

**MELBOURNE COMMUNITY FOUNDATION
ABN - 57 967 620 066**

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

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MELBOURNE COMMUNITY FOUNDATION

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The Directors of Community Foundation Network Ltd (ACN 077 830 347), the Trustee of the Melbourne Community Foundation, present their report together with the financial report of the Melbourne Community Foundation (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 (the "Trustee") 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 Melbourne Community Foundation is a charitable organisation.

4. Operating and financial review

The profit for the year was \$8,585,118 (2006: \$6,230,342), comprising the Community Funds profit for the year of \$8,513,949 (2006: \$6,164,457) and the Administration Fund profit for the year of \$71,169 (2006: \$65,885). 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).

MELBOURNE COMMUNITY FOUNDATION

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 of the Trustee 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 Zafropoulos	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 of the Trustee 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 of the Trustee, 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.

MELBOURNE COMMUNITY FOUNDATION

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 Company.

13. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 23 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:

M Webster OAM
Director

I McHutchison
Director

Melbourne
October 2007

MELBOURNE COMMUNITY FOUNDATION
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
REVENUE			
Donations		4,921,902	4,735,804
Investment income	2 (a)	1,395,610	1,312,420
Administration fee income		13,778	7,827
Other income		40,174	10,954
Net gain on sale of investments		217,425	184,381
Net changes in fair value of investments	2 (b)	<u>3,878,347</u>	<u>1,947,603</u>
		10,467,236	8,198,989
EXPENSES			
Employee benefits expense		(166,210)	(95,980)
Investment fee		(68,921)	(40,000)
Consulting costs		(21,855)	(75,580)
Fundraising costs		(57,655)	(50,107)
Occupancy costs		(16,467)	(14,364)
Depreciation expense		(1,763)	(2,130)
Other expenses		<u>(99,632)</u>	<u>(42,089)</u>
		(432,503)	(320,250)
PROFIT FROM OPERATING ACTIVITIES		10,034,733	7,878,739
Distributions paid		<u>(1,449,615)</u>	<u>(1,648,397)</u>
PROFIT FOR THE YEAR		<u><u>8,585,118</u></u>	<u><u>6,230,342</u></u>

MELBOURNE COMMUNITY FOUNDATION**BALANCE SHEET****AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	7(b)	4,467,234	2,282,495
Receivables	3	815,468	862,700
TOTAL CURRENT ASSETS		<u>5,282,702</u>	<u>3,145,195</u>
NON CURRENT ASSETS			
Investments	4	27,462,605	20,991,513
Plant and equipment	5	5,976	2,094
TOTAL NON CURRENT ASSETS		<u>27,468,581</u>	<u>20,993,607</u>
TOTAL ASSETS		<u>32,751,283</u>	<u>24,138,802</u>
CURRENT LIABILITIES			
Payables	6	114,354	86,991
TOTAL LIABILITIES		<u>114,354</u>	<u>86,991</u>
NET ASSETS		<u>32,636,929</u>	<u>24,051,811</u>
EQUITY			
Corpus		200	200
Retained earnings		32,636,729	24,051,611
TOTAL EQUITY		<u>32,636,929</u>	<u>24,051,811</u>

**MELBOURNE COMMUNITY FOUNDATION
STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
Corpus		200	200
Opening retained earnings		24,051,611	17,821,269
Profit for the year		<u>8,585,118</u>	<u>6,230,342</u>
Closing retained earnings		32,636,729	24,051,611
TOTAL EQUITY		<u><u>32,636,929</u></u>	<u><u>24,051,811</u></u>

MELBOURNE COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and imputation credits received		989,817	936,115
Trust distributions received		316,115	95,675
Interest received		152,294	88,756
Other income		40,174	23,714
Donations received		4,921,902	4,735,804
Distributions paid		(1,449,615)	(1,648,397)
Cash paid to suppliers and employees		(404,983)	(324,824)
Net cash from operating activities	7(a)	<u>4,565,704</u>	<u>3,906,843</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments		(9,389,053)	(8,888,324)
Proceeds from sale of investments		6,292,548	3,305,509
Acquisition of plant and equipment		(5,645)	(395)
Buyback proceeds		721,185	1,068,586
Net cash from investing activities		<u>(2,380,965)</u>	<u>(4,514,624)</u>
Net increase / (decrease) in cash and cash equivalents		2,184,739	(607,781)
Cash and cash equivalents at 1 July		<u>2,282,495</u>	<u>2,890,276</u>
Cash and cash equivalents at 30 June	7(b)	<u><u>4,467,234</u></u>	<u><u>2,282,495</u></u>

MELBOURNE COMMUNITY FOUNDATION

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

1. Significant accounting policies

The Melbourne Community Foundation (the "Company") is a company domiciled in Australia. The Trustee of the Company is Community Foundation Network Ltd (the "Trustee"). The address of the Company's and the Trustee'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.

