

**Inspire Foundation**  
**ABN 27 075 428 787**  
**Annual Financial Report**  
**30 June 2008**

# **Inspire Foundation**

## **Directors' Report for the year ended 30 June 2008**

The directors present their report together with the financial report of Inspire Foundation for the year ended 30 June 2008 and the auditor's report thereon.

### **Directors**

The names of the directors in office at any time during or since the end of the financial year are:

#### ***Mark Mentha – Chairman and Director – appointed 30 January 2004***

Mark Mentha is Founder and Partner of KordaMentha and one of Australia's leading specialists in business recovery and structuring. Prior to founding KordaMentha in 2002, Mark enjoyed a 22-year career with Andersen. Mark has served as Chairman since November 2006.

#### ***John Doumani – Director – appointed 14 September 2005***

John Doumani is Managing Director of Fonterra Australasia and Former President of Campbell's/Arnott's International. Prior to this he was Managing Director of Meadow Lea Foods and was with Johnson & Johnson for 13 years, during which time he held many senior roles in Australia, UK, Italy and the US, culminating in the role of Managing Director of Johnson and Johnson Pacific.

#### ***Paul Gilding – Director – appointed 14 November 1996***

Paul Gilding is Founding Partner of Ecos Corporation, CEO of Easy Being Green and former Global Head of Greenpeace International. Paul is a founding Director of the Inspire Foundation and served as Chairman from January 2003 and November 2006.

#### ***David Gold – Director – appointed 10 April 2000***

David Gold is Chairman of Simply Sold Pty Ltd and has been an active entrepreneur in the technology space working with or founding companies such as Looksmart, dstore and Azure Wireless.

#### ***Jack Heath – Executive Director – appointed 14 November 1996***

Jack Heath is the Executive Director and Founder of the Inspire Foundation. Prior to this, Jack worked in Government, including as a speechwriter to Federal Ministers and a Senior Advisor to Prime Minister Keating. He was awarded a Centenary medal for 'services to the community' in 2003 and received the Equity Trustees National Non-Profit CEO Award for Innovation in 2004. He was a NSW Finalist in the Australian of the Year Awards in 2005, and was the 2007 Ernst & Young Eastern Region Social Entrepreneur of the Year.

#### ***Jan Owen – Director – appointed 8 October 2003***

Jan Owen is the Executive Director of Social Ventures Australia (SVA). Prior to joining SVA she was Founder and inaugural Chief Executive of the CREATE Foundation. She is the author of Every Childhood Lasts a Lifetime (1996). She also serves on the Board of Social Firm Australia and the International Board of Advisors of the Medical Knowledge Foundation.

# Inspire Foundation

## Directors' Report (continued) for the year ended 30 June 2008

### Meetings of directors

During the financial year, 4 meetings of directors were held. The number of meetings attended by each of the directors in the year ended 30 June 2008 were:

Name of Director	Number eligible	Number attended
M Mentha	4	4
J Doumani	4	2
D Gold	4	2
P Gilding	4	3
J Heath	4	4
J Owen	4	4

### Principal activities

The principal activity of the company during the financial year was as a charitable company dedicated to the promotion of national mental health and wellbeing with a specific brief on youth suicide prevention via the use of electronic media.

### Operating results

The operating surplus for the year amounted to \$45,027 (2007: \$18,664).

### Review of operations

Inspire continued to deliver its three national programs, creating opportunities for young people to change their world through a combination of technology and face-to-face involvement. 2007/08 saw the continued growth of the Foundation. This year Inspire developed a new mission statement, 2020 vision and four year strategic plan. Aligning the activities of the Foundation behind this strategic plan saw an increase in marketing operations and the need to create brand awareness, and a stronger focus on research and policy, in order to develop a stronger evidence base for our services.

### State of affairs

The company was incorporated on 14 November 1996 as New Australia Foundation and changed its name to the Inspire Foundation effective 3 March 1998. The company has been granted the status of a charitable company and is licensed to collect money or goods for a charitable purpose.

