

Inspire Foundation
ABN 27 075 428 787
Annual Financial Report
30 June 2012

Directors' Report for the year ended 30 June 2012

The directors present their report together with the financial report of Inspire Foundation for the year ended 30 June 2012 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:

John Doumani – Director – appointed 14 September 2005, resigned 20 February 2012

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.

David Gold – Director – appointed 10 April 2000, resigned 20 February 2012

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 – Director – appointed 14 November 1996

Jack Heath is CEO of SANE Australia and the 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 CEO of the Foundation for Young Australians and a pioneer of the youth sector in Australia. She is a highly regarded social entrepreneur, innovator and child and youth advocate. From 2002 to 2010, Jan was Executive Director of Social Ventures Australia, which aims to increase the impact of the Australian social sector. Prior to this Jan founded the CREATE Foundation and was its CEO for nine years. She is the only non US citizen to receive a fellowship for leadership and innovation to the Peter Drucker Foundation, USA, and has been awarded membership of the Order of Australia for services to children and young people. She serves on the Boards of the School for Social Entrepreneurs, NAB Schools First, Enterprise Melbourne, and the International Women's Development Agency (IWDA).

Directors' Report (continued) for the year ended 30 June 2012

Marty Gauvin – Director – appointed 10 November 2008, appointed Chairman 30 June 2011

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.

Matt O'Connor – Director – appointed 5 August 2009

Matt is embarking on a career as a clinical psychologist, starting his Masters 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.

Elizabeth Shaw – Director – appointed 15 December 2009

Elizabeth Shaw - After working with several youth organisations, Elizabeth was selected to be the 2008 Australian Youth Representative to the UN, consulting with over 5,000 young Australians before presenting her findings at the UN General Assembly in New York. Mental health and well-being was identified by young people as being one of their primary concerns during these consultations. Elizabeth worked as a Solicitor at the State Solicitor's Office in Perth before her current role as the Executive Director of the UN Association of Australia, which educates and engages the community in the work of the UN. She is currently completing a Masters of Public Policy at the ANU.

Professor Graham Martin OAM, MD, FRANZCP, DPM - Director – appointed 20 February 2012

Professor Graham Martin OAM, MD, FRANZCP, DPM, is Director of Child and Adolescent Psychiatry at The University of Queensland, and Clinical Director of RCH Health Service District Child and Youth Mental Health Service (CYMHS) (2001 to date). Graham has been dedicated to suicide prevention since 1987, and is a member of the International Association for Suicide Prevention and the International Association for Suicide Research. He was a member of the Advisory Council Australian National Youth Suicide Prevention Strategy and Evaluation Working Group (1994-99), the writing team for the Australian Suicide Prevention Strategy (2000, 2007), the National Advisory Council for Suicide Prevention (2003-8), and is currently National Advisor on Suicide Prevention to the Australian Government (2009). Graham is Director of the Centre for Suicide Prevention Studies in Young People at UQ. The main focus of Graham's work is the area of self-injury in young people, with clinical, community, therapy and research programs.

Michael Price - Director – appointed 20 February 2012

Michael Price is an Executive Director of Macquarie Bank and Chairman of the Bank's Specialised Investment Solutions Division. Michael has worked at Macquarie for 24 years, joining the Bank from 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.

Julie White- Director – appointed 20 February 2012

Julie White has over 30 years experience in both not-for-profit and corporate sectors. She is regarded as one of Australia's leading experts in corporate philanthropy and community social investment. For the past 11 years Julie was global head of the Macquarie Group Foundation where she oversaw the growth of the Foundation as it became one of Australia's leading Foundations and built its international presence. In 2008 Julie was named as one of the Australian Financial Review BOSS Magazine's True Leaders and in 2009 was one of ABC Limelight Magazine's top smart arts executives. Julie was also named as a finalist in the Telstra Business Women's Awards for 2009. Julie is currently a non-Executive Director on a range of not-for-profit and other boards and a strategic adviser on social investment and community engagement.