(b) Basis of measurement

The financial report is presented in Australian dollars.

The financial report has been prepared on the historical cost basis except for certain financial instruments which are stated at their fair value.

The preparation of financial statements 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. 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.

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

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate ruling at the balance sheet date.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value through the income statement are included in gains and losses on investments. All other foreign exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the income statement.

MELBOURNE COMMUNITY FOUNDATION

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

(d) Revenue recognition

(i) Interest income

Interest income and expense is recognised in the income statement as it accrues, using the effective interest rate method of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(ii) Dividend and distribution income

Dividend and distribution income relating to exchange-traded equity investments is recognised in the income statement on the ex-dividend date.

In some cases, the Company may receive or choose to receive dividends / distributions in the form of additional shares / units rather than cash. In such cases the Company recognises the dividend / distribution income for the amount of the cash dividend / distribution alternative with the corresponding debit treated as an additional investment.

(iii) Franking credits

Imputation tax credits in respect of dividends and distributions received are recognised as revenue as at the date the share is quoted ex-dividend. As the application for the refund of excess imputation credits can only be made after year end, the applicable revenue is accrued for at year end.

(iv) Donations

Donations are recognised when received.

(e) Expenses

All expenses are recognised in the income statement on an accruals basis.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits.

(g) Receivables

Receivables may include amounts for dividends, trust distributions, imputation credits and interest. Dividends, distributions and imputation credits are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. With the exception of imputation credits, amounts are generally received within 30 days of being recorded as receivables. Refer Note 1 (d) (iii) regarding imputation credits.

(h) Investments

Investments are recognised on the balance sheet at fair value with any gains or losses arising from changes in fair value recognised in the income statement.

The fair value of investments classified as held for trading is their quoted bid price.

(i) Buy backs

The total proceeds including imputation credits of the investment less the fair market value the day before the buyback is used to calculate the portion attributable to income. The basis of this policy is to retain the capital value of investment and unitholder funds.

MELBOURNE COMMUNITY FOUNDATION

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

(j) Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation. Depreciation is charged using the diminishing value method over the estimated useful lives of each part of an item of plant and equipment.

(k) Payables

Payables include liabilities and accrued expenses owing by the Company which are unpaid at balance date.

(l) Income tax

The Company is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. The Company is a deductible gift recipient.

(m) Goods and services tax

Expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO). GST on brokerage is claimed at the rate of 75% of the total. Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

(n) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. They are available for early adoption at 30 June 2007, but have not been applied in preparing these financial statements. The Directors' assessment of the impact of these new standards (to the extent relevant for the Company) and interpretations is set out below:

(i) *AASB 7 Financial Instruments: Disclosures* and *AASB 2005-10 Amendments to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Company has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Company's financial instruments.

(ii) *AASB 8 Operating Segments* and *AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8* [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. The Company has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but will affect the disclosures contained within the financial report.

(iii) *AASB 101 Presentation of Financial Statements (Revised)*

AASB 101 (Revised) is applicable to the annual reporting period beginning on or after 1 January 2007. The Company has not adopted these standard early. Application of this standard will not affect any of the amounts recognised in the financial statements.

MELBOURNE COMMUNITY FOUNDATION

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

	2007	2006
	\$	\$
2 (a). Investment income		
Dividends	655,200	682,052
Franking credits	250,151	415,146
Interest	136,409	106,787
Trust distributions	316,115	95,675
Other income	37,735	12,760
	<u>1,395,610</u>	<u>1,312,420</u>
2 (b). Net changes in fair value of investments		
Net realised gains and losses on investments (Note A)	311,537	(36,167)
Net unrealised gains and losses on investments	3,566,810	1,983,770
	<u>3,878,347</u>	<u>1,947,603</u>
Note A - Net realised gains and losses on investments exclude buy backs. Refer Note 1 (i).		
3. Receivables		
Accrued imputation credits	552,238	621,188
Dividends and distributions receivable	156,234	134,015
Interest receivable	9,517	25,402
GST receivable	-	2,762
Other receivables	97,479	79,333
	<u>815,468</u>	<u>862,700</u>
4. Investments		
Ordinary shares	17,517,117	13,951,037
Property trusts	1,696,730	1,380,538
Quasi fixed interest	4,324,154	3,246,571
International shares	186,648	943,277
Managed funds	3,482,807	1,470,090
Enhanced cash	255,149	-
	<u>27,462,605</u>	<u>20,991,513</u>