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

### Environmental regulation

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

# Inspire Foundation

## Directors' Report (continued) for the year ended 30 June 2008

### Events subsequent to balance date

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

### Likely developments

Inspire Foundation will continue to pursue its charitable goals in helping members of the community during the next financial year.

### Indemnification

During the financial year Inspire Foundation has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2008. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the company. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

### Director's emoluments

During the year ended 30 June 2008, the company paid emoluments to Mr Jack Heath of \$168,173 (2007: \$149,312).

### Directors' benefits

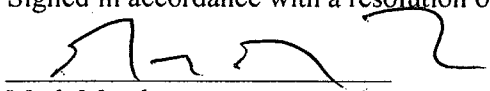
Since the end of the previous financial year no director of the company has received or has become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial report, or the fixed salary of a full-time employee of the company or of a related body corporate) by reason of a contract made by the company or a related body corporate with a director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest, except as disclosed in note 15 to the financial report.

### Audit independence

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the year ended 30 June 2008.

Dated at Sydney this 10th day of November 2008.

Signed in accordance with a resolution of directors:

  
\_\_\_\_\_  
Mark Mentha  
Director



**Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**

To: The directors of Inspire Foundation

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

*KPMG*

KPMG

Anthony Travers  
*Partner*

Sydney

10 November 2008

**Inspire Foundation**  
**Income Statement**  
**for the year ended 30 June 2008**

	Note	2008 \$	2007 \$
Revenue	4	4,181,746	3,544,252
Employee expenses		(2,532,278)	(1,904,721)
Marketing and fundraising expenses		(488,832)	(368,501)
Administration expenses		(353,788)	(259,389)
Travel expenses		(296,150)	(186,517)
Website development and maintenance	5	(284,592)	(610,243)
Premises expenses		(180,986)	(158,746)
Depreciation	5	(99,141)	(98,861)
Donations	5	-	(35,643)
Total expenses		<u>(4,235,767)</u>	<u>(3,622,621)</u>
Deficit from operating activities		(54,021)	(78,369)
Financial income	4	99,049	97,033
<b>Operating surplus for the year</b>		<u><b>45,028</b></u>	<u><b>18,664</b></u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

## Inspire Foundation

### Statement of recognised income and expense for the year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>Net income recognised directly in accumulated funds</b>		<b>948,288</b>	<b>929,624</b>
Operating surplus for the year	5	<u>45,028</u>	<u>18,664</u>
<b>Total recognised income and expense for the year</b>		<b><u>993,316</u></b>	<b><u>948,288</u></b>

The operating surplus for the year is the only change in equity for the current and prior year.

The statement of recognised income and expense is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

# Inspire Foundation

## Balance Sheet as at 30 June 2008

	Note	2008 \$	2007 \$
<b>Current assets</b>			
Cash and cash equivalents	7	2,521,219	1,854,367
Trade and other receivables	8	348,283	380,766
Total current assets		<u>2,869,502</u>	<u>2,235,133</u>
<b>Non-current assets</b>			
Plant and equipment	9	227,611	276,207
Total non-current assets		<u>227,611</u>	<u>276,207</u>
<b>Total assets</b>		<u><b>3,097,113</b></u>	<u><b>2,511,340</b></u>
<b>Current liabilities</b>			
Trade and other payables	10	311,842	386,505
Unspent project grants		1,542,319	1,013,953
Employee benefits	11	204,066	120,085
Total current liabilities		<u>2,058,227</u>	<u>1,520,543</u>
<b>Non current liabilities</b>			
Employee benefits	11	44,470	41,409
Provisions	12	1,100	1,100
Total non-current liabilities		<u>45,570</u>	<u>42,509</u>
<b>Total liabilities</b>		<u><b>2,103,797</b></u>	<u><b>1,563,052</b></u>
<b>Net assets</b>		<u><b>993,316</b></u>	<u><b>948,288</b></u>
<b>Accumulated funds</b>			
Accumulated surplus	13	993,316	948,288
<b>Total accumulated funds</b>		<u><b>993,316</b></u>	<u><b>948,288</b></u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.



