

Inspire Foundation
ABN 27 075 428 787
Annual Financial Report
30 September 2014

Directors' Report for the year ended 30 September 2014

The directors present their report together with the financial report of Inspire Foundation for the year ended 30 September 2014 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 period are:

Helen Conway- Director – appointed 25 November 2013

Helen Conway is the Director of the Workplace Gender Equality Agency. Prior to joining the Agency, Helen spent about 30 years' in the private sector. Following 10 years in private practice as a lawyer, including seven years as a partner, Helen joined the corporate sector where she held various executive positions in companies covering the insurance, transport, downstream oil, retailing and construction industries. In addition she has held various directorships in the health, transport and superannuation sectors. Helen joined the Board in November 2013.

Marty Gauvin – Director – appointed 10 November 2008, appointed Chair 30 June 2011, resigned 25 November 2013

Marty is an entrepreneur who has founded a range of high technology companies and is currently the CEO of Virtual Ark, a company that provides SaaS enablement of enterprise applications on the Cloud. Marty is also the Managing Director of Tier 5, a company that designs, builds and operates data centre parks. Between 1999 and 2009 Marty was the Managing Director of Hostworks, a provider of critical application management services to a range of large media and online clients. Marty has also been involved in the assessment and structure of a range of Commonwealth Government innovation programs. In recent times this has included roles in the review of the National Innovation System and membership of the committee administering venture capital programs. Marty is also a board member for Playford Capital.

Dr Alan Huynh – Director – appointed 31 March 2014

Dr Alan Huynh is a senior resident medical officer with NSW Health and a Clinical Associate Lecturer at Sydney Medical School. He has a long-standing interest in youth development, mental health and the power of applying new technologies. He served as Chair of the 7th Commonwealth Youth Forum and is a past Youth Chair of the Federation of Ethnic Communities' Councils of Australia. For his work with young people from diverse backgrounds, Alan received the inaugural Australian Human Rights Commission Young People's Human Rights Medal, the Australian Leadership Award and the Queensland Multicultural 'Outstanding Young Achiever' award.

Matt O'Connor – Director – appointed 5 August 2009, resigned 19 May 2014

Matt is embarking on a career as a clinical psychologist, starting his Master's program at Griffith in 2011. He has been involved with Inspire, for over five years and is their youngest ever Director. Matt is an expert in meaningful and respectful youth participation, and works to assist a variety of organisations to implement their youth participation strategies. In all his work, Matt has aspired to improve our understanding of how education can act as a preventative strategy for improving young people's mental health and well-being and of the ways that young people interact with this knowledge to create meaningful change in their own lives.

Michael Price - Director – appointed 20 February 2012

Michael Price is an Executive Director of Macquarie Bank with qualifications in accounting and law. He has been with the Bank for 25 years and is Chairman of the Bank's Specialised Investment Solutions Division. Prior to joining Macquarie Michael worked at KPMG. Michael is also Chair of the Social Finance Advisory Council at Social Ventures Australia, an organisation working to build the impact and sustainability of the not-for-profit sector in Australia and a director of In-Form Limited, a company raising funds for youth mental health charities.

Directors' Report for the year ended 30 September 2014

Elizabeth Shaw – Director – appointed 15 December 2009, resigned 25 November 2013

Elizabeth Shaw is the Executive Director of the UN Association of Australia. Prior to this, Elizabeth was a solicitor, and worked for three years at the State Solicitor's Office in Perth. In addition to degrees in Arts and Law, Elizabeth holds Masters of Public Policy. Elizabeth is a qualified company director, and also serves on the Board of UN Women Australia and Global Voices. Elizabeth's leadership in the non-profit sector has been recognised with awards including a 2011 Australian Leadership Award from the Australian Davos Connection and a 2009 Western Australian of the Year Award. While at university, Elizabeth was selected to be the 2008 Australian Youth Representative to the UN after her work with several youth organisations. She consulted with over 5,000 young Australians before presenting her findings at the UN General Assembly in New York. Mental health and well-being was one of the key issues young people raised in their consultations.