MELBOURNE COMMUNITY FOUNDATION

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

	2007 \$	2006 \$
5. Plant and equipment		
Cost		
Balance at 1 July	10,704	10,310
Additions	5,645	394
Disposals	-	-
Balance at 30 June	<u>16,349</u>	<u>10,704</u>
Depreciation		
Balance at 1 July	8,610	6,480
Depreciation for the year	1,763	2,130
Balance at 30 June	<u>10,373</u>	<u>8,610</u>
Carrying amounts		
At 1 July	<u>2,094</u>	<u>3,830</u>
At 30 June	<u>5,976</u>	<u>2,094</u>
6. Payables		
Trade payables	109,190	22,890
Other payables	5,164	64,101
	<u>114,354</u>	<u>86,991</u>
7. Notes to statement of cash flows		
(a) Reconciliation of cash flows from operating activities		
Profit for the year	8,585,118	6,230,342
<i>Adjustments for</i>		
Net changes in fair value of investments	(3,878,347)	(1,947,603)
Net gain on sale of investments	(217,425)	-
Depreciation	1,763	2,130
	<u>4,491,109</u>	<u>4,284,869</u>
Change in receivables	47,232	(393,564)
Change in payables	27,363	15,538
Net cash from operating activities	<u>4,565,704</u>	<u>3,906,843</u>
(b) Cash and cash equivalents		
Cash on hand	518	200
Cash at bank - cash management account	2,338,909	2,177,670
Cash at bank	138,990	104,625
Bank bills	1,988,817	-
	<u>4,467,234</u>	<u>2,282,495</u>

MELBOURNE COMMUNITY FOUNDATION

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

8. Financial instruments

(a) Terms, conditions and accounting policies

The Company's accounting policies, including terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date are as follows:

(i) Financial assets

Cash assets

Cash at bank is stated at cost. Interest is recognised when earned.

Cash at bank is at call with effective interest rate of 5.34% (2006: 4.8%)

Bank bills are at nominal amounts. Interest is recognised when earned.

Bank bills are at call with effective interest rate of 6.31% for the quarter ended 30 June 2007

Receivables

Amounts receivable are carried at nominal amount due.

No interest is charged on outstanding balances.

Investments

Investments are measured at fair value through the income statement.

(ii) Financial liabilities

Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received.

Trade liabilities are normally settled on 30 day terms.

(b) Credit risk

The Company's maximum exposure to credit risk at balance date in relation to each financial asset is the carrying amount of those assets as indicated on the balance sheet.

(c) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and investments approximate their carrying amounts because of their short term maturity. Trade and other receivables / payables have a remaining life of less than one year, generally settling in 30 days, and therefore the carrying amount is deemed to reflect the fair value.

MELBOURNE COMMUNITY FOUNDATION

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

8. Financial instruments (cont'd)

(d) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective interest rate on those financial assets and financial liabilities, is as follows:

	Effective interest rate		Floating interest		Non interest bearing		Total carrying amount	
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial assets								
Cash on hand	-	-	-	-	518	200	518	200
Cash at bank	5.34	4.80	2,477,899	2,282,295	-	-	2,477,899	2,282,295
Bank bills	6.31	-	1,988,817	-	-	-	1,988,817	-
Investments	-	-	-	-	27,462,605	20,991,513	27,462,605	20,991,513
Receivables	-	-	-	-	815,468	862,700	815,468	862,700
Total financial assets			4,466,716	2,282,295	28,278,591	21,854,413	32,745,307	24,136,708
Financial liabilities								
Payables	-	-	-	-	114,354	86,991	114,354	86,991

(e) Market price risk

Market price risk is the risk that the value of the Company's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approval limits.

MELBOURNE COMMUNITY FOUNDATION

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

	2007 \$	2006 \$
9. Auditors' remuneration		
Auditors of the Company - KPMG		
Audit of the financial report	-	-
	-	-
	-	-

KPMG provide their services at no cost to the Company.

10. Related parties

(a) Key management personnel

Key management personnel includes persons who were Directors of Community Foundation Network Ltd, the Trustee of the Company, 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
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

(b) Key management personnel compensation

The Directors act in an honorary capacity unless otherwise stated. During the financial year, no Director of the Trustee 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.