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 he advises a wide variety of companies and Australia's major Banks on constructive approaches to operational, strategic and liquidity problems. Prior to joining KordaMentha in 2004, 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. David has been on Inspire Foundation's Finance Sub-Committee since 2008 and is currently chairing that Committee. He is also a Director of Calibre Capital Real Estate Fund.

Directors' Report (continued) for the year ended 30 June 2012

Meetings of directors

During the financial year, 10 meetings of directors were held. The number of meetings attended by each of the directors in the year ended 30 June 2012 was:

Name of Director	Number eligible	Number attended
J Doumani	4	1
D Gold	4	1
J Heath	10	6
J Owen	10	7
M Gauvin	10	10
M O'Connor	10	5
E Shaw	10	6
M Price	6	5
D Winterbottom	6	6
J White	6	4
Prof. G Martin	6	3

Principal activities

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

Operating results

The operating surplus for the year amounted to \$107,893 (2011: \$73,159).

Review of operations

Inspire continued to deliver on its mission of helping young people lead happier lives. In the previous twelve months we developed a new ReachOut.com website and made it more accessible via mobile phones. The service reached and helped over 500,000 young people and was accessed over 1.4 million times. Through taking a lead role in the Young and Well CRC, Inspire also invested significant resources in research and development in the previous year. We expect research emerging from the centre will enable us to develop new services in coming years that will help more young people. Our overall financial position improved and we implemented better organisational systems, such as a project management office to help improve the efficiency and effectiveness of the organisation as whole.

Directors' Report (continued) for the year ended 30 June 2012

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.

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 2012. 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 2012, the company did not pay any emoluments to the directors. In 2011, 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

**Directors' Report (continued)
for the year ended 30 June 2012**

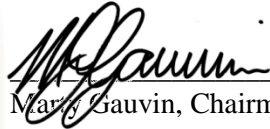
remuneration received or due and receivable by directors shown in the financial report, or the fixed salary of a full-time employee of the company or of a related body corporate) by reason of a contract made by the company or a related body corporate with a director or with a firm of which the director 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.

Audit independence

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the year ended 30 June 2012.

Dated at Sydney this 5th day of March 2013.

Signed in accordance with a resolution of directors:



Mary Gauvin, Chairman 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 June 2012 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
Chartered Accountants

Grant Thomson

Date: 6 March 2013

Level 4
255 Castlereagh Street
SYDNEY NSW 2000

Statement of Comprehensive Income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	4	4,696,868	4,416,843
Employee expenses	5	(2,483,433)	(2,636,755)
Marketing and Fundraising expenses		(262,279)	(264,016)
Administration expenses		(416,774)	(233,752)
Travel expenses	5	(157,634)	(178,152)
Design & delivery of services	5	(1,158,898)	(857,960)
Premises expenses		(183,666)	(183,543)
Depreciation expenses	5	(66,780)	(44,657)
Total expenses		(4,729,464)	(4,398,835)
Surplus / (Deficit) from operating activities		(32,596)	18,008
Financial income	4	140,489	117,655
Interest expense and Foreign Exchange losses	22	0	(62,504)
Total Comprehensive Income for the year	5	107,893	73,159

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 26.

**Statement of Changes in Equity
for the year ended 30 June 2012**

	Note	2012 \$	2011 \$
Opening Net Income recognised in accumulated funds		1,177,784	1,104,625
Operating surplus for the year	5	107,893	73,159
Prior year adjustment			
- Administration expenses		0	0
- Marketing and Fundraising expenses		0	0
Prior Year adjustment	13	0	0
Total income and expense recognised in accumulated funds	13	1,285,677	1,177,784

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

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 26.