**Inspire Foundation**  
**Statement of Cash Flows**  
**for the year ended 30 June 2008**

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		4,643,547	3,510,232
Cash payments to suppliers and employees		(4,025,198)	(3,122,964)
Interest received		99,049	77,816
		<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	16	<b>717,398</b>	<b>465,084</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(50,546)	(133,572)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(50,546)</b>	<b>(133,572)</b>
		<hr/>	<hr/>
<b>Net increase in cash held</b>		<b>666,852</b>	<b>331,512</b>
		<hr/>	<hr/>
<b>Cash at the beginning of the year</b>		<b>1,854,367</b>	<b>1,522,855</b>
		<hr/>	<hr/>
<b>Cash at the end of the year</b>		<b>2,521,219</b>	<b>1,854,367</b>
		<hr/> <hr/>	<hr/> <hr/>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 21.

# **Inspire Foundation**

## **Notes to the financial statements for the year ended 30 June 2008**

### **1 Reporting entity**

Inspire Foundation (the 'Foundation') is a company limited by guarantee and does not have share capital. The Foundation is domiciled in Australia and its registered office is 102 Beattie St, Balmain NSW 2041. The Foundation is a charitable company dedicated to the promotion of national healing with a specific brief on youth suicide prevention via the use of electronic media.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 10 November 2008.

#### **(b) Basis of preparation**

The financial report is prepared on the historical cost basis.

#### **(c) Functional and presentation currency**

The financial report is presented in Australian dollars, which is the foundation's functional currency.

#### **(d) Use of estimates and judgements**

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular we draw your attention to Note 20 – Operating Lease Commitments.

### **3 Significant accounting policies**

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

#### **(a) Financial instruments**

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 3 Significant accounting policies (continued)

#### (a) Financial instruments (continued)

These non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cash flows from the financial assets expire or if the Foundation transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date i.e., the date that the Foundation commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Foundation's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and term deposits.

#### (b) Plant and equipment

##### *Owned assets*

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy (c)). Cost includes expenditures that are directly attributable to the acquisition of the asset.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

##### *Leased assets*

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Lease payments are accounted for as described in accounting policy (e).

##### *Subsequent costs*

The company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

##### *Depreciation*

Plant and equipment are valued at cost, and are depreciated at a rate between 10% and 33% on a straight-line basis over their estimated useful lives. Purchased items under \$1,000 are written off in the year they are purchased.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 3 Significant accounting policies (continued)

#### (b) Plant and equipment (continued)

Depreciation rates were reviewed during the year. All substantial furniture items and leasehold improvements have been allocated a useful life of 10 years to reflect the intended lease term (5 years plus 5 year option). Some smaller items have been allocated with a useful life of 1 year and depreciated fully in the first year. No material impact noted.

Depreciation rates:

	2008	2007
Plant and equipment	10 – 33%	10 – 33%
Computer equipment	33%	33%

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

#### (c) Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

#### (d) Employee entitlements

##### *Wages, salaries, annual leave and sick leave*

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

##### *Defined contribution superannuation funds*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 3 Significant accounting policies (continued)

#### (d) Employee entitlements (continued)

##### *Long-term service benefits*

The company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the company's obligations.

#### (e) Revenue

Revenues are recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax (GST).

##### *Grant income*

Government and corporate grants are recorded as revenue when specific project goals are met and the grant is earned. Income from donations and appeals is recorded on a receipts basis.

##### *Donations in kind*

The company receives various pro-bono services and donations in kind. Revenue has not been brought to account in the financial statements for services as management are unable to reasonably estimate the value of these donations and services. Revenue has been brought to account in the financial statements for contributed assets as management are able to reasonably estimate the fair value of these assets.

##### *Unspent project grants*

The company receives grants and funding for specific projects in advance of expenditure. The company records specific project expenditure against these grants and recognises any unspent portion as a liability.