11. Segment reporting

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

12. Contingent assets and liabilities and commitments

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

MELBOURNE COMMUNITY FOUNDATION

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

13. Other information

The following table sets out the consolidation of the Community Funds and the Administration Fund for the year ended 30 June 2007.

2007	Community Funds 2007 \$	Administration Fund 2007 \$	Adjustment (Note A) 2007 \$	Total 2007 \$
REVENUE				
Donations	4,893,897	28,005	-	4,921,902
Investment income	1,391,999	3,611	-	1,395,610
Administration fee income	-	362,961	(349,183)	13,778
Other income	-	40,174	-	40,174
Net gain on sale of investments	217,425	-	-	217,425
Net changes in fair value of investments	3,878,347	-	-	3,878,347
	10,381,668	434,751	(349,183)	10,467,236
EXPENSES				
Employee benefits expense	-	(166,210)	-	(166,210)
Administration fee	(349,183)	-	349,183	-
Investment fee	(68,921)	-	-	(68,921)
Consulting costs	-	(21,855)	-	(21,855)
Fundraising costs	-	(57,655)	-	(57,655)
Occupancy costs	-	(16,467)	-	(16,467)
Depreciation expense	-	(1,763)	-	(1,763)
Other expenses	-	(99,632)	-	(99,632)
	(418,104)	(363,582)	349,183	(432,503)
PROFIT FROM OPERATING ACTIVITIES	9,963,564	71,169	-	10,034,733
Distributions paid	(1,449,615)	-	-	(1,449,615)
PROFIT FOR THE YEAR	8,513,949	71,169	-	8,585,118

Note A - The Administration Fund charges the Community Funds an administration fee of 1.35% of total portfolio value and accrued income (calculated daily).

MELBOURNE COMMUNITY FOUNDATION

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

13. Other information (continued)

The following table sets out the consolidation of the Community Funds and the Administration Fund for the year ended 30 June 2006.

2006	Community Funds 2006 \$	Administration Fund 2006 \$	Adjustment (Note A) 2006 \$	Total 2006 \$
REVENUE				
Donations	4,608,469	127,335	-	4,735,804
Investment income	1,306,498	5,922	-	1,312,420
Administration fee income	-	201,924	(194,097)	7,827
Other income	-	10,954	-	10,954
Net gain on sale of investments	184,381	-	-	184,381
Net changes in fair value of investments	1,947,603	-	-	1,947,603
	<u>8,046,951</u>	<u>346,135</u>	<u>(194,097)</u>	<u>8,198,989</u>
EXPENSES				
Employee benefits expense	-	(95,980)	-	(95,980)
Administration fee	(194,097)	-	194,097	-
Investment fee	(40,000)	-	-	(40,000)
Consulting costs	-	(75,580)	-	(75,580)
Fundraising costs	-	(50,107)	-	(50,107)
Occupancy costs	-	(14,364)	-	(14,364)
Depreciation expense	-	(2,130)	-	(2,130)
Other expenses	-	(42,089)	-	(42,089)
	<u>(234,097)</u>	<u>(280,250)</u>	<u>194,097</u>	<u>(320,250)</u>
PROFIT FROM OPERATING ACTIVITIES	7,812,854	65,885	-	7,878,739
Distributions paid	(1,648,397)	-	-	(1,648,397)
PROFIT FOR THE YEAR	<u>6,164,457</u>	<u>65,885</u>	<u>-</u>	<u>6,230,342</u>

Note A - The Administration Fund charges the Community Funds an administration fee of 1.35% of total portfolio value and accrued income (calculated daily).

MELBOURNE COMMUNITY FOUNDATION

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

	2007	2006
	\$	\$
13. Other information (continued)		
COMMUNITY FUNDS		
Opening retained earnings	23,888,448	17,723,991
Profit for the year	<u>8,513,949</u>	<u>6,164,457</u>
Closing retained earnings	<u><u>32,402,397</u></u>	<u><u>23,888,448</u></u>
ADMINISTRATION FUND		
Opening retained earnings	163,163	97,278
Profit for the year	<u>71,169</u>	<u>65,885</u>
Closing retained earnings	<u><u>234,332</u></u>	<u><u>163,163</u></u>

MELBOURNE COMMUNITY FOUNDATION

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, set out on pages 5 to 19, 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:

M Webster OAM
Director

I McHutchison
Director

Melbourne
October 2007