Statement of Financial Position as at 30 June 2012

		2012 \$	2011 \$
Current assets			
Cash and cash equivalents	7	2,483,161	2,389,407
Trade and other receivables	8	573,914	763,571
Total current assets		<u>3,057,075</u>	<u>3,152,978</u>
Non-current assets			
Plant and equipment	9	30,422	79,736
Total non-current assets		<u>30,422</u>	<u>79,736</u>
Total assets		<u>3,087,497</u>	<u>3,232,714</u>
Current liabilities			
Trade and other payables	10	507,898	348,994
Unspent project grants	20	1,082,540	1,463,923
Employee benefits	11	181,667	214,712
Total current liabilities		<u>1,772,105</u>	<u>2,027,629</u>
Non current liabilities			
Employee benefits	11	28,615	26,201
Provisions	12	1,100	1,100
Total non-current liabilities		<u>29,715</u>	<u>27,301</u>
Total liabilities		<u>1,801,820</u>	<u>2,054,930</u>
Net assets		<u>1,285,677</u>	<u>1,177,784</u>
Accumulated funds			
Accumulated surplus	13	<u>1,285,677</u>	<u>1,177,784</u>
Total accumulated funds		<u>1,285,677</u>	<u>1,177,784</u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 26.

**Statement of Cash Flows
for the year ended 30 June 2012**

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Cash receipts from customers		4,912,309	4,093,774
Cash payments to suppliers and employees		(4,934,764)	(4,596,353)
Interest received		140,489	117,655
Net cash provided by operating activities	16	118,034	(384,924)
Cash flows from investing activities			
Acquisition of plant and equipment		(24,280)	(6,364)
Net cash used in investing activities		(24,280)	(6,364)
Net increase in cash held		93,754	(391,288)
Cash at the beginning of the year		2,389,407	2,780,695
Cash at the end of the year		2,483,161	2,389,407

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 26.

Notes to the financial statements for the year ended 30 June 2012

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 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 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 5th March 2013.

(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.

Notes to the financial statements for the year ended 30 June 2012

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 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 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.

Notes to the financial statements for the year ended 30 June 2012

3 Significant accounting policies (continued)

(b) Plant and equipment (continued)

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.

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:

	2012	2011
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.

Notes to the financial statements for the year ended 30 June 2012

3 Significant accounting policies (continued)

(d) Employee entitlements (continued)

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.

(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.

Notes to the financial statements for the year ended 30 June 2012

3 Significant accounting policies (continued)

(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.

(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 donations was increased through the successful application for funds from several new Trusts and Foundations, and the engagement of philanthropic major donors in our strategic push to tackle the high rates of suicide and mental illness amongst young men. A concerted effort to better engage with the community has proven successful with a substantial increase in revenue from fundraising Events.

Revenue derived from Consulting was reduced in line with a reduction in staff time spent on consulting activities.

**Notes to the financial statements
for the year ended 30 June 2012**

	2012	2011
	\$	\$
4 Revenue from ordinary activities		
Donations	2,142,348	2,148,412
Government Grants	2,043,359	2,067,001
Consulting	56,100	86,983
Sponsorships	0	0
Fundraising Events	414,879	51,053
Merchandising	503	16,236
Sundry Income	39,679	47,158
	<u>4,696,868</u>	<u>4,416,843</u>
Net financial income	<u>140,489</u>	<u>117,655</u>
Total revenue from ordinary activities	<u>4,837,357</u>	<u>4,534,497</u>

5 Total Comprehensive income from ordinary activities

(a) Operating surplus from ordinary activities has been arrived at after charging the following items:

Design & delivery of services	1,158,898	857,960
Operating lease rental expense	99,570	150,371
Depreciation of plant and equipment	66,780	44,657
Donated assets by Inspire to community centres	-	-
Amounts set aside to provision for employee entitlements	(17,645)	(28,952)