Nigel Smyth - Director – appointed 25 November 2013

Nigel Smyth joined the Board in November 2013, having retired from Macquarie Group in July 2013. Until the end of 2012 Nigel was the Group Head of the Market Operations and Technology Group. Prior to joining Macquarie, he was a Principle of Fitzgerald McLaren Consulting, where he program managed the integration of Bankers Trust European Equity Operations into Deutsche Bank. He is currently a Director of Pillar Administration, Chairman of Middle Harbour Yacht Club and has held board positions with the Centre for Social Impact and livewire.org.au.

Julie White- Director – appointed 20 February 2012, appointed Chair 25 November 2013

A Board Member since February 2012, Julie White assumed the role of Chair in November 2013, bringing with her over 30 years' experience in both the not-for-profit and corporate sectors. In addition to her role with ReachOut.com by Inspire Foundation, Julie is the Chair of the Coca Cola Australia Foundation; a non-executive director of Social Finance Australia and Women's Community Shelters and also serves on a number of advisory Boards. Previously, Julie was global head of the Macquarie Group Foundation

Andrew Wilson – Director – appointed 31 March 2014

Andrew Wilson is the Head of Strategy and Planning at Coca-Cola Amatil. Previously Andrew was a Case Team Leader at Bain & Company and has more than seven years of management consulting experience. Over time he has advised across a broad range of industries on corporate strategy, organisation design and operational effectiveness problems. Prior to joining Bain, Andrew worked in product development for ResMed, a global medical device company. Andrew has a degree in Biomedical Engineering from Sydney University and an MBA from London Business School. Andrew joined the Board in March 2014.

David Winterbottom - Director – appointed 20 February 2012

David Winterbottom is a Partner of KordaMentha, and one of Australia's leading Turnaround and Restructuring professionals. David is the Managing Partner of KordaMentha's Sydney office, and advises a wide variety of companies on constructive approaches to operational, strategic and liquidity problems. Prior to joining KordaMentha, David was a Partner with Ernst & Young's Corporate Restructuring practice and a Partner with Arthur Andersen's Corporate Recovery Practice. David is a Chartered Accountant, an Official Liquidator of the Supreme Court of Australia and a Certified Fraud Examiner. He is also a Director of Calibre Capital Real Estate Fund.

Directors' Report (continued)

for the year ended 30 September 2014

Meetings of directors

During the twelve months October 2013 to September 2014, 7 meetings of directors were held. The number of meetings attended by each of the directors in the twelve months ended 30 September 2014 was:

| Name of Director | Number eligible | Number attended |
|------------------|-----------------|-----------------|
| H Conway | 7 | 7 |
| M Gauvin | 1 | 1 |
| A Huynh | 5 | 5 |
| M Price | 7 | 4 |
| M O'Connor | 4 | 3 |
| E Shaw | 1 | 1 |
| N Smyth | 7 | 6 |
| J White | 7 | 7 |
| A Wilson | 5 | 5 |
| D Winterbottom | 7 | 7 |

Principal activities

The principal activity of the company during the financial year was as a charitable company dedicated to the improvement of wellbeing and mental health for young people through the provision of mental health services in an online environment.

Operating results

The operating surplus for the twelve months amounted to \$144,580. For the twelve months ended September 2013 the operating surplus was \$380,955

Review of operations

Inspire continued to deliver on its mission of helping young people be happy and well. During this financial year we focussed on improving our sustainability while increasing our investment in the ReachOut.com service. This ensures that we continued to assist large numbers of young people get the help and information they need to overcome their mental health difficulties. A particular emphasis was given to the delivery of our major research projects run in conjunction with the Young and Well CRC delivering three new products to assist young people and these will now enter research trials.

Directors' Report (continued) for the year ended 30 September 2014

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 regulated by any significant environmental regulations under either Commonwealth or State legislation.

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 twelve months ended 30 September 2014. 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.

Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Director's emoluments

During the twelve months ended 30 September 2014, the company did not pay any emoluments to the directors. In the twelve months ended 30 September 2013 the company did not pay any emoluments to the directors.

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 14 to the financial report.

**Directors' Report (continued)
for the year ended 30 September 2014**

Audit independence

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the twelve months ended 30 September 2014.

Dated at Sydney this 23 day of December 2014

Signed in accordance with a resolution of directors:



Julie White, Chair and Director



JACOBY CAMERON & CO.

