Indigenous Community Volunteers Limited

**ABN 90 093 123 418**

# Financial Report

for the year ended 30 June 2015

Reduced Disclosure Requirements

# Directors' Report

Your Directors present their report for the year ended 30 June 2015.

**Directors**

The names and details of each person who has been a director during the year and to the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

**Bill Armstrong** AO

Co-Chair, Member Governance Committee, Member Audit and Risk Management Committee (from 9 September 2014), Member Stakeholder Engagement Working Group

Chair - Friends of Suai (City of Port Phillip Bay), Director - YCW (Holdings), Chair - CHART (Clearing House for Archival Records on Timor), Council Member - BASP (Brigidine Asylum Seeker Program)

**Karen Milward** MBA

Co-Chair, Member Governance Committee

Owner and Operator - Karen Milward Consulting Services, Chair - Mullum Mullum Indigenous Gathering Place, Chair - Kinaway Aboriginal Chamber of Commerce, Director - First Nations Foundation, Chair - Indigenous Leadership Network Victoria, Chair - Boorndawan Willam Aboriginal Healing Service, Director - Aboriginal Housing Victoria

**Stan Kalinko** BCom LLB

Company Secretary, Chair Audit and Risk Management Committee (from 17 October 2014)

Director - FSA Group Ltd, Director - Hydro Tasmania, Director - Seisia Enterprises Pty Ltd, Director - Central Synagogue

**Dr Melinda Muth (Resigned 8 September 2014)** BSc MBA PhD

Chair Audit and Risk Management Committee (up to date of resignation)

Director - Streamwise Learning, Executive Director - Institute of Food and Grocery Management, Director - HCA Philanthropy

**John Jeffrey**

Member Stakeholder Engagement Working Group

Managing Director - Indigenous Success Australia Pty Ltd, Managing Director - Indigenous Training and Careers Australia Pty Ltd, Managing Director - Indigenous Projects Group Australia Pty Ltd, Managing Director - Waddi Spring Water

**Dr Kerry Arabena** PhD

Member Governance Committee

Director and Chair - Indigenous Health, Onemda Vic Health Koori Health Unit, University of Melbourne

# Directors' Report

**Directors' meetings**

The number of meetings directors (including meetings of the committees of directors) held during the year and the number of meetings attended by each director were as follows:

| | Directors' meetings | | Audit and Risk Management Committee | | Governance Committee | |
|---|---|---|---|---|---|---|
| | A | B | A | B | A | B |
| **Number of meetings attended by:** | | | | | | |
| Bill Armstrong | 4 | 4 | 2 | 2 | 1 | 1 |
| Stan Kalinko | 4 | 4 | 3 | 3 | - | - |
| Karen Milward | 4 | 4 | - | - | 1 | 1 |
| Dr Melinda Muth (resigned 8 Sep '14) | - | - | 1 | 1 | - | - |
| John Jeffrey | 4 | 4 | - | - | - | - |
| Dr Kerry Arabena | 4 | 4 | - | - | 1 | 1 |

A - Number of meetings attended
B - Number of meetings held to which the director was eligible to attend

**Objectives**

ICV has continued to focus on the long term objective to make a real and sustainable contribution to increasing advantage and opportunity for Aboriginal and Torres Strait Islander people and communities.

As detailed in ICV's Constitution the objects, summarised here, are to:
(i) undertake community development activities in partnership with Aboriginal and Torres Strait Islander people
(ii) link Aboriginal and Torres Strait Islander people with volunteers who have expertise to share
(iii) provide opportunities for Australians to make contributions to Aboriginal and Torres Strait Islander communities by working in partnership with these communities, and
(iv) undertake fundraising activities in order to support the work of ICV.

**Strategy for achieving objectives**

ICV has six strategic priorities. These were developed during a strategic planning exercise in March 2013, when the company developed the Strategic Plan 2013-2018. This plan remains relevant and is reviewed regularly. The strategic priorities, listed below, focus on ensuring ICV's own sustainability as a best practice community development organisation:

1. Have a clear and differentiated profile and reputation
2. Demonstrate total stakeholder engagement
3. Deliver global best practice development with Aboriginal and Torres Strait Islander communities
4. Have a demonstrable positive impact in Aboriginal and Torres Strait Islander communities
5. Influence social policy
6. Build a robust and sustainable organisation

# Directors' Report

**Principal activities during the year and key performance indicators**

ICV's principal activities during the year were to:

- engage with 201 Aboriginal and Torres Strait Islander communities and develop working relationships
- partner with 128 Aboriginal and Torres Strait Islander communities on 280 community development activities, for a total of 438 volunteer placements.
- conduct regional cultural awareness and training workshops for 37 new volunteers as part of the volunteer screening process
- fundraised financial support from 26,212 supporters who made financial contributions to ICV.
- tested and developed a Monitoring, Evaluation and Learning model to enable ICV to evaluate the impact of the company's community development work.

