight years working in hospitality management in Sydney, London and Hong Kong before assisting with the establishment of the St Joseph's College Indigenous Fund and assuming responsibility for AIEF's partnerships and communications in 2010.

Special responsibilities: None

Name: Helen McCabe
Title: Non-Executive Director
Experience and expertise: Helen is Head of Lifestyle at Nine Entertainment Co. She was the editor-in-chief of The Australian Women's Weekly (AWW) from 2009 until the end of 2016, following 12 years in newspapers working as the Deputy Editor of The Sunday Telegraph, Night Editor of The Australian and a number of roles on The Daily Telegraph. She has also reported from London where she was the European Correspondent for News Ltd. Helen began her career in Adelaide television before moving to Canberra Press Gallery with the Seven Network. She is also a board member of Adopt Change and makes regular appearances on the Today Show, The Project, and 2GB.

Special responsibilities: None

Australian Indigenous Education Foundation
Directors' report
31 March 2017

Information on directors (continued)

Name:	Warren Mundine AO
Title:	Non-Executive Chairman
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 38 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. In addition to being Chairman of the Australian Indigenous Education Foundation, Warren is currently Managing Director of the NyunggaBlack Group. His former posts include the Chair of the Prime Minister's Indigenous Advisory Council, Chairman of GenerationOne, and Chief Executive Officer of NTSCORP Ltd. Warren has been recognised for his community, government and business achievements with an Honorary Doctorate from Southern Cross University and officer of the Order of Australia.
Name:	Andrew Penfold AM, FAICD
Title:	Executive Director
Qualifications:	Bachelor of Laws (Hons) and Fellow of the Australian Institute of Company Directors
Experience and expertise:	Andrew is the Executive Director of AIEF, a Member of the Order of Australia, and a member of the Advisory Council at the Centre for Social Impact, University of New South Wales. Andrew was appointed as the inaugural NSW Human Rights Ambassador in 2013 and in recent years received the UTS Chancellor's Award for Alumni of the Year (2013), the NSW Human Rights Award (2013), an Order of Merit from the Australian Institute of Company Directors (2014), the UTS Community Alumni Award (2013) and was a finalist for Australian of the Year (2010). He 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 before establishing AIEF in 2007. He is also a former member of the Prime Minister's Indigenous Advisory Council, a former director of the ANZ Stadium Club at Homebush, a former director of the South-West Inner Sydney Housing Cooperative in Redfern, and former Secretary and Trustee of the Hong Kong Rugby Bali Fund and has held various other governance roles over the past 10 years.
Special responsibilities:	Member of the Remuneration Committee and Member of the Investment Committee.

Australian Indigenous Education Foundation
Directors' report
31 March 2017

Information on directors (continued)

Name: Carlie Smart
 Title: Non-Executive Director
 Qualifications: Bachelor of Arts (Criminology) and Bachelor of Laws
 Experience and expertise: Carlie Smart is a Solicitor of the Supreme Court of NSW, a past recipient of an AIEF scholarship and a proud Gumbaynggirr woman from Bowraville on the north coast of NSW. She completed her secondary education at St Vincent's College, Potts Point and in 2014 she graduated from the University of New South Wales with degrees in Law and Criminology. Carlie worked throughout her time at university, undertaking roles at AIEF, Allens Linklaters, SBS and the UNSW Faculty of Law. She is employed as a Solicitor at SBS, focussing on pre-publication advice, contracts and legal research.
 Special responsibilities: None

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 2017, and the number of meetings attended by each director were:

	Full Board		Investment Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Robert Coombe	2	3	2	3	3	3
Gregory Cooper	3	3	3	3	-	-
Michelle Gray	3	3	-	-	-	-
Helen McCabe	3	3	-	-	-	-
Warren Mundine	3	3	-	-	3	3
Andrew Penfold	3	3	3	3	3	3
Carlie-Ann Smart	2	3	-	-	-	-

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 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and part 2M.4- Division 3 of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with subsection 60.15(2) of the ACNC Regulation 2013.

On behalf of the directors



Warren Mundine AO
 Chairman



Andrew Penfold AM, FAICD
 Executive Director

26 April 2017

**DECLARATION OF INDEPENDENCE BY KIERAN GOULD TO THE DIRECTORS OF AUSTRALIAN
INDIGENOUS EDUCATION FOUNDATION**

As lead auditor of Australian Indigenous Education Foundation for the year ended 31 March 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Kieran Gould
Partner

BDO East Coast Partnership

Sydney, 26 April 2017

Australian Indigenous Education Foundation
Financial report
For the financial year ended 31 March 2017

Contents

Financial report	Page
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-23
Directors' declaration	24
Independent auditor's report to the members of Australian Indigenous Education Foundation	25

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 2017.