CHARTERED ACCOUNTANTS

INSPIRE FOUNDATION

A.B.N. 27 075 428 787

**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, during the year ended 30 September 2014 there have been:

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

Jacoby Cameron & Co

JACOBY CAMERON & CO
Chartered Accountants

J Thomson

Grant Thomson

Date: *22nd DECEMBER* 2014

Level 4
255 Castlereagh Street
SYDNEY NSW 2000

Statement of Comprehensive Income for the year ended 30 September 2014

| | Note | 12 months ending 30/9/14 | 12 months ending 30/9/13 |
|---|------|--------------------------------|--------------------------------|
| | | \$ | \$ |
| Revenue | 4 | \$ 5,466,089 | \$ 5,108,136 |
| Employee expenses | 5 | \$ (2,625,151) | \$ (2,712,550) |
| Marketing and Fundraising expenses | | \$ (254,886) | \$ (377,460) |
| Administration expenses | | \$ (248,743) | \$ (272,352) |
| Travel expenses | 5 | \$ (186,484) | \$ (158,794) |
| Design & delivery of services | 5 | \$ (2,029,192) | \$ (1,203,830) |
| Premises expenses | | \$ (83,619) | \$ (81,826) |
| Depreciation expenses | 5 | \$ (13,240) | \$ (12,701) |
| Total expenses | | \$ (5,441,315) | \$ (4,819,513) |
| Surplus from operating activities | | \$ 24,774 | \$ 288,623 |
| Financial Income | 4 | \$ 129,560 | \$ 92,312 |
| Financial Expense | 22 | \$ (9,754) | \$ - |
| Total Comprehensive Income for the period | 5 | \$ 144,580 | \$ 380,935 |
| | Note | 12 months ending 30/9/14 | 12 months ending 30/9/13 |
| Opening Net Income recognised in accumulated funds | | \$ 1,547,857 | \$ 1,166,922 |
| Operating surplus for the period | 5 | <u>\$ 144,580</u> | <u>\$ 380,935</u> |
| Total income and expense recognised in accumulated funds | 13 | <u>\$ 1,692,437</u> | <u>\$ 1,547,857</u> |

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

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 24

**Statement of Financial Position
as at 30 September 2014**

| | Note | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|--------------------------------------|------|--------------------------------------|--------------------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 7 | \$ 4,333,125 | \$ 3,866,683 |
| Trade and other receivables | 8 | \$ 151,531 | \$ 437,531 |
| Total Current Assets | | <u>\$ 4,484,656</u> | <u>\$ 4,304,214</u> |
| Non-current Assets | | | |
| Plant and equipment | 9 | \$ 37,093 | \$ 26,576 |
| Total Non-current Assets | | <u>\$ 37,093</u> | <u>\$ 26,576</u> |
| Total Assets | | <u>\$ 4,521,749</u> | <u>\$ 4,330,790</u> |
| Current Liabilities | | | |
| Trade and other payables | 10 | \$ 377,451 | \$ 315,891 |
| Unspent Project Grants | 20 | \$ 2,217,683 | \$ 2,232,585 |
| Employee Benefits | 11 | \$ 207,404 | \$ 202,595 |
| Total Current Liabilities | | <u>\$ 2,802,538</u> | <u>\$ 2,751,071</u> |
| Non-current Liabilities | | | |
| Employee Benefits | 11 | \$ 26,773 | \$ 31,861 |
| Provisions | 12 | \$ - | \$ - |
| Total Non-current Liabilities | | <u>\$ 26,773</u> | <u>\$ 31,861</u> |
| Total Liabilities | | <u>\$ 2,829,311</u> | <u>\$ 2,782,932</u> |
| Net Assets | | <u>\$ 1,692,438</u> | <u>\$ 1,547,858</u> |
| Accumulated Funds | | | |
| Accumulated surplus | 13 | \$ 1,692,438 | \$ 1,547,858 |
| Total Accumulated Funds | | <u>\$ 1,692,438</u> | <u>\$ 1,547,858</u> |