ICV had an operating deficit for the year ended 30 June 2015 of $2,617,718 (2014: $747,233). This was $262,742 less than the budgeted deficit as a result of a focus on expense reductions and savings.

**Operational highlights**

During the year ICV made significant progress towards developing a Monitoring, Evaluation and Learning model. The model was trialled in a sample of Community Development activities across Australia and found to be successful. The next phase of the project will be to develop further these procedures in order to facilitate full implementation across all activities.
In addition, enabling a better understanding and evaluation of the impact of the activities, this will improve the ability to reliably and consistently measure the return on investment.

ICV engaged KPMG to measure the social and economic impact of its activities in two specific communities in order to articulate the value of these activities to stakeholders. The completed details of KPMG's findings can be found in their report entitled "Economic and Social Impact of Indigenous Community Volunteers (ICV) Activities, Case Study - Communities of Ali Curung and Pinjarra" located at www.icv.com.au/socialimpact. The report recommended that ICV continues to endorse its model and partnership approach to community development, as the findings of the assessment highlight the strengths and advantages of a genuine community development approach.

This report provided ICV with assurance that the company had a strong link between the activities it carried out and ensuring it achieved its objectives, namely that the community development activities were having a positive impact on both Aboriginal and Torres Strait Islander people and their communities.

During the year ICV launched the Ambassador program. This program is designed to increase ICV's public profile and gain knowledge and support from the wide and extensive experience of the Ambassadors.
The ambassadors are: Dion Devow, Brain Gleeson, Lauren Ganley, Terry Grose, Richard Alston AO, Karyn Freeman and John Sanderson AC.

# Directors' Report

**Benefits and interests in contracts with Board Members**

Members of the Board declare that they have no interest in contracts, transactions, arrangements or agreements with ICV, other than contracts entered into, in the ordinary course of the Company's business.

Indigenous Community Volunteers (ICV) are covered by Director's Liability Insurance.

**Member contribution if ICV is wound up**

ICV has only one class of member. Each member is liable to contribute an amount not exceeding $20 if the company is wound up. The total amount that members of ICV are liable to contribute if the company is wound up is an amount not exceeding $100.

**Auditor independence**

The Board has received a declaration of independence by the auditor. A copy is included in the following financial report.

**Events subsequent to year end**

In August 2015 ICV offered a voluntary redundancy option to staff in order to facilitate savings in expenditure. Six staff members applied for a voluntary redundancy and all were accepted. The redundancy costs associated with this are estimated to be approximately $78,000, with estimated savings in employee expenses estimated to be $450,000 per annum. There are additional savings in associated expenditure, including work related travel, office rent and utilities, and other on-costs which have been included in the cash flow forecast described at Note 3.
ICV has secured an agreement with Waddi Springs Water to donate a portion of its sales from 1 July 2015 to ICV.
There were no other significant events occurring after 30 June 2015.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the *Corporations Act 2001.*

Karen Milward, Co-chair
25 September 2015

Bill Armstrong AO, Co-Chair
25 September 2015

# Directors' Declaration

In accordance with the resolution of the Directors of Indigenous Community Volunteers Limited (the company), we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* , including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on the date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013* ;

there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the provisions of the *Charitable Fundraising Act 1991 (New South Wales)* and the regulations under the Act and the conditions attached to the authority have been complied with;

(d) the provisions of the *Charitable Fundraising Act 1946 (Western Australia)* and the regulations under the Act and the conditions attached to the authority have been complied with; and

(e) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Signed on behalf of the Board this 25 day of September 2015.