##### *Net financing income*

Net financing income is comprised of interest receivable on funds invested. Interest income is recognised in the income statement as it accrues, using the effective interest method.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 3 Significant accounting policies (continued)

#### (e) Revenue (continued)

##### *Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the benefit. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

#### (f) Income tax

The company is a registered charity and is exempt from income tax in accordance with section 50.5 of the Income Tax Assessment Act 1997. It is also exempt from fringe benefits, sales and capital gains taxes and state payroll tax.

#### (g) Goods and services tax

Receipts, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis.

GST amount receivable or payable to ATO are classified as operating cash flows.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

	2008 \$	2007 \$
<b>4 Revenue from ordinary activities</b>		
Donations	2,228,095	2,390,849
Government grants	823,959	341,395
Consulting	492,140	349,557
Sponsorships	142,367	199,995
Donated assets received in kind	-	159,556
Fundraising events	481,531	81,300
Merchandising	828	14,809
Sundry income	12,826	6,791
	<u>4,181,746</u>	<u>3,544,252</u>
Net financial income	<u>99,049</u>	<u>97,033</u>
<b>Total revenue from ordinary activities</b>	<b><u>4,280,795</u></b>	<b><u>3,641,285</u></b>
<b>5 Operating surplus from ordinary activities</b>		
<i>(a) Operating surplus from ordinary activities has been arrived at after charging the following items:</i>		
Web site development and maintenance	284,592	610,243
Operating lease rental expense	147,046	135,151
Depreciation of plant and equipment	99,141	98,861
Donated assets by Inspire to community centres	-	35,643
Amounts set aside to provision for employee entitlements	36,155	38,591
	<u>36,155</u>	<u>38,591</u>

This information is presented in accordance with the Charitable Fundraising Act 1991 and Regulations.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

	2008 \$	2007 \$
<b>5 Operating surplus from ordinary activities (continued)</b>		
<i>(b) Results of fundraising appeals</i>		
Gross donations from fundraising appeals	2,851,993	2,831,700
Less: direct costs of fundraising appeals	(122,891)	(161,829)
	<hr/>	<hr/>
<b>Net surplus obtained from fundraising appeals</b>	<b>2,729,102</b>	<b>2,669,871</b>
Application of net surplus obtained from fundraising appeals		
Communication costs	-	(34,406)
Employee costs (excluding consulting)	(2,437,792)	(1,695,691)
Web site development and maintenance	(283,992)	(606,947)
Marketing and awareness	(473,463)	(347,531)
Consulting	-	(182,155)
Travel	(289,273)	(86,855)
Youth activities	(69,097)	(96,506)
Other administration expenses	(559,259)	(410,701)
	<hr/>	<hr/>
<b>Net (deficit)/surplus</b>	<b>(1,383,774)</b>	<b>(790,921)</b>
The net surplus of \$45,028 (2007: \$18,664) between the net surplus obtained from fundraising appeals and total expenditure was funded from the following sources:		
Consultancies	492,140	349,557
Government grants	823,959	341,395
Interest received	99,049	97,033
Merchandise	828	14,809
Sundry income	12,826	6,791
	<hr/>	<hr/>
<b>Operating surplus</b>	<b>45,028</b>	<b>18,664</b>

Total expenses of \$4,235,768 for 2008 include direct costs of fundraising of \$122,891 and other costs of \$4,112,878 (2007: \$161,829 and \$3,622,621).

Gross donations from fundraising appeals for 2008 include donations of \$2,851,993 and donated assets in kind of \$nil (2007: \$2,831,700 and \$159,556).



# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 5 Operating surplus from ordinary activities (continued)

During the current year the income statement classification of sponsorship was changed to be included in fundraising revenue to be more in line with the definition of fundraising appeals.