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 24

**Statement of Cash Flows
for the year ended 30 September 2014**

| | Note | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|--|-----------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | \$ 6,216,787 | \$ 6,524,498 |
| Cash payments to suppliers and employees | | \$ (5,869,665) | \$ (5,503,602) |
| Interest received | | \$ 143,076 | \$ 85,458 |
| Net cash provided by operating activities | 16 | <u>\$ 490,199</u> | <u>\$ 1,106,355</u> |
| Cash flows from investing activities | | | |
| Acquisition of plant and equipment | | \$ (23,757) | \$ (4,777) |
| Net cash used in investing activities | | <u>\$ (23,757)</u> | <u>\$ (4,777)</u> |
| Net increase in cash held | | \$ 466,442 | \$ 1,101,577 |
| Cash at the beginning of the period | | \$ 3,866,683 | \$ 2,765,106 |
| Cash at the end of the year | | <u>\$ 4,333,125</u> | <u>\$ 3,866,683</u> |

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 24

Notes to the financial statements for the year ended 30 September 2014

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 97 Church St, Camperdown NSW 2050. The Foundation is a charitable company dedicated to improvement of wellbeing and mental health through the provision of mental health services in an on-line environment.

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 Australia 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 23 December 2014.

(b) Basis of preparation

The financial report is prepared on the accruals basis using historical cost.

(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.

Notes to the financial statements for the year ended 30 September 2014

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. 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 way 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, term deposits and corporate bonds. The company's investment strategy is to earn a financial return whilst guaranteeing capital preservation. In the current year that strategy has led to investment in corporate bonds for the first time. It is expected that corporate bonds will generate increased interest income.

(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.

Notes to the financial statements for the year ended 30 September 2014

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: | 12 months to Sept 2014 | 12 months to Sept 2013 |
|---------------------|------------------------|------------------------|
| 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

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(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.

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.

Notes to the financial statements for the year ended 30 September 2014

(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.

The company's investment strategy is to earn a financial return whilst guaranteeing capital preservation. In the current year that strategy has led to investment in bank Term Deposits and corporate bonds.

(f) Expenses

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.

(g) 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.

Notes to the financial statements for the year ended 30 September 2014

(h) 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

4. Revenue from ordinary activities

Revenue derived from Government Grants increased due to significant activity for the various projects that Inspire is managing in conjunction with the Young and Well Co-operative Research Centre. Financial income increased in line with a general increase in the average cash balance held by Inspire throughout the year as well new interest earnings from the investment in corporate bonds.

Revenue derived from Fundraising Events was reduced because the Dance for Life event was not held in 2014.

Sundry Income included a substantial increase in sales of ReachOut merchandise.

| | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|---|--|--|
| Donations | \$ 1,657,714 | \$ 2,005,853 |
| Government Grants | \$ 3,550,713 | \$ 2,803,206 |
| Consulting | \$ 40,994 | \$ 14,062 |
| Sponsorships | \$ - | \$ 30,000 |
| Fundraising Events | \$ 190,982 | \$ 247,596 |
| Sundry Income | \$ 25,686 | \$ 7,417 |
| | <u>\$ 5,466,089</u> | <u>\$ 5,108,135</u> |
| Net financial income | \$ 129,560 | \$ 92,312 |
| Total revenue from ordinary activities | <u>\$ 5,595,649</u> | <u>\$ 5,200,447</u> |

**Notes to the financial statements
for the year ended 30 September 2014**

5 Total Comprehensive income from ordinary activities

| (a) <i>Operating surplus from ordinary activities has been arrived at after charging the following items:</i> | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|---|--|--|
| Design & delivery of services | \$ 2,029,192 | \$ 1,203,830 |
| Operating lease rental expense | \$ 88,478 | \$ 80,804 |
| Depreciation of plant & equipment | \$ 13,240 | \$ 12,701 |
| Amounts set aside to provide for employee entitlements | \$ (2,588) | \$ 25,722 |

Total expenses of \$5,451,068 for 2014 include direct costs of fundraising of \$201,642 and other costs of \$5,249,426. In 2013, total expenses were \$4,819,512 which included \$312,987 for the direct cost of fundraising and other costs of \$4,506,524.