Bill Armstrong
Co-Chair

Karen Milward
Co-Chair

Ernst & Young
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# Auditor's Independence Declaration to the Directors of Indigenous Community Volunteers Limited

In relation to our audit of the financial report of Indigenous Community Volunteers Limited for the financial year ended 30 June 2015, and in accordance with the requirements of the *Corporations Act 2001* and Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* and the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Meredith Scott

Meredith Scott
Partner
25 September 2015

# Statement of Profit or Loss and Other Comprehensive Income

**For the year ended 30 June 2015**

| | Notes | 2015 $ | 2014 $ |
|---|---|---|---|
| **Revenue** | | | |
| Donations from the public | 5 | **3,393,673** | 2,699,271 |
| Government funding | | **-** | 1,352,137 |
| Corporate funding | | **164,000** | 466,500 |
| Investment income | 5 | **246,597** | 368,280 |
| Realised gain on sale of investments | | **58,410** | 145,264 |
| Unrealised gain on investments | | **-** | 323,603 |
| Other income | | **62,336** | 10,412 |
| Net gain on disposal of motor vehicle | | **-** | 5,000 |
| **Total revenue** | | **3,925,016** | **5,370,467** |
| **Expenses** | | | |
| Community development activities | | **(3,249,364)** | (3,129,244) |
| Direct costs of fundraising appeals | 5 | **(1,418,114)** | (1,017,237) |
| Compliance and governance | | **(172,259)** | (170,487) |
| Enabling services | | **(816,258)** | (898,459) |
| Supporter engagement | | **(400,849)** | (421,767) |
| Awareness and education program | | **(459,812)** | (480,506) |
| Unrealised loss on investments | | **(26,078)** | - |
| **Total expenses** | | **(6,542,734)** | **(6,117,700)** |
| **Net operating (deficit)** | | **(2,617,718)** | **(747,233)** |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive income/(loss) for the year** | | **(2,617,718)** | **(747,233)** |

This statement is to be read in conjunction with the attached notes to the financial statements.

# Statement of Financial Position

**For the year ended 30 June 2015**

| | Notes | 2015 $ | 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | **720,039** | 1,564,747 |
| Trade and other receivables | 6 | **143,949** | 119,881 |
| Investments | 7 | **2,363,339** | 4,055,163 |
| Prepayments | | **36,923** | 18,139 |
| **Total current assets** | | **3,264,250** | **5,757,930** |
| **Non-current assets** | | | |
| Plant and equipment | 8 | **25,602** | 27,548 |
| Intangible asset | 9 | **-** | 11,308 |
| | | **25,602** | **38,856** |
| **Total assets** | | **3,289,852** | **5,796,786** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade creditors and other payables | 10 | **376,482** | 334,813 |
| Employee benefits | 11 | **192,976** | 153,401 |
| Deferred income | 12 | **36,000** | - |
| **Total current liabilities** | | **605,458** | **488,214** |
| **Non-current liabilities** | | | |
| Employee benefits | 11 | **87,952** | 94,412 |
| **Total non-current liabilities** | | **87,952** | **94,412** |
| **Total liabilities** | | **693,410** | **582,626** |
| **Net assets** | | **2,596,442** | **5,214,160** |
| **FUNDS** | | | |
| Accumulated funds | | **2,596,442** | 5,214,160 |
| **Total funds** | | **2,596,442** | **5,214,160** |

This statement is to be read in conjunction with the attached notes to the financial statements.

# Statement of Changes in Equity

**For the year ended 30 June 2015**

| | Total Accumulated Funds $ |
|---|---|
| Opening balance at 1 July 2013 | **5,961,393** |
| Operating (deficit) | **(747,233)** |
| Other comprehensive income | **-** |
| **Balance at 30 June 2014** | **5,214,160** |
| | |
| Opening balance at 1 July 2014 | **5,214,160** |
| Operating (deficit) | **(2,617,718)** |
| Other comprehensive income | **-** |
| **Balance at 30 June 2015** | **2,596,442** |

This statement is to be read in conjunction with the attached notes to the financial statements.