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 26 April 2017.

Australian Indigenous Education Foundation
Statement of profit or loss and other comprehensive income
For the financial year ended 31 March 2017

	Note	2017 \$	2016 \$
Revenue			
Government funding of scholarships		12,000,000	4,800,000
Government establishment grant		3,000,000	1,200,000
Investment earnings	4	2,095,439	1,283,860
Donations for scholarships		5,217,451	6,105,241
Other revenue	4	779,620	898,403
Total revenue		<u>23,092,510</u>	<u>14,287,504</u>
Expenses			
Scholarship distributions	5	(11,053,563)	(10,834,627)
Operating and other expenses		<u>(1,707,175)</u>	<u>(1,617,067)</u>
Total expenses	5	<u>(12,760,738)</u>	<u>(12,451,694)</u>
Surplus before income tax expense		10,331,772	1,835,810
Income tax expense		<u>-</u>	<u>-</u>
Surplus after income tax expense for the year		<u>10,331,772</u>	<u>1,835,810</u>
Other comprehensive income			
Gain on the revaluation of available-for-sale financial assets, net of tax		368,000	59,000
Total other comprehensive income for the year		<u>368,000</u>	<u>59,000</u>
Total comprehensive income for the year		<u>10,699,772</u>	<u>1,894,810</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 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	6	8,075,802	8,970,087
Other financial assets	7	45,600,000	35,000,000
Trade and other receivables	8	743,404	827,724
Financial assets at fair value through profit or loss	9	6,558,254	5,884,028
Total current assets		<u>60,977,460</u>	<u>50,681,839</u>
Non-current assets			
Property, plant and equipment	10	135,024	140,568
Available-for-sale financial assets	11	623,000	255,000
Total non-current assets		<u>758,024</u>	<u>395,568</u>
Total assets		<u>61,735,484</u>	<u>51,077,407</u>
Liabilities			
Current liabilities			
Trade and other payables	12	2,159,168	2,237,591
Employee benefits	13	117,137	105,628
Total current liabilities		<u>2,276,305</u>	<u>2,343,219</u>
Non-current liabilities			
Employee benefits	14	92,429	67,210
Total non-current liabilities		<u>92,429</u>	<u>67,210</u>
Total liabilities		<u>2,368,734</u>	<u>2,410,429</u>
Net assets		<u>59,366,750</u>	<u>48,666,978</u>
Equity			
Retained surpluses		58,939,750	48,607,978
Reserves	20	427,000	59,000
Total equity		<u>59,366,750</u>	<u>48,666,978</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 2017

	Reserves \$	Retained Surpluses \$	Total Equity \$
Balance at 1 April 2015	-	46,772,168	46,772,168
Other comprehensive gain for the period, net of tax	59,000	-	59,000
Gain after income tax expense for the year	-	1,835,810	1,835,810
Total comprehensive gain for the year	59,000	1,835,810	1,894,810
Balance at 31 March 2016	59,000	48,607,978	48,666,978
Balance at 1 April 2016	59,000	48,607,978	48,666,978
Other comprehensive gain for the period, net of tax	368,000	-	368,000
Gain after income tax expense for the year	-	10,331,772	10,331,772
Total comprehensive gain for the year	368,000	10,331,772	10,699,772
Balance at 31 March 2017	427,000	58,939,750	59,366,750

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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from donations and contributions		5,160,162	6,025,041
Receipts from government grants		15,000,000	6,000,000
Scholarship distributions		(11,053,563)	(10,816,943)
Receipts from other activities		1,002,974	875,457
Payments to suppliers and employees		(1,705,099)	(1,483,662)
Investment earnings		<u>1,330,068</u>	<u>1,787,289</u>
Net cash from operating activities	18	<u>9,734,542</u>	<u>2,387,182</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(28,827)	(28,649)
Net (increase) in term deposits		<u>(10,600,000)</u>	<u>(2,896,000)</u>
Net cash used in investing activities		<u>(10,628,827)</u>	<u>(2,924,649)</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net (decrease) in cash and cash equivalents		(894,285)	(537,467)
Cash and cash equivalents at the beginning of the financial year		<u>8,970,087</u>	<u>9,507,554</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>8,075,802</u></u>	<u><u>8,970,087</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 2017

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 in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* 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', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' 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 2017

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.