**Notes to the financial statements
for the year ended 30 September 2014**

| | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|---|--|--|
| (b) <i>Results of fundraising appeals</i> | | |
| Gross donations from fundraising appeals | \$ 1,848,696 | \$ 2,253,449 |
| Less: direct costs of fundraising appeals | \$ 201,642 | \$ 312,987 |
| Net surplus obtained from fundraising appeals | <u>\$ 1,647,054</u> | <u>\$ 1,940,462</u> |
| Application of net surplus obtained from fundraising appeals | | |
| Employee costs | \$ 2,625,151 | \$ 2,712,550 |
| Design & delivery of services | \$ 1,722,707 | \$ 1,040,490 |
| Marketing & awareness | \$ 53,244 | \$ 64,473 |
| Consulting | \$ 282,858 | \$ 138,155 |
| Travel | \$ 186,484 | \$ 158,794 |
| Youth Involvement | \$ 23,627 | \$ 25,185 |
| Other administrative expenses | \$ 355,355 | \$ 366,878 |
| | <u>\$ 5,249,426</u> | <u>\$ 4,506,525</u> |
| Net (deficit) | <u>\$ (3,602,372)</u> | <u>\$(2,566,063)</u> |
| The net deficit between the net surplus obtained from fundraising appeals and total expenditure was funded from the following sources | | |
| Consultancies | \$ 40,994 | \$ 14,062 |
| Government Grants | \$ 3,550,713 | \$ 2,803,206 |
| Interest received | \$ 129,560 | \$ 92,312 |
| Sundry Income | \$ 25,686 | \$ 37,417 |
| | <u>\$ 3,746,953</u> | <u>\$ 2,946,997</u> |
| Operating surplus | <u>\$ 144,580</u> | <u>\$ 380,935</u> |

**Notes to the financial statements
for the year ended 30 September 2014**

| c) Comparisons of certain monetary figures and percentages | 12 months ending 30/9/14 | 12 months ending 30/9/14 | 12 months ending 30/9/13 | 12 months ending 30/9/13 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | \$ | % | \$ | % |
| Direct cost of fundraising/ Gross income from fundraising | \$ 201,642 | 10.91% | \$ 312,987 | 13.89% |
| | \$ 1,848,696 | | \$2,253,449 | |
| Net surplus obtained from fundraising/ Gross income from fundraising | \$ 1,647,054 | 89.09% | \$1,940,462 | 86.11% |
| | \$ 1,848,696 | | \$2,253,449 | |
| Total cost of services provided (including employee costs)/ Total expenditure | \$ 5,249,426 | 96.30% | \$4,506,525 | 93.51% |
| | \$ 5,451,068 | | \$4,819,512 | |
| Total cost of services provided (including employee costs)/ Total income received | \$ 5,249,426 | 93.81% | \$4,506,525 | 86.66% |
| | \$ 5,595,649 | | \$5,200,447 | |

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

| | 12 months ending 30/9/14 | 12 months ending 30/9/13 |
|--------------------------|--------------------------------|--------------------------------|
| Cash at bank and on hand | \$ 1,994,882 | \$ 2,060,251 |
| Term Deposits | \$ 897,705 | \$ 1,806,432 |
| Corporate Bonds | \$ 1,440,538 | \$ - |
| | <u>\$ 4,333,125</u> | <u>\$ 3,866,683</u> |

The effective interest rate on short-term bank deposits was 4.69% (2013: 4.44%). These deposits have an average maturity of 90 days.

The company's investment strategy is to earn a financial return whilst guaranteeing capital preservation. In the current year that strategy has led to investment in bank Term Deposits and Corporate Bonds.

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

**Notes to the financial statements
for the year ended 30 September 2014**

8 Trade and other receivables

| | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|--------------------------------|--|--|
| a) Trade and other receivables | | |
| Receivables | \$ 106,083 | \$ 411,210 |
| Prepayments | \$ 45,447 | \$ 26,320 |
| | <u><u>\$ 151,530</u></u> | <u><u>\$ 437,531</u></u> |
| b) Past due but not impaired | | |
| 30 to 60 days | \$ 1,340 | \$ 92,979 |
| 61 to 90 days | \$ 137 | \$ - |
| Over 90 days | \$ 114 | \$ 525 |
| Total | <u><u>\$ 1,591</u></u> | <u><u>\$ 93,504</u></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.