# Statement of Cash Flows

**For the year ended 30 June 2015**

| | Notes | 2015 $ | 2014 $ |
|---|---|---|---|
| **Operating activities** | | | |
| Receipts from donations and supporters | | **3,405,605** | 2,913,426 |
| Government and corporate funding | | **164,000** | 1,818,637 |
| Dividend income | | **212,619** | 326,614 |
| Interest income | | **33,978** | 41,666 |
| GST refunds received | | **-** | - |
| Other revenue | | **62,336** | 10,412 |
| Payments to employees | | **(3,395,539)** | (3,304,253) |
| Payments to suppliers | | **(3,033,258)** | (2,780,914) |
| **Net cash (used in) operating activities** | 13 | **(2,550,259)** | **(974,412)** |
| **Investing Activities** | | | |
| Payments for property, plant & equipment | | **(18,605)** | (17,355) |
| Proceeds from sale of plant and equipment | | **-** | 5,000 |
| Purchase of assets held for sale | | **-** | (315,000) |
| Proceeds from sale of assets held for sale | | **1,724,156** | 2,611,565 |
| **Net cash provided by investing activities** | | **1,705,551** | **2,284,210** |
| **Net Increase/(Decrease) in Cash Held** | | **(844,708)** | **1,309,798** |
| Cash at the Beginning of the Financial Year | | **1,564,747** | 254,949 |
| **Cash at the End of the Financial Year** | | **720,039** | **1,564,747** |

This statement is to be read in conjunction with the attached notes to the financial statements.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 1. CORPORATE INFORMATION

The financial statements of the not-for-profit company, Indigenous Community Volunteers Limited, (the company) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 25 September 2015.

Indigenous Community Volunteers Limited is a company limited by guarantee incorporated in Australia.

The registered office of the company and its principal place of business is:
1/67 Townshend Street, Phillip ACT 2606.

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

The nature of operations and principal activities of the company are described in the directors' report.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* , Australian Accounting Standards-Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment held at fair value, which have been measured at fair value.

The financial report is presented in Australian dollars.

### (b) Statement of Compliance

The company has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 July 2014.

The company is a not-for-profit private sector entity, therefore the financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDR) (including accounting interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.*

The adoption of AASB1053 and AASB2010-2 allowed the company to remove a number of disclosures. There were no other impacts on the current or prior year financial statements.

### (c) Comparative Figures

Where necessary, the prior year comparatives have been reclassified to ensure consistency with current year presentation of financial information.

### (d) Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial reporting period.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after year end, or
- Cash or cash equivalent

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

### (f) Revenue Recognition

Revenue comprises revenue from fundraising activities, government grants, corporate grants and return on investments.

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

*Donations*

Donations collected are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

*Commonwealth and corporate funding*

If conditions are attached to commonwealth or corporate funding which must be satisfied before the company is eligible to receive the contribution, recognition of the funding as revenue is deferred until those conditions are satisfied.

Where funding is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised at year end to the extent that conditions remain unsatisfied.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

*Investment income*

Investment income comprises interest and dividends. Interest income is recognised as it accrues. Dividends from listed entities are recognised when the right to receive the dividend has been established.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Revenue Recognition (continued)

*Asset sales*

The gain or loss on disposal of all non-current assets and available for sale financial investments is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

### (g) Cash and cash equivalents

Cash and cash equivalent in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purposes of the statement of cash flows, cash and cash equivalent consists of cash and cash equivalents as defined above.

### (h) Other receivables

Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. The carrying amount of the receivable is deemed to reflect fair value.
Bad debts are written off when identified.

### (i) Plant and equipment

Plant and equipment are valued at historic cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis over the estimated useful life of the specific assets as follows:

| | |
|---|---|
| Office equipment | 3 to 10 years |
| Motor vehicles | 4 years |

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end. An item is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are recorded in the company's profit or loss. Items costing less than $3,000 are expended at the time of purchase.

### (j) Intangible asset

The intangible asset includes the internally developed software. This is valued at the historic cost less accumulated amortisation. Amortisation is calculated over the estimated useful life of the asset which has been deemed to be 5 years.

The carrying value is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

### (k) Impairment of non-financial assets

The company assesses whether there is an indication that an asset may be impaired at each reporting date. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Available-for-sale financial assets

Available-for-sale assets are those financial assets that are designated as available-for-sale. When available-for-sale financial investment are recognised initially, they are measured at fair value. Any available-for-sale financial investments donated to the company are recognised at fair value at the date the company obtains control of the asset.

After initial recognition available-for-sale financial investments are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, being either a significant or prolonged decline in value below cost, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of profit or loss and other comprehensive income.

All investments are actively traded on the Australian Stock Exchange. As such, the fair value of investments is determined by reference to quoted market bid prices at the close of business on the reporting date.

