



Bobby Goldsmith Foundation

(A company limited by guarantee)

Financial Reports for the year

1 July 2011 to 30 June 2012

Bobby Goldsmith Foundation

(A company limited by guarantee)

Financial Reports for the year 1 July 2011 to 30 June 2012

DIRECTORS' REPORT

Your directors present their report, together with the financial statements on the entity for the year ended 30 June 2012.

Directors

The names of each person who has been a director during the period and to the date of this report are:

Martin Walsh (Resigned 24/09/2012)	Damien Hodgkinson
Warrick Saunders	Amanda Millar
Dr Mark Cross (Appointed 28/11/2011)	Susan Darroch (Appointed 28/11/2011)
Malcolm Leech (Resigned 03/03/2012)	William Bowtell (Resigned 30/08/2011)
Jennifer Nairne (Appointed 24/09/2012)	
Tracey Hamilton (Resigned 18/03/2011, Re-appointed 28/11/11)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Denise Aldous (Resigned 26/03/2012)
David Riddell (Appointed 26/03/2012)

Operating Results

The excess of expenditure over revenue of the entity amounted to \$494,874 (2011: the excess of expenditure over revenue amounted to \$334,591).

Objectives

The short and long term objectives of BGF is to support people living with HIV (PLHIV) by providing practical, emotional and financial support, in addition to employing strategies to empower those affected.

BGF's short term objective of supporting people living with HIV (PLHIV) by providing practical emotional and financial support in a professional and non-judgemental way through:

- emotional counseling through case manager support;
- financial assistance with essential life services including mediation payments, NILS loans and financial counseling; and
- providing short term housing support through BGF House and housing support services.

BGF's long term objective is to empower people living with HIV (PLHIV) to manage their own health through;

- the implementation of the Stanford University Chronic Condition Management programme;
- the creation of on-line health management software for the working well; and
- the provision of long term aged housing support services.

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DIRECTORS' REPORT

Strategies

To achieve its stated objectives, the entity has adopted the following strategies;

- we seek funding and use funding from Government and non-government sources in support of our activities; and
- we work collaboratively with other HIV organisations and New South Wales Health to support and contribute to the sector through the provision of new case management programmes and concepts and reduction of in-hospital days by PLWHIV.

Principal Activities

The principal activities of the entity during the financial period were to provide housing support and comfort to people living with HIV (PLHIV), together with emotional and financial counselling and financial assistance.

How these activities assist in achieving the objectives

Any profits generated by the entity, in addition to the utilisation of its existing assets, allow the entity to ensure people with living with HIV (PLHIV) have sufficient access to services of a good standard, resulting in emotional and financial support, to lead a normal and healthy life.

Performance Measurement

The entity measures its own performance through the use of both quantitative and qualitative indicators. These determining data are used by the directors to assess the financial sustainability of the entity and whether the entity's short term and long-term objectives are being achieved. These data measures are set out each year in the Annual Impact Report.

Review of Operations

Whilst there were no significant changes in the entity's operations during the financial period, the directors recognize that the operation of the World Aids Day Dinner (WADD) was not a commercial success. The event operated by a third party was expected to generate revenues sufficient to cover the costs of operation, rather the costs far outweighed the revenues adversely impacting the financial performance of the entity during the financial year.

During the financial period, the entity relocated to larger business premises at Devonshire Street, Surry Hills, and as a result the entity's rental expenses for the period were higher than that of the prior financial period. The directors acknowledge there were one-off extraordinary items associated with the relocation, including the double payment of rent during the relocation period.

Significant Changes in State of Affairs

No significant changes in the entity's state of affairs occurred during the financial period.

Dividends Paid or Recommended

The entity is a not for profit company limited by guarantee. In accordance with the company's constitution no dividend is payable.

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DIRECTORS' REPORT

Events Subsequent to Balance Date

On the 30th July 2012, Supported Housing Project Inc ("SHP"), a related entity of and financially dependent upon BGF, was wound up. SHP was created to provide housing support services and operate BGF House. These services were being provided by BGF personnel using BGF resources. The Committee members of SHP therefore resolved, by way of a Special General Meeting to wind up the Association, as the purposes for which the Association was created no longer existed. Under the terms of the SHP constitution the assets and liabilities passed to BGF. sighting financial viability concerns, particularly given dependency upon BGF. Given the operations of SHP will be continued by BGF into the future, all assets and liabilities of SHP were transferred to and absorbed by BGF. All employees employed by SHP were transferred to BGF, including all employee entitlements.

Other than the above, there have been no other significant events after 30 June 2012 to the date of signing this report.

Future Developments

The directors recognize the current lease arrangements with BGF House will cease in August 2013. Re-negotiation of the lease arrangements for the premises will be required prior to the aforementioned date.

NSW Health has advised all non-government health organisations that the basis upon which they receive state funding is currently being reviewed and that new grant terms and funding parameters will be brought in with effect from 1 July 2013.

Except for consideration of the above, the entity expects to maintain the present status and level of operations.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

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Information on Directors in Office at the Date of this Report

Damien Hodgkinson

President

November 2008 - current

Damien is a Chartered Accountant and Managing Director of DEM Australasia Group. He began his career in corporate insolvency with Arthur Young (Ernst & Young) in Melbourne in 1988 before moving to Sydney with boutique insolvency advisers Ferrier Hodgson. In 1996 he relocated to Hong Kong where he was a senior partner of one of Asia's largest corporate restructuring firms RSM Nelson