

**COMMUNITY FOUNDATION NETWORK LTD**  
**(A Company Limited by Guarentee)**  
**ACN 077 830 347**

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

# COMMUNITY FOUNDATION NETWORK LTD

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# COMMUNITY FOUNDATION NETWORK LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The Directors present their report together with the financial report of Community Foundation Network Ltd (the "Company") for the financial year ended 30 June 2007 and the auditor's report thereon.

### 1. Directors

The Directors of Community Foundation Network Ltd at any time during or since the end of the financial year are:

Marion Webster OAM (Chairperson) - appointed 12 March 1997  
Annie Duncan - appointed 30 March 2006  
Chris Lovell - appointed 1 February 2005  
Chris Arnold - appointed 9 July 2002  
David Parsons SC - appointed 11 September 1997  
David I Gibbs - appointed 12 March 1997 and retired 30 December 2006  
Hayden Raysmith - appointed 12 March 1997 and retired 30 December 2006  
Greg Larsen - appointed 30 June 2005  
Ian McHutchison - appointed 30 March 2006  
Lucy O'Brien - appointed 1 February 2007  
Mike Zafiroopoulos - appointed 13 July 1999  
Peter Griffin - appointed 18 August 2004  
Russell Phillips - appointed 30 June 2005 and resigned 31 May 2007  
Sam Chandler - appointed 30 March 2006  
Jill Reichstein OAM - appointed 16 October 1998  
Karen Mahlab - appointed 12 June 2001  
Peter Hero - appointed 31 May 2007

### 2. Company secretary

David Gibbs was the company secretary until his retirement on 30 December 2006. Russell Phillips was appointed 30 December 2006 and held the position of company secretary until 31 May 2007. Ian McHutchison was appointed to the position of company secretary on 31 May 2007.

### 3. Principal activities

The principal activities of the Company is the trustee of the Melbourne Community Foundation and the Melbourne Community Foundation Extension Fund, charitable organisations.

### 4. Operating and financial review

The profit for the year was \$Nil (2006: \$Nil). No income tax is payable by the Company.

### 5. Significant changes in the state of affairs

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.

### 6. Dividends

No dividends were declared or paid since the end of the previous financial year (2006: Nil).

# COMMUNITY FOUNDATION NETWORK LTD

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 7. Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors during the financial year are:

| Director            | Board Meetings |    |
|---------------------|----------------|----|
|                     | A              | B  |
| Marion Webster OAM  | 11             | 11 |
| Annie Duncan        | 11             | 10 |
| Chris Lovell        | 11             | 10 |
| Chris Arnold        | 11             | 7  |
| David Parsons SC    | 11             | 7  |
| David I Gibbs       | 6              | 6  |
| Hayden Raysmith     | 6              | 6  |
| Greg Larsen         | 11             | 10 |
| Ian McHutchison     | 11             | 7  |
| Lucy O'Brien        | 5              | 3  |
| Mike Zafiroopoulos  | 11             | 5  |
| Peter Griffin       | 11             | 6  |
| Russell Phillips    | 10             | 4  |
| Sam Chandler        | 11             | 5  |
| Jill Reichstein OAM | 11             | 8  |
| Karen Mahlab        | 11             | 8  |
| Peter Hero          | 1              | -  |

A Number of meetings held during the time the Director held office during the year

B Number of meetings attended

### 8. Directors' benefits

The Directors act in an honorary capacity unless otherwise stated. During the financial year, no Director has received or become entitled to receive a benefit because of a contract that the Director, or firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Company, or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive the benefit.

### 9. Environmental regulation

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

### 10. Events subsequent to reporting 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 and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

# COMMUNITY FOUNDATION NETWORK LTD

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

11. **Likely developments**

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

12. **Indemnification**

The Company is entitled to be indemnified in respect of liabilities, out of the assets of the Melbourne Community Foundation and the Melbourne Community Foundation Extension Fund.

13. **Lead auditor's independence declaration**

The Lead auditor's independence declaration is set out on page 12 and forms part of the Directors' report for the financial year ended 30 June 2007.

Signed in accordance with a resolution of the Board of Directors:

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**M Webster OAM**  
Director

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**I McHutchison**  
Director

**Melbourne**  
**October 2007**

# COMMUNITY FOUNDATION NETWORK LTD

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

|                          | Note | <u>2007</u><br>\$ | <u>2006</u><br>\$ |
|--------------------------|------|-------------------|-------------------|
| Revenue                  |      | NIL               | NIL               |
| Expenses                 |      | <u>NIL</u>        | <u>NIL</u>        |
| Profit before income tax |      | NIL               | NIL               |
| Income tax expense       |      | <u>NIL</u>        | <u>NIL</u>        |
| Profit for the year      |      | <u>NIL</u>        | <u>NIL</u>        |

**COMMUNITY FOUNDATION NETWORK LTD**

**BALANCE SHEET  
AS AT 30 JUNE 2007**

|                       | <u>2007</u> | <u>2006</u> |
|-----------------------|-------------|-------------|
| Note                  | \$          | \$          |
| <b>CURRENT ASSETS</b> | NIL         | NIL         |
| <b>NET ASSETS</b>     | <u>NIL</u>  | <u>NIL</u>  |
| <b>EQUITY</b>         |             |             |
| Retained earnings     | <u>NIL</u>  | <u>NIL</u>  |

**STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2007**

As the Company has no equity, the Company has not included a Statement of changes in equity for the current or comparative year.