**Notes to the financial statements
for the year ended 30 September 2014**

9 Plant and equipment

| | 12 months ending 30/9/14 | 12 months ending 30/9/13 |
|---|---|---|
| | \$ | \$ |
| Plant and equipment at cost | \$ 294,691 | \$ 270,934 |
| Donated plant and equipment at fair value | \$ 139,165 | \$ 139,165 |
| Less accumulated depreciation | <u>\$ (396,763)</u> | <u>\$ (383,523)</u> |
| | <u>\$ 37,093</u> | <u>\$ 26,576</u> |

Reconciliation - Plant and equipment

Cost and fair value

| | | |
|-----------------|--------------------------|--------------------------|
| Opening Balance | \$ 410,099 | \$ 479,191 |
| Acquisitions | \$ 23,757 | \$ 4,778 |
| Disposals | <u>\$ -</u> | <u>\$ (73,870)</u> |
| Closing Balance | <u>\$ 433,856</u> | <u>\$ 410,099</u> |

Depreciation

| | | |
|---------------------------|----------------------------|----------------------------|
| Opening Balance | \$ (383,523) | \$ (444,692) |
| Current year depreciation | \$ (13,240) | \$ (12,564) |
| Impairment loss | \$ - | \$ - |
| Less disposals | <u>\$ -</u> | <u>\$ 73,733</u> |
| Closing Balance | <u>\$ (396,763)</u> | <u>\$ (383,523)</u> |

Written down value

| | | |
|-----------------|-----------|-----------|
| Opening Balance | \$ 26,576 | \$ 34,499 |
| Closing Balance | \$ 37,093 | \$ 26,576 |

**Notes to the financial statements
for the year ended 30 September 2014**

| 10 Trade and other payables | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|------------------------------------|--|--|
| GST | \$ 64,242 | \$ 107,283 |
| PAYG Withheld | \$ 27,696 | \$ 28,994 |
| Trade Creditors | \$ 198,240 | \$ 82,389 |
| Accruals | \$ 80,862 | \$ 77,166 |
| Other Creditors | \$ 6,411 | \$ 20,059 |
| | <u>\$ 377,451</u> | <u>\$ 315,891</u> |

The average credit period on trade and other payables (excluding GST payable) is 1 month. No interest is payable on outstanding payables during this period.

| 11 Employee Benefits | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|---------------------------------------|--|--|
| <i>Current</i> | | |
| Annual Leave | \$ 94,491 | \$ 102,289 |
| Fringe Benefits | \$ 3,980 | \$ 1,825 |
| Long Service Leave | \$ 56,971 | \$ 46,673 |
| Superannuation | \$ 51,962 | \$ 51,868 |
| <i>Total Provisions - Current</i> | <u>\$ 207,404</u> | <u>\$ 202,655</u> |
| <i>Non-Current</i> | | |
| Long Service Leave | \$ 26,773 | \$ 31,861 |
| <i>Total Provisions - Non-Current</i> | <u>\$ 26,773</u> | <u>\$ 31,861</u> |

12 Provisions

| | | |
|----------------------|------|------|
| Make Good - premises | \$ - | \$ - |
|----------------------|------|------|

13 Accumulated Surplus

| | | |
|--|---------------------|---------------------|
| Accumulated surplus at beginning of year | \$ 1,547,857 | \$ 1,166,922 |
| Total Comprehensive income for the year | \$ 144,580 | \$ 380,935 |
| Accumulated surplus at end of the year | <u>\$ 1,692,437</u> | <u>\$ 1,547,857</u> |

Notes to the financial statements for the year ended 30 September 2014

14 Related Party Information

Key Management Personnel Remuneration

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

| | 12 months ending 30/9/14 | 12 months ending 30/9/13 |
|--------------------|---|---|
| Fixed Compensation | \$ 169,571 | \$ 168,885 |
| Short term | \$ - | \$ - |
| Long term | \$ - | \$ - |
| | <u>\$ 169,571</u> | <u>\$ 168,885</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 company's investment strategy is to earn a financial return whilst guaranteeing capital preservation. In the current year that strategy has led to investment in bank Term Deposits and corporate bonds for the first time. The bonds are expected to generate an interest income at an average rate of 1.5% per annum higher than rates on offer for Term Deposits.

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 4.69% (Sept 2013 4.44%). Risk is mitigated through using fixed rate term deposits and corporate bonds 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 8 for details on trade receivables that are past due but not impaired.