Notes to the financial statements for the year ended 30 June 2012

	2012 \$	2011 \$
5 Total Comprehensive income from ordinary activities (continued)		
<i>(b) Results of fundraising appeals</i>		
Gross donations from fundraising appeals	2,557,226	2,199,465
Less: direct costs of fundraising appeals	(218,136)	(171,367)
Net surplus obtained from fundraising appeals	2,339,090	2,028,098
Application of net surplus obtained from fundraising appeals		
Communication costs	-	-
Employee costs (excluding consulting)	(2,483,433)	(2,636,754)
Design & delivery of services (excl. Consulting)	(1,002,802)	(312,082)
Marketing & Awareness	(7,060)	(69,269)
Consulting	(173,104)	(492,262)
Travel	(157,634)	(178,152)
Youth Activities	(39,278)	(89,556)
Other administration expenses	(648,017)	(511,897)
	<u>(4,511,328)</u>	<u>(4,289,972)</u>
Net (deficit)/surplus	(2,172,238)	(2,261,874)
The net surplus of \$107,893 (2011: \$73,159) between the net surplus obtained from fundraising appeals and total expenditure was funded from the following sources		
Consultancies	56,100	86,983
Government grants	2,043,359	2,067,001
Interest received	140,489	117,655
Merchandise	504	16,236
Sundry income	39,679	47,158
	<u>2,280,131</u>	<u>2,335,033</u>
Operating surplus	107,893	73,159

Total expenses of \$4,729,464 for 2012 include direct costs of fundraising of \$218,136 and other costs of \$4,511,328 (2011: \$171,367 and \$4,289,972).

**Notes to the financial statements
for the year ended 30 June 2012**

	2012 \$	2012 %	2011 \$	2011 %
<i>(c) Comparisons of certain monetary figures and percentages</i>				
Direct cost of fundraising / Gross income from fundraising (excluding government grants)	218,136 2,557,227	8.53	86,344 2,199,465	3.93
Net surplus obtained from fundraising/ Gross income from fundraising (excluding government grants)	2,339,091 2,557,227	91.47	2,113,121 2,199,465	96.07
Total cost of services provided (including employee costs)/ Total expenditure	4,511,328 4,729,464	95.39	4,374,995 4,461,339	98.06
Total cost of services provided (including employee costs)/ Total income received	4,511,328 4,837,357	93.26	4,374,995 4,534,498	96.48

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	557,200	950,610
Term deposits	<u>1,925,961</u>	<u>1,438,797</u>
	<u>2,483,161</u>	<u>2,389,407</u>

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

Notes to the financial statements for the year ended 30 June 2012

	2012 \$	2011 \$
8 Trade and other receivables		
a) Trade and other receivables		
Receivables	569,912	751,071
Prepayments	4,001	12,500
	573,914	763,571
b) Past due but not impaired		
30 to 60 days	0	1,000
61 to 90 days	0	15,000
Over 90 days	0	15,000
Total past due but not impaired trade debtors	0	31,000
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	297,894	309,156
Donated plant & equipment – at fair value	174,122	212,158
Less: accumulated depreciation	(441,594)	(441,578)
	30,422	79,736
<i>Reconciliation – Plant and equipment</i>		
<i>Cost and fair value</i>		
Balance at 1 July	521,314	518,921
Acquisitions	24,280	6,364
Disposals	(73,578)	(3,971)
Balance at 30 June	472,016	521,314
<i>Depreciation</i>		
Balance at 1 July	(441,578)	(400,892)
Current year depreciation	(66,780)	(44,657)
Impairment loss	-	-
Less: Disposals	66,764	3,971
Balance at 30 June	(441,594)	(441,578)
<i>Written down value</i>		
At 1 July	79,736	118,029
At 30 June	30,422	79,736

**Notes to the financial statements
for the year ended 30 June 2012**

	2012	2011
10 Trade and other payables		
GST	(18,935)	37,630
PAYG Withheld	35,048	45,003
Trade creditors	136,024	191,517
Accruals	332,473	46,484
Other creditors	23,288	28,360
	<u>507,898</u>	<u>348,994</u>
11 Employee benefits		
<i>Current</i>		
Annual Leave	88,888	100,851
Fringe Benefits	(599)	-
Long Service Leave	41,483	58,046
Superannuation	51,895	55,815
<i>Total provisions – Current</i>	<u>181,667</u>	<u>214,712</u>
<i>Non-Current</i>		
Long service leave	28,615	26,201
<i>Total provisions – Non-Current</i>	<u>28,615</u>	<u>26,201</u>
12 Site Restoration		
Make Good (Premises)	<u>1,100</u>	<u>1,100</u>
13 Accumulated surplus		
Accumulated surplus at beginning of the year	1,177,784	1,104,625
Prior year adjustment		
- Administration expenses		
- Marketing and fundraising expenses		
Total Prior year adjustment	<u>-</u>	<u>-</u>
Total Comprehensive income for the year	<u>107,893</u>	<u>73,159</u>
Accumulated surplus at end of the year	<u>1,285,677</u>	<u>1,177,784</u>