### (m) Trade creditors and other payables

Trade creditors and other payables represent liabilities or goods and services provided to the company before the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

### (n) Employee Benefits

Employee benefits include wages and salaries, annual, non-accumulating sick and long service leave and contributions to superannuation plans.

Annual leave and long service leave to be taken in the next twelve months are measured based on nominal amounts of remuneration anticipated to be paid when the leave is taken.

Liability for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date that are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled and amount expected to be settled after 12 months from the end of the reporting period are discounted. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to anticipate future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Deferred income

The liability for deferred income is the unutilised amount of corporate funding received on the condition that specific services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the funding.

### (n) Leases

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight line basis over the lease term.

*Operating leases*

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are charged to the Statement of Financial Performance on a basis, which is representative of the pattern of benefits derived from the leased assets.

### (o) Taxation

*Income tax*

The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office (ATO). The company holds deductible gift recipient status.

*Goods and services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from the ATO is included as part of receivables or payables, as applicable.

Cash flow is included in the statement of cash flow on a gross basis. The GST component of cash flow arising from investing and financing activities that are recoverable from or payable to the ATO is classified as operating cash flow.

### (p) Significant accounting judgement, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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 if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Significant accounting judgement, estimates and assumptions (continued)

Significant accounting judgements

*Leases*

The company has entered into leases of premises and office equipement as disclosed in Note 14 . Management has determined that all of the risks and rewards of ownerhsip of these premises and equipment remain with the lessor and has therefore classified the leases as operating leases.

*Funding received*

The company has reviewed corporate funding during the year. Once the company has been notified of the successful outcome of a funding application, the terms and conditions of each are reviewed to determine whether the funds relate to reciprocal funding (ie payment for services rendered) in which case it is accounted for under AASB 118 *Revenue* or non-reciprocal funding in which case it is accounted for under AASB 1004 *Contributions* .

*Provision for employee benefits*

Provision for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of services, as discussed above. The amount of these provisions would change should any of these factors change in the next 12 months.

## 3. GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the going concern basis. The company has made a loss for the year of $2,617,718 (2014: loss $747,233).

The balance of cash and cash equivalent and liquid investments at 30 June 2015 is $3,083,378 (2014: $5,619,910).

The ability of ICV to continue as a going concern is dependent on the company's ability to meet its debts as and when they fall due.

ICV has prepared a cash flow forecast for the twelve months to 30 June 2016. This forecast has been prepared to ensure that the company will be able to pay its debts as and when they fall due. The total expected income is $4.96 million (of which donations for the year is approximately $4.7 million). The forecast expenditure is $6.41 million. This forecast expenditure includes a reduction in salary and wages expense as a result of ICV initiating a voluntary redundancy process. This process commenced after year end and is detailed at Note 4 – Events subsequent to year end. The forecast operating deficit to 30 June 2016 of $1.45 million will be funded by cash and liquid investments of $3.08 million.

In addition to this forecast, ICV has prepared a forecast of expected cash flow up to 30 September 2016, being the 12 months from the date of signing the financial statements. For the 3 months from 1 July 2016 to 30 September 2016 the forecast total income is $1.23 million and the forecast expenditure is $1.41 million. The forecast operating deficit for the 3 months to 30 September 2016 is $0.18 million which will be funded by the remaining cash and liquid investments as at 30 June 2016 of $1.63 million. As at 30 September 2015 the forecast balance of cash and liquid investments is $1.45 million.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

## 3. GOING CONCERN BASIS OF ACCOUNTING (CONTINUED)

The Directors will review the results of the company on a monthly basis in order to ensure the company is on target to reach the forecast as expected. If there is a significant variance then the Directors will take action to review and make changes as necessary.

These cash flow forecasts are based on a number of assumptions. The most significant is the company's ability to secure projected donation income. The company utilises historic results of donations received in order to forecast the expected income from donations. This method has been found to be successful, since the company commenced fundraising in 2011.

The cash flow forecast also assumes available-for-sale investments will hold their current value. ICV has arranged these investments so that only a small proportion is held in equities, which minimises the exposure to capital losses.

In addition to donations from supporters, ICV has secured an agreement with Waddi Springs Water to donate a portion of its sales to ICV. In addition, ICV is continuing to develop relationships with other potential corporate partners to secure and increase Corporate funding income.

The company has no loan commitments.