Non-fundraising expenditure was reclassified to more accurately reflect expenditure categories

	2008	2008	2007	2007
	\$	%	\$	%
<i>(c) Comparisons of certain monetary figures and percentages</i>				
Direct cost of fundraising (non-project related including relevant wage expense and excluding grant costs)/ Gross income from fundraising (excluding government grants)	122,890	4.31	161,828	5.71
Net surplus obtained from fundraising/ Gross income from fundraising (excluding government grants)	2,729,100	95.69	2,669,872	94.29
Total cost of services provided (including employee costs)/ Total expenditure	3,191,015	75.33	2,741,637	75.68
Total cost of services provided (including employee costs)/ Total income received	3,191,015	74.54	2,741,637	75.29

### 6 Fundraising activities conducted during the year

Various fundraising activities were conducted during the year as well as generally receiving unsolicited donations.

### 7 Cash and cash equivalents

Cash at bank	1,637,314	1,003,853
Term deposits	883,905	850,514
	<u>2,521,219</u>	<u>1,854,367</u>

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

	2008 \$	2007 \$
<b>8 Trade and other receivables</b>		
a) Trade and other receivables		
Receivables	339,026	301,059
Prepayments	9,257	59,319
GST receivable	-	20,388
	<u>348,283</u>	<u>380,766</u>
b) Past due but not impaired		
30 to 60 days	20,555	310
61 to 90 days	-	750
Over 90 days	1,056	780
Total past due but not impaired trade debtors	<u>21,611</u>	<u>1,840</u>

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is no objective evidence that a trade receivable is impaired.

### 9 Plant and equipment

Plant and equipment – at cost	268,747	218,201
Donated plant and equipment – at fair value	223,813	223,813
Less: accumulated depreciation	(264,949)	(165,807)
	<u>227,611</u>	<u>276,207</u>

#### *Reconciliation – Plant and equipment*

##### *Cost and fair value*

Balance at 1 July	442,013	267,952
Acquisitions	50,546	293,128
Disposals	-	(119,067)
Balance at 30 June	<u>492,559</u>	<u>442,013</u>

##### *Depreciation*

Balance at 1 July	(165,806)	(150,369)
Current year depreciation	(99,142)	(98,861)
Impairment loss	-	(35,643)
Less: Disposals	-	119,067
Balance at 30 June	<u>(264,948)</u>	<u>(165,806)</u>

##### *Written down value*

At 1 July	<u>276,207</u>	<u>117,583</u>
At 30 June	<u>227,611</u>	<u>276,207</u>

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

	2008	2007
	\$	\$
<b>10 Trade and other payables</b>		
GST	167,766	-
Trade creditors	51,734	158,131
Other creditors and accruals	92,342	228,374
	<u>311,842</u>	<u>386,505</u>
<b>11 Employee benefits</b>		
<i>Current</i>		
Annual leave	138,088	111,136
Fringe benefits	(617)	-
Long service leave	15,089	8,949
Superannuation	51,506	-
<i>Total provisions – current</i>	<u>204,066</u>	<u>120,085</u>
<i>Non-current</i>		
Long service leave	44,470	41,409
<i>Total provisions – non-current</i>	<u>44,470</u>	<u>41,409</u>
<b>12 Site Restoration</b>		
Make good (premises)	<u>1,100</u>	<u>1,100</u>
<b>13 Accumulated surplus</b>		
Accumulated surplus at beginning of the year	948,288	929,624
Operating surplus for the year	45,027	18,664
Accumulated surplus at end of the year	<u>993,316</u>	<u>948,288</u>

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 14 Related party information

#### *Key management personnel remuneration*

The key management personnel compensation included in personnel expenses are as follows:

	2008	2007
	\$	\$
Fixed compensation	280,765	175,787
Short term	21,597	13,024
Long term	4,681	2,802
Total remuneration	<u>307,043</u>	<u>191,613</u>

There are no bonus payments.

Income of key management personnel comprises amounts paid or payable to directors and executive officers domiciled in Australia, directly or indirectly by the Foundation or any related party in connection with the management of the affairs of the company whether as key management personnel or otherwise.

### 15 Financial instruments

The company's financial assets and liabilities included in current assets and liabilities in the balance sheet are carried at amounts that approximate fair values. These include cash, receivables and creditors and accrued expenses.