Scholarship distributions

Scholarship distributions include the Annual Pathways Support Amount (APSA), incorporating the costs of that part of the scholarship provided to support completion of students' studies and transition to a sustainable career, determined on a per head basis.

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.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 1. Significant accounting policies (continued)

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.

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.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 1. Significant accounting policies (continued)

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.

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 2017. The Foundation has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

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, 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 (refer to the respective notes) 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 2017

Note 4. Revenue

	2017	2016
	\$	\$
<i>Investment earnings</i>		
Investment earnings in corporate account	353,286	328,191
Investment earnings in government grant account	31,371	11,451
Investment earnings in government scholarship fund	130,531	257,390
Investment earnings in scholarship fund	1,580,251	686,828
	<u>2,095,439</u>	<u>1,283,860</u>
<i>Other revenue</i>		
Fees received	780,127	884,419
Other (loss)/income	(507)	13,984
	<u>779,620</u>	<u>898,403</u>

Note 5. Expenses

	2017	2016
	\$	\$
<i>Scholarship distributions</i>		
Education fees and related costs	9,385,729	9,196,732
Annual Pathways Support Amount	1,667,834	1,637,895
	<u>11,053,563</u>	<u>10,834,627</u>
<i>Expenses</i>		
Education fees and related costs	9,385,729	9,196,732
Employee benefits expense	2,376,415	2,217,056
Superannuation expense	166,653	164,631
Office expenses	772,122	821,098
Accounting, audit and legal	25,449	20,805
Depreciation	34,371	31,372
	<u>12,760,739</u>	<u>12,451,694</u>

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 6. Current assets - cash and cash equivalents

	2017	2016
	\$	\$
Cash on hand	100	112
Scholarship fund cheque account	10,160	429
Scholarship fund savings account	57,685	11,141
AIEF scholarship fund segregated account	7,416,403	8,044,565
AIEF corporate cheque account	6,085	2,621
AIEF corporate savings account	466,591	804,737
AIEF corporate government savings account	252	272
AIEF term deposit cheque account	157	21
Government scholarship fund cheque account	95	95
Government scholarship fund savings account	118,274	106,094
	<u>8,075,802</u>	<u>8,970,087</u>

Note 7. Current assets – other financial assets

	2017	2016
	\$	\$
Government scholarship fund term deposit	3,700,000	1,700,000
AIEF corporate government term deposit	1,600,000	-
Scholarship fund term deposit	26,800,000	22,300,000
AIEF corporate term deposit	13,500,000	11,000,000
	<u>45,600,000</u>	<u>35,000,000</u>

Term deposit amounts have been reclassified from cash and cash equivalents within the financial year. The funds are subject to a 30 day restriction before being available for use and are as such do not meet the definition of cash and cash equivalents.

Note 8. Current assets - trade and other receivables

	2017	2016
	\$	\$
Donations receivable	110,000	246,867
Fees receivable	194,156	202,297
Interest and other receivables	439,248	369,160
FBT and Goods and services tax receivable	-	9,400
	<u>743,404</u>	<u>827,724</u>

Note 9. Current assets - financial assets at fair value through profit or loss

	2017	2016
	\$	\$
Managed investments at fair value through profit or loss	<u>6,558,254</u>	<u>5,884,028</u>

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 10. Non-current assets - property, plant and equipment

	2017	2016
	\$	\$
Plant and equipment - at cost	258,137	229,310
Less: Accumulated depreciation	(123,113)	(88,742)
	<u>135,024</u>	<u>140,568</u>

Note 11. Non-current assets - available-for-sale financial assets

	2017	2016
	\$	\$
Investment – listed companies	<u>623,000</u>	<u>255,000</u>

Note 12. Current liabilities – trade and other payables

	2017	2016
	\$	\$
Trade creditors, accruals and deferrals	112,106	117,543
Education fees and related costs	1,996,915	2,082,592
FBT and PAYG payable	46,582	32,912
Goods and services tax payable	3,565	4,544
	<u>2,159,168</u>	<u>2,237,591</u>

Note 13. Current liabilities – employee benefits

	2017	2016
	\$	\$
Employee benefits	<u>117,137</u>	<u>105,628</u>

Note 14. Non-current liabilities – employee benefits

	2017	2016
	\$	\$
Employee benefits	<u>92,429</u>	<u>67,210</u>

Note 15. Remuneration of auditors

Remuneration of BDO

Audit of the financial report	<u>20,000</u>	<u>19,000</u>
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Note 16. Contingent liabilities

The Foundation had no contingent liabilities as at 31 March 2017 and 31 March 2016.