ICV has a reserve policy. This policy provides that the company will hold funds in a term deposit which are sufficient to pay all contractual agreements. As at 30 June 2015 there is an amount of $1.2 million in an NAB term deposit. This is more than sufficient to cover all expenses should it be found necessary to wind up the company. This term deposit is included in Investments held at fair value.

Taking into consideration the above details, the Directors believe the company will be financially secure for the next 12 months.

## 4. EVENTS SUBSEQUENT TO YEAR END

In August 2015 ICV offered a voluntary redundancy option to staff in order to facilitate savings in expenditure. Six staff members applied for a voluntary redundancy and all were accepted. The redundancy costs associated with this are estimated to be approximately $78,000, with estimated savings in employee expenses estimated to be $450,000 per annum. There are additional savings in associated expenditure, including work related travel, office rent and utilities, and other on-costs which have been included in the cash flow forecast described at Note 3.

ICV has secured an agreement with Waddi Springs Water to donate a portion of its sales from 1 July 2015 to ICV.

There were no other significant events occurring after 30 June 2015.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

| | 2015 $ | 2014 $ |
|---|---|---|
| **5. REVENUE, OTHER INCOME AND EXPENSES** | | |
| **Revenue and expenses provided in accordance with the *Charitable Fundraising Act 1991 (New South Wales)* and the *Charitable Fundriasing Act 1946 (Western Australia)*** | | |
| Particulars of all revenue from Donations from the public | | |
| - Appeals | **2,195,656** | 1,586,569 |
| - Regular giving | **1,028,110** | 793,109 |
| - Bequests | **103,055** | 170,000 |
| - Trusts and foundations | **-** | 20,710 |
| - Other donations | **66,852** | 128,883 |
| **Total Donations from the public** | **3,393,673** | 2,699,271 |
| | | |
| Particulars of all expenses incurred as a direct cost of fundraising appeals | | |
| - Appeals | **(1,044,559)** | (558,287) |
| - Regular giving | **(372,850)** | (420,717) |
| - Bequests | **(525)** | (6,149) |
| - Trusts and foundations | **(5)** | - |
| - Other donations | **(175)** | (32,084) |
| **Total Direct costs of fundraising appeals** | **(1,418,114)** | (1,017,237) |
| | | |
| **Other revenue** | | |
| Investment income | | |
| - Dividend income | **212,619** | 326,614 |
| - Interest income | **33,978** | 41,666 |
| **Total investment income** | **246,597** | 368,280 |
| | | |
| **6. OTHER RECEIVABLES** | | |
| Rental bonds | **30,585** | 30,585 |
| GST receivables 10 | **63,364** | - |
| Franking credits receivable | **50,000** | 89,296 |
| **Total Receivables - Current** | **143,949** | **119,881** |
| | | |
| **7. AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS** | | |
| The company carries the following assets at fair value: | | |
| Investments held at fair value | **2,363,339** | 4,055,163 |

# Notes to the Financial Statements

**For the year ended 30 June 2015**

| | 2015 $ | 2014 $ |
|---|---|---|
| **8. PROPERTY, PLANT AND EQUIPMENT** | | |
| Office equipment | | |
| At cost | **540,533** | 711,807 |
| Less: Accumulated depreciation | **(524,476)** | (703,759) |
| **Total Office Equipment** | **16,057** | 8,048 |
| | | |
| Motor vehicles | | |
| At cost | **95,911** | 95,911 |
| Less: Accumulated depreciation | **(86,366)** | (76,411) |
| Total Furniture and Fittings | **9,545** | 19,500 |
| | | |
| **Net carrying amount plant and equipment** | **25,602** | 27,548 |
| | | |
| **Depreciation expense** | | |
| Office equipment | **10,596** | 4,854 |
| Motor vehicles | **9,955** | 15,440 |
| **Total depreciation expense** | **20,551** | 20,294 |

**Reconciliation of plant and equipment and their carrying amount are as follows:**

| | Office equipment | Motor vehicles | Total |
|---|---|---|---|
| Carrying amount at 30 June 2014 | 8,048 | 19,500 | **27,548** |
| Additions | 18,605 | - | **18,605** |
| Disposals | - | - | **-** |
| Depreciation expense | (10,596) | (9,955) | **(20,551)** |
| **Carrying amount at 30 June 2015** | **16,057** | **9,545** | **25,602** |
| | | | |
| Carrying amount at 30 June 2013 | 12,902 | 17,585 | **30,487** |
| Additions | **-** | 17,355 | **17,355** |
| Disposals | **-** | - | **-** |
| Depreciation Expense | (4,854) | (15,440) | **(20,294)** |
| **Carrying amount at 30 June 2014** | **8,048** | **19,500** | **27,548** |