Notes to the financial statements for the year ended 30 September 2014

16 Reconciliation of Cash Flows

| | 12 months ending 30/9/14 \$ | 12 months ending 30/9/13 \$ |
|---|--------------------------------------|--------------------------------------|
| Reconciliation of cash flows from operating activities | | |
| Operating surplus | \$144,580 | \$380,935 |
| Adjustments for: | | |
| Depreciation | \$13,240 | \$12,564 |
| Loss on disposal of fixed assets | \$0 | \$137 |
| Operating surplus (deficit) before changes in assets/liabilities | \$157,820 | \$393,636 |
| | | |
| (Increase)/Decrease in trade and other receivables | \$ 286,000 | \$ (277,362) |
| Increase/(Decrease) in provisions | \$ - | \$ (1,100) |
| Increase/(Decrease) in trade and other creditors | \$ 61,560 | \$ 121,516 |
| Increase/(Decrease) in unspent project grants | \$ (14,902) | \$ 839,355 |
| Increase/(Decrease) in in employee benefits | \$ (279) | \$ 30,310 |
| Net cash provided by operating activities | \$ 490,199 | \$ 1,106,355 |

Financing facilities

The company does not have any financing facilities.

17 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 September 2014, the number of members was 7 (2013: 4).

18 Auditors' remuneration

Jacoby Cameron & Co, the auditors of the company, charged a fee of \$21,100 (2013: \$19,000) during the period. Jacoby Cameron & Co fees are rendered on a significantly discounted basis.

19 Financial reporting by segments

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

20 Unspent Project Grants

During the course of each financial year donations and grants are made to fund activities that will be executed over the course of the current or subsequent financial year. In instances where these funds are tied to the activities of the subsequent year, they are listed under 'Unspent project grants'.

Notes to the financial statements for the year ended 30 September 2014

21 Operating lease commitments

Operating leases include premises and a colour printer/copier.

| | 12 months ending 30/9/14 | 12 months ending 30/9/13 |
|--------------------------|---|---|
| Less than one year | \$ 109,859 | \$ 71,344 |
| Between one & five years | \$ 459,598 | \$ 224,092 |
| More than five years | <u>\$ 121,488</u> | <u>\$ -</u> |
| | <u>\$ 690,945</u> | <u>\$ 295,436</u> |

In September 2014 Inspire signed a new office lease for three years plus an option for three years.

22 Financial Expense

Interest Expense

During the twelve months to September 2014 Inspire incurred no interest charges. During the year ended 30 September 2013 Inspire incurred no interest charges.

Foreign Exchange Losses

In the twelve months ending 30 September 2014 Inspire incurred no foreign exchange gains or losses. In the year ended 30 September 2013 Inspire incurred no foreign exchange gains or losses.

Revaluation of Corporate Bonds

In the twelve months ended 30 September 2014 Inspire purchased Corporate Bonds to the value of \$1,450,292. As at 30 September 2014 the on-market capital value of the bond portfolio had decreased by \$9,754. Inspire posted this decrease as a non-cash expense in the Statement of Comprehensive Income for the 2013-14 financial year.

23 Superannuation Expense

During the 2013-14 financial year Inspire made payments totalling \$218,409 for Superannuation Expense on behalf of staff members. For the year ending 30 September 2013 Inspire made payments totalling \$213,472 for Superannuation Expenses on behalf of staff members.


Directors' declaration

In the opinion of the directors of the company:

- 1 The financial statements and notes, set out on pages 11 to 24 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 September 2014 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 September 2014.
- 4 The balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 September 2014.
- 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 September 2014; 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 23 day of December 2014

Signed in accordance with a resolution of directors:


Julie White, Chair and Director



JACOBY CAMERON & CO.

CHARTERED ACCOUNTANTS

Independent Auditor's Report To the members of Inspire Foundation

We have audited the accompanying financial report of Inspire Foundation, which comprises the balance sheet as at 30 September 2014, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 includes establishing and maintaining internal controls 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.

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 accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited nor necessarily reflect after the event accounting adjustments and normal year end financial adjustments for such matters as accruals, prepayments, provisions 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
Opinion Pursuant to the Corporations Act 2001

In our opinion the financial report of Inspire Foundation is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the company's financial position as at 30 September 2014 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

The financial report also complies with International Financial Reporting Standards as disclosed in Note 2

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 September 2014
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 October 2013 to 30 September 2014, 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 October 2013 to 30 September 2014 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 Inspire Foundation will be able to pay its debts as and when they fall due.


JACOBY CAMERON & CO


Grant Thomson (Partner)

Dated 22nd DECEMBER 2014

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SYDNEY NSW 2000