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 17. Events occurring after the reporting date

No matter or circumstance has arisen since 31 March 2017 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 18. Reconciliation of surplus after income tax to net cash from operating activities

	2017 \$	2016 \$
Surplus/(loss) after income tax expense for the year	10,331,772	1,835,810
<i>Adjustments for:</i>		
Depreciation and amortisation	34,371	31,372
Impairment loss on available-for-sale financial assets	-	-
Investment (income)/deficit not received in cash	(674,226)	216,161
<i>Change in operating assets and liabilities:</i>		
Decrease in trade and other receivables	84,320	179,141
(Decrease)/increase in trade and other payables	(78,423)	67,432
Increase in employee benefits	36,728	57,266
Net cash from operating activities	9,734,542	2,387,182

Note 19. Commitments

	2017 \$	2016 \$
<i>Operating lease commitments payable</i>		
Not later than one year	52,524	124,527
Later than one year but not later than five years	-	52,524
	52,524	177,051

Once the Foundation has provided funding for a scholarship for an Indigenous student, the Foundation will continue to provide funding until the student has completed Year 12 or relevant tertiary course. However, this is dependent upon having sufficient funds, as determined by the Foundation.

The Foundation estimates that its total commitment to fund students to the end of their studies is approximately \$38,000,000, however, this is dependent upon several variables including student attritions, the projected annual increase in school fees, the amount of ABSTUDY received by the schools and the students' incidental expenses.

Note 20. Reserves

Available-for-sale reserve

The reserve recognises 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. At the reporting date the balance of reserves is \$427,000 (2016: \$59,000).

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 20. Departmental trading statement of profit or loss and other comprehensive income for the financial year ended 31 March 2017

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Revenue					
Government funding of scholarships	15,000,000	-	-	(3,000,000)	12,000,000
Government establishment grant	-	-	3,000,000	-	3,000,000
Investment earnings	130,531	1,580,252	629,140	(244,484)	2,095,439
Donations	-	4,973,923	243,528	-	5,217,451
Annual Pathways Support Amount	-	-	1,667,834	(1,667,834)	-
Other revenue	-	-	1,548,039	(768,419)	779,620
Total revenue	15,130,531	6,554,175	7,088,541	(5,680,737)	23,092,510
Expenses					
Cost contribution	(3,019,580)	(993,323)	-	4,012,903	-
Scholarship distributions	(10,268,408)	(785,155)	-	-	(11,053,563)
Operating and other expenses	-	-	(3,375,009)	1,667,834	(1,707,175)
Total expenses	(13,287,988)	(1,778,478)	(3,375,009)	5,680,737	(12,760,738)
Surplus before income tax expense	1,842,543	4,775,697	3,713,532	-	10,331,772
Income tax expense					
Other comprehensive income					
Gain on the revaluation of available-for-sale financial assets	-	368,000	-	-	368,000
Total comprehensive income for the year	1,842,543	5,143,697	3,713,532	-	10,699,772

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 20. Departmental trading statement of profit or loss and other comprehensive income for the period ended 31 March 2016

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Revenue					
Government funding of scholarships	4,800,000	-	-	-	4,800,000
Government establishment grant	-	-	1,200,000	-	1,200,000
Investment earnings	257,390	686,827	460,173	(120,530)	1,283,860
Donations	-	5,842,932	262,309	-	6,105,241
Annual Pathways Support Amount	-	-	1,637,895	(1,637,895)	-
Other revenue	-	-	1,762,456	(864,053)	898,403
Total revenue	5,057,390	6,529,759	5,322,833	(2,622,478)	14,287,504
Expenses					
Cost contribution	(38,609)	(945,974)	-	984,583	-
Scholarship distributions	(9,772,575)	(1,062,052)	-	-	(10,834,627)
Operating and other expenses	-	-	(3,254,962)	1,637,895	(1,617,067)
Total expenses	(9,811,184)	(2,008,026)	(3,254,962)	2,622,478	(12,451,694)
Surplus before income tax expense	(4,753,794)	4,521,733	2,067,871	-	1,835,810
Income tax expense					
Other comprehensive income					
Gain on the revaluation of available-for-sale financial assets	-	59,000	-	-	59,000
Total comprehensive income for the year	(4,753,794)	4,580,733	2,067,871	-	1,894,810

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 20. Departmental trading statement of financial position as at 31 March 2017