# Notes to the Financial Statements

**For the year ended 30 June 2015**

| | | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| **9. INTANGIBLE ASSET** | | | |
| Internally developed software | | | |
| At cost | | **75,375** | 75,375 |
| Less: Accumulated amortisation | | **(75,375)** | (64,067) |
| Net carrying amount of intangible asset | | **-** | 11,308 |
| **Total amortisation expense** | | **11,308** | 12,239 |

**Reconciliation of intangible asset and the carrying amount is as follows:**

| | Internally developed software | Total |
|---|---|---|
| Carrying amount at 30 June 2014 | 11,308 | **11,308** |
| Additions | - | **-** |
| Disposals | - | **-** |
| Amortisation expense | (11,308) | **(11,308)** |
| **Carrying amount at 30 June 2015** | **-** | **-** |
| Carrying amount at 30 June 2013 | 23,547 | **23,547** |
| Additions | - | **-** |
| Disposals | - | **-** |
| Amortisation expense | (12,239) | **(12,239)** |
| **Carrying amount at 30 June 2014** | **11,308** | **11,308** |

| | | | |
|---|---|---|---|
| **10. TRADE CREDITORS AND OTHER PAYABLES** | | | |
| Trade creditors | | **185,629** | 136,030 |
| Accrued expenses | | **169,640** | 111,003 |
| GST payable | 6 | **-** | 66,657 |
| Superannuation payable | | **21,213** | 21,123 |
| **Total trade creditors and other payables** | | **376,482** | 334,813 |

# Notes to the Financial Statements

**For the year ended 30 June 2015**

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **11. EMPLOYEE BENEFITS** | | |
| Annual Leave provision | **168,360** | 153,401 |
| Long Service Leave provision - current | **24,616** | - |
| **Total employee benefits - Current** | **192,976** | 153,401 |
| Long Service Leave provision - non-current | **87,952** | 94,412 |
| **Total employee benefits - Non-current Current** | **87,952** | 94,412 |
| Number of employees at year end | **38** | 43 |
| **Employee benefits expense** | | |
| Salaries and wages | **3,100,296** | 3,028,152 |
| Superannuation expense | **295,242** | 276,101 |
| Annual leave expense | **14,960** | (21,432) |
| Long service leave expense | **18,156** | 39,034 |
| **Total Employee benefits expense** | **3,428,654** | 3,321,855 |
| **12. DEFERRED INCOME** | | |
| Deferred revenue | **36,000** | - |

Deferred income consists of a corporate funding received in advance for activities rendered by the company. Deferred income is amortised over the life of the contract.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **13. CASH FLOW RECONCILIATION** | | |
| **Reconciliation of net deficit to net cash flows from operations:** | | |
| Net (deficit) for the period | **(2,617,718)** | (747,233) |
| **Non-cash flows in operating (deficit)** | | |
| Depreciation and amortisation | **31,859** | 32,533 |
| Net (profit)/loss on investments | **(32,332)** | (468,867) |
| Net (profit)/loss on disposal of plant and equipment | **-** | (5,000) |
| **Changes in assets and liabilities** | | |
| (Increase)/Decrease in receivables | **(24,068)** | 36,876 |
| (Increase)/Decrease in prepayments | **(18,784)** | - |
| (Decrease)/Increase in creditors | **41,669** | 138,244 |
| (Decrease)Increase in employee benefits - current | **39,575** | 39,035 |
| (Decrease)Increase in deferred income | **36,000** | - |
| (Decrease)/Increase in employee benefits - non-current | **(6,460)** | - |
| **Net Cash Inflows from Operating Activities** | **(2,550,259)** | **(974,412)** |

**14. COMMITMENT AND CONTINGENCIES**

**(a) Operating lease commitments**

Non-cancellable operating lease commitments are payable as follows:

| | | |
|---|---|---|
| – Within 1 year | **162,332** | 154,732 |
| – 1-5 years | **82,633** | 217,430 |
| – After 5 years | **-** | - |
| **Total Operating Lease Commitments** | **244,965** | 372,162 |

The company has entered into commercial property leases. These leases have an average life of less than 2 years.