**COMMUNITY FOUNDATION NETWORK LTD**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2007**

|                                      | Note | <u>2007</u><br>\$ | <u>2006</u><br>\$ |
|--------------------------------------|------|-------------------|-------------------|
| Cash flows from operating activities |      | NIL               | NIL               |
| Cash flows from investing activities |      | NIL               | NIL               |
| Net movement in cash held            |      | NIL               | NIL               |
| Cash at the beginning of the year    |      | NIL               | NIL               |
| Cash at the end of the year          |      | NIL               | NIL               |

# COMMUNITY FOUNDATION NETWORK LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 1. Significant accounting policies

The Community Foundation Network Ltd (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 6, 19 - 35 Gertrude Street, Fitzroy, Victoria 3065.

The financial report was authorised for issue by the Directors on October 2007.

The significant policies which have been adopted in the preparation of this Financial Report are:

#### (a) Statement of compliance

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

### 2. Company limited by guarantee

Every member of the Company undertakes to contribute to the property of the Company in the event of the same being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the payment of the debts and liabilities of the Company (contracted before cessation of membership) and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributions among themselves, such as may be required, not exceeding one hundred dollars (\$100). At 30 June 2007, the aggregate liability of the members was limited to \$1,400 (2006: \$1,400).

### 3. Activity as trustee and right to indemnity

The Company acts as trustee of the Melbourne Community Foundation and the Melbourne Community Foundation Extension Fund (the "Foundations") and no liabilities have been incurred on behalf of the Foundations in the Company's capacity as trustee.

Liabilities incurred on behalf of the Foundations are recognised in the financial report when it is probable that the Company will have to meet any of the Foundations liabilities from its own resources. The Company is entitled to be indemnified in respect of liabilities, out of the assets of the Foundations. The Company has not received any remuneration or other compensation for acting as trustee. Consequently, the Company has not earned any revenue during the period 30 June 2007. The Company has not incurred any expenses in its own right.

# COMMUNITY FOUNDATION NETWORK LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

|                                  | 2007<br>\$ | 2006<br>\$ |
|----------------------------------|------------|------------|
| <b>4. Auditors' remuneration</b> |            |            |
| Auditors of the Company - KPMG   |            |            |
| Audit of the financial report    | -          | -          |
|                                  | <u>-</u>   | <u>-</u>   |

KPMG provide their services at no cost to the Company.

### 5. Related parties

#### (a) Key management personnel

Key management personnel includes persons who were Directors of Community Foundation Network Limited since the beginning of the financial year to the date of this report:

Marion Webster OAM (Chairperson) - appointed 12 March 1997  
Annie Duncan - appointed 30 March 2006  
Chris Lovell - appointed 1 February 2005  
Chris Arnold - appointed 9 July 2002  
David Parsons SC - appointed 11 September 1997  
David I Gibbs - appointed 12 March 1997 and retired 30 December 2006  
Hayden Raysmith - appointed 12 March 1997 and retired 30 December 2006  
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Russell Phillips - appointed 30 June 2005 and resigned 31 May 2007  
Sam Chandler - appointed 30 March 2006  
Jill Reichstein OAM - appointed 16 October 1998  
Karen Mahlab - appointed 12 June 2001  
Peter Hero - appointed 31 May 2007

#### (b) Key management personnel compensation

The Directors act in an honorary capacity unless otherwise stated. During the financial year, no Director has received or become entitled to receive a benefit because of a contract that the Director, or firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Company, or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive the benefit.

### 6. Segment reporting

The Company is organised into one main segment which operates solely as a trustee company in Australia.

### 7. Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2007.

# COMMUNITY FOUNDATION NETWORK LTD

## DIRECTORS' DECLARATION

In the opinion of the Directors of Community Foundation Network Ltd (the "Company"):

- (a) the financial statements and notes, set out on pages 4 to 8, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:

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**M Webster OAM**  
Director

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**I McHutchison**  
Director

Melbourne  
October 2007

## **Independent auditor's report to the members of Community Foundation Network Ltd**

### **Report on the financial report**

We have audited the accompanying financial report of Community Foundation Network Ltd (the Company), which comprises the balance sheet as at 30 June 2007, 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 and other explanatory notes and the directors' declaration set out on pages 4 to 9.

#### *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 control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *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 these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position, and of its performance.

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

*Auditor's opinion*

In our opinion:

- (a) the financial report of Community Foundation Network Ltd is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

KPMG

Peter Jovic  
*Partner*

Melbourne

Xx October 2007

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

To: the directors of Community Foundation Network Ltd:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 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.

KPMG

Peter Jovic  
*Partner*

Melbourne

October 2007