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Assets					
Current assets					
Cash and cash equivalents	118,369	7,484,248	473,185	-	8,075,802
Other financial assets	3,700,000	26,800,000	15,100,000	-	45,600,000
Trade and other receivables	21,089	325,248	397,067	-	743,404
Financial assets at fair value through profit or loss	-	6,558,254	-	-	6,558,254
Total current assets	3,839,458	41,167,750	15,970,252	-	60,977,460
Non-current assets					
Property, plant and equipment	-	-	135,024	-	135,024
Available-for-sale financial assets	-	623,000	-	-	623,000
Total non-current assets	-	623,000	135,024	-	758,024
Total assets	3,839,458	41,790,750	16,105,276	-	61,735,484
Liabilities					
Current liabilities					
Trade and other payables	1,996,915	-	162,253	-	2,159,168
Employee benefits	-	-	117,137	-	117,137
Total current liabilities	1,996,915	-	279,390	-	2,276,305
Non-current liabilities					
Employee benefits	-	-	92,429	-	92,429
Total non-current liabilities	-	-	92,429	-	92,429
Total liabilities	1,996,915	-	371,819	-	2,368,734
Net assets	1,842,543	41,790,750	15,733,457	-	59,366,750
Equity					
Retained surpluses	1,842,543	41,363,750	15,733,457	-	58,939,750
Asset revaluation reserve	-	427,000	-	-	427,000
Total equity	1,842,543	41,790,750	15,733,457	-	59,366,750

Australian Indigenous Education Foundation
Notes to the financial statements
31 March 2017

Note 20. Departmental trading statement of financial position as at 31 March 2016

	Government Scholarship Fund \$	Scholarship Fund \$	Corporate Account \$	Departmental Eliminations \$	Total Foundation \$
Assets					
Current assets					
Cash and cash equivalents	106,189	8,056,135	807,763	-	8,970,087
Other financial assets	1,700,000	22,300,000	11,000,000	-	35,000,000
Trade and other receivables	9,727	418,566	399,431	-	827,724
Financial assets at fair value through profit or loss	-	5,884,028	-	-	5,884,028
Total current assets	1,815,916	36,658,729	12,207,194	-	50,681,839
Non-current assets					
Property, plant and equipment	-	-	140,568	-	140,568
Available-for-sale financial assets	-	255,000	-	-	255,000
Total non-current assets	-	255,000	140,568	-	395,568
Total assets	1,815,916	36,913,729	12,347,762	-	51,077,407
Liabilities					
Current liabilities					
Trade and other payables	1,815,916	266,676	154,999	-	2,237,591
Employee benefits	-	-	105,628	-	105,628
Total current liabilities	1,815,916	266,676	260,627	-	2,343,219
Non-current liabilities					
Employee benefits	-	-	67,210	-	67,210
Total non-current liabilities	-	-	67,210	-	67,210
Total liabilities	1,815,916	266,676	327,837	-	2,410,429
Net assets	-	36,647,053	12,019,925	-	48,666,978
Equity					
Retained surpluses	-	36,588,053	12,019,925	-	48,607,978
Asset revaluation reserve	-	59,000	-	-	59,000
Total equity	-	36,647,053	12,019,925	-	48,666,978

Australian Indigenous Education Foundation Directors' declaration

The directors have determined that Australian Indigenous Education Foundation is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements

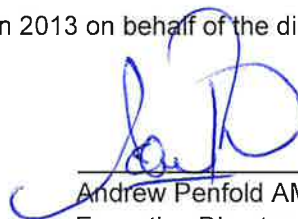
The directors of Australian Indigenous Education Foundation declare that in the directors/responsible entities' opinion:

1. 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 Australian Charities and Not-for-profits Commission Act 2012 and:
 - comply with Accounting Standards as described in Note 1 to the financial statements and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation 2013); and
 - give a true and fair view of the entity's financial position as at 31 March 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. There are reasonable grounds to believe that the entity will be able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the ACNC Regulation 2013 on behalf of the directors/responsible entities by:



Warren Mundine AO
Chairman



Andrew Penfold AM, FAICD
Executive Director

26 April 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Indigenous Education Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Indigenous Education Foundation, which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Australian Indigenous Education Foundation, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the entity's financial position as at 31 March 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - Basis of accounting

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 *ACNC Act*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the entity's annual report for the year ended 31 March 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

The directors 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 *ACNC Act*. The directors' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report


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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.

BDO East Coast Partnership



Kieran Gould

Partner

Sydney, 26 April 2017