**(b) Other contingencies**

In 2003-04 the company received a one-off grant payment of $20 million from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), now Department of Prime Minister and Cabinet (PM&C). The agreement provides capacity for PM&C to request repayment of the unspent funding on expiry of the funding agreement on 30 June 2015, should the cash and liquid investments balance be below $3 million.

As at 30 June 2015 the cash and investments balance was greater than $3 million.

# Notes to the Financial Statements

**For the year ended 30 June 2015**

| | 2015 $ | 2014 $ |
|---|---|---|

## 15. KEY MANAGEMENT PERSONNEL AND COMPENSATION

**Details of key personnel during the financial year**

Directors (all non-executive)

| | |
|---|---|
| Bill Armstrong | Co-Chair |
| Karen Milward | Co-Chair |
| Stan Kalinko | Director and Company Secretary |
| Dr Melinda Muth | Director (resigned 8 September 2014) |
| John Jeffrey | Director |
| Dr Kerry Arabena | Director |

Executive Management

| | |
|---|---|
| Stephanie Harvey | Chief Executive Officer (appointed December 2010) |
| Ross Smith | Chief Financial Officer - Interim (appointed May 2014 to December 2014) |
| Ruth Hilton-Bell | Chief Financial Officer (appointed December 2014) |
| Stefanie Kessler | General Manager Fundraising (appointed July 2010, resigned March 2015) |
| Tom Layton | General Manager Community Development (appointed November 2012) |
| Louis Warren | General Manager Community Development (appointed June 2014) |

**Related party transactions**

There were no related party transactions between Directors or entities Directors hold office in and ICV during the year ended 30 June 2015 (2014: nil).

**Key management personnel compensation**

| | | |
|---|---|---|
| Short-term employee benefits | 736,248 | 699,573 |
| Post-employment benefits (superannuation) | 67,949 | 64,464 |
| **Total compensation** | **804,196** | 764,037 |

## 16. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditor for:

| | | |
|---|---|---|
| Audit of the financial statements | **27,810** | 27,000 |
| Assistance in preparation of the financial report | **-** | 4,000 |
| **Total auditors' remuneration** | **27,810** | 31,000 |

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# Independent auditor's report to the members of Indigenous Community Volunteers Limited

## Report on the financial report

We have audited the accompanying financial report of Indigenous Community Volunteers, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 controls. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*. We have given to the directors of the company a written Auditor's Independence Declaration.

### *Opinion*

In our opinion the financial report of Indigenous Community Volunteers Limited is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

i giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards, the *Corporations Regulations 2001* and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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### *Emphasis of Matter for Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to Note 3 to the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Reporting on Other Legal and Regulatory Requirements

In our opinion, the financial report of Indigenous Community Volunteers Limited is in accordance with:

1. the *Charitable Fundraising Act 1991 (NSW)* including:

   i. the financial report of Indigenous Community Volunteers Limited shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2015;

   ii. the financial report has been properly drawn up, and associated records of Indigenous Community Volunteers Limited have been properly kept during the year ended 30 June 2015 in accordance with the *Charitable Fundraising Act 1991 (NSW)*;

   iii. money received as a result of fundraising appeals conducted during the year ended 30 June 2015, has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)*; and

   iv. there are reasonable grounds to believe that Indigenous Community Volunteers Limited will be able to pay its debts as and when they fall due.

2. the *Charitable Collections Act 1946 (WA)* including:

   i the financial report of the Indigenous Community Volunteers Limited shows a true and fair view of the financial results of fundraising appeals for the year ended 30 June 2015;

   ii the financial report and associated records of Indigenous Community Volunteers Limited have been properly kept during the year in accordance with the Act and Regulations;

   iii money received as a result of fundraising appeals conducted during the year ended 30 June 2015 has been properly accounted for and applied in accordance with the Act and Regulations;

   iv as at the date of this statement there are reasonable grounds to believe that Indigenous Community Volunteers Limited will be able to pay its debts as and when they fall due; and

   v based on our audit, we have not become aware of any matter that makes us believe that Indigenous Community Volunteers Limited has not complied with the obligations imposed by the Act and Regulations.

Ernst & Young

Ernst & Young

Meredith Scott

Meredith Scott
Partner
Sydney
25 September 2015