Notes to the financial statements for the year ended 30 June 2012

14 Related party information

Key management personnel remuneration

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

	2012	2011
\$		
Fixed compensation	162,692	168,595
Short term	-	-
Long term	-	-
	<u>162,692</u>	<u>168,595</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 5.65% (2011: 5.73%). 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 8 for details on trade receivables that are past due but not impaired.

Notes to the financial statements for the year ended 30 June 2012

16 Reconciliation of Cash Flows	2012	2011
	\$	\$
<i>Reconciliation of cash flows from operating activities</i>		
Operating surplus	107,893	73,159
Adjustments for:		
Depreciation	66,780	44,657
Loss on disposal of fixed assets	6,284	-
	<hr/>	<hr/>
Operating surplus before changes in assets / liabilities	180,957	117,816
	<hr/>	<hr/>
(Increase)/Decrease in trade and other receivables	189,656	(372,532)
Increase/(Decrease) in trade and other creditors	158,904	174,537
Increase/(Decrease) in unspent project grants	(381,382)	(330,631)
Increase/(Decrease) employee benefits	(30,101)	25,886
Net cash provided by operating activities	118,034	(384,924)
	<hr/>	<hr/>

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 June 2012, the number of members was 5 (2011: 5).

18 Auditors' remuneration

Jacoby Cameron & Co, the auditors of the company, charged a fee of \$15,000 (2011: \$13,000) 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.

Notes to the financial statements for the year ended 30 June 2012

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 two or more financial years. In instances where these funds are tied to the activities of future years, they are listed under 'Unspent project grants'.

21 Operating lease commitments

Operating leases include premises, a telephone system and a colour printer/copier.

	2012	2011
	\$	\$
Less than one year	83,791	98,820
Between one and five years	294,667	327,040
More than five years	12,041	--
	<u>390,499</u>	<u>425,860</u>

In September 2011 Inspire signed a new office lease for three years plus an option for three years.

22 Interest Expense and Foreign Exchange Losses

Interest Expense

During the year ended 30 June 2012 Inspire incurred no interest charges. During the 2010-11 year Inspire incurred \$4,786 on the ANZ corporate credit card accounts and interest charges of \$2,779 was paid to the Australian Taxation Office for the late payment of a number of BAS and PAYG statements.

Foreign Exchange Losses

In the year ended 30 June 2012 Inspire incurred no foreign exchange losses.

In the 2011 financial year Inspire closed the Euro currency bank account. The account held a balance of Euro 124,512.24 which was valued at AUD\$216,794.42 in the accounts of Inspire. In December 2010 when the bank account was closed the Euro to Australian Dollar exchange rate had deteriorated considerably and the balance of the account was converted to only AUD\$161,851.35, providing an exchange loss of AUD\$54,934.83.

	2012	2011
	\$	\$
Interest on corporate credit cards	0	(4,786)
Interest to ATO	0	(2,779)
Exchange loss on closure of Euro account	0	(54,939)
	<u>0</u>	<u>(62,504)</u>

Notes to the financial statements for the year ended 30 June 2012

23 Superannuation Expense

During the 2011-12 financial year Inspire made payments totalling \$193,166 for Superannuation Expense on behalf of staff members. The total payment for the 2010-11 year was \$212,778.

Directors' declaration

In the opinion of the directors of the company:

- 1 The financial statements and notes, set out on pages 13 to 26 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 2012 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 2012.
- 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 2012.
- 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 2012; 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 5th day of March 2013.

Signed in accordance with a resolution of the directors.



Mary Gauvin

Chairman 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 June 2012, 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 June 2012 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 June 2012
- b) The financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2009 to 30 June 2012, 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 2010 to 30 June 2012 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 *6th March.* 2013

255 CASTLEREAGH STREET
SYDNEY NSW 2000