The main risks arising from the company's financial instruments are market risk (in the form of interest rate risk) and credit risk.

#### **(a) Interest rate risk**

The company's only exposure to interest rate risk is on cash with an average interest rate of 6.3% (2007: 4.69%). Risk is mitigated through using fixed rate term deposits for all cash not needed for operating. All other financial assets and liabilities are not interest bearing.

#### **(b) Credit risk exposure**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The only source of credit risk is found in the trade receivables balance. Refer to Note 9 for details on trade receivables that are past due but not impaired.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### Notes to the statement of cash flows

	2008	2007
	\$	\$
<i>Reconciliation of cash flows from operating activities</i>		
<b>Operating surplus</b>	<b>45,028</b>	<b>18,664</b>
Adjustments for:		
Depreciation	99,141	98,861
Loss on sale of plant and equipment	-	-
Donated assets received by Inspire	-	(159,556)
Donated assets given to Beanbag centres	-	35,643
	<hr/>	<hr/>
<b>Operating surplus before changes in assets / liabilities</b>	<b>144,169</b>	<b>(6,388)</b>
	<hr/>	<hr/>
Decrease in trade and other receivables	32,483	159,181
(Decrease) in trade and other creditors	(74,662)	209,211
Increase in unspent project grants	528,367	63,388
Increase in employee benefits	87,041	39,692
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>717,398</b>	<b>465,084</b>
	<hr/>	<hr/>

### *Financing facilities*

The company does not have any financing facilities.

### **16 Members' guarantee**

The company is limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$10 each towards the meeting of any outstanding obligations of the company. At 30 June 2008, the number of members was 5 (2007: 5).

### **17 Auditors' remuneration**

KPMG, the auditors of the company, charged a fee of \$15,000 (2007: \$3,000) during the period. KPMG's audit fees are rendered on a significantly discounted basis.

### **18 Financial reporting by segments**

The company operates predominantly in one industry in Australia being the provision of charitable services to the community.

# Inspire Foundation

## Notes to the financial statements for the year ended 30 June 2008

### 19 Operating lease commitments

Operating leases include premises and telephone system.

	2008	2007
	\$	\$
Less than one year	161,754	154,694
Between one and five years	338,704	516,001
More than five years	-	-
	<u>500,458</u>	<u>670,695</u>

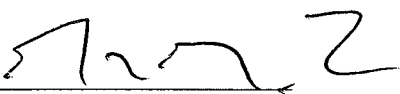
## Directors' declaration

In the opinion of the directors of the company.

- 1 The financial statements and notes, set out on pages 5 to 21 are in accordance with the Corporations Act 2001, including:
  - a. giving a true and fair view of the financial position of the company as at 30 June 2008 and of the performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 3 The financial report gives a true and fair view of all income and expenditure of Inspire Foundation with respect to fundraising appeal activities for the financial year ended 30 June 2008.
- 4 The balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2008.
- 5 The provisions of the NSW Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority/licence have been complied with for the financial year ended 30 June 2008; and
- 6 The internal controls exercised by Inspire Foundation are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Dated at Sydney this       <sup>th</sup> day of November 2008.

Signed in accordance with a resolution of the directors.

  
\_\_\_\_\_  
Mark Mentha

*Director*



## **Independent audit report to the members of Inspire Foundation**

We have audited the accompanying financial report of Inspire Foundation for the financial year ended 30 June 2008, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes 1 to 21 and the directors' declaration.

### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the company in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as





accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

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

*Auditor's opinions*

*Auditor's opinion pursuant to the Corporations Act 2001*

In our opinion, the financial report of Inspire Foundation is in accordance with:

- a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - ii. complying Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

*Audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991*

In our opinion:

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2008;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2007 to 30 June 2008, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the period from 1 July 2007 to 30 June 2008 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d) there are reasonable grounds to believe that Inspire Foundation will be able to pay its debts as and when they fall due.

KPMG

KPMG

Anthony Travers  
Partner

Sydney

10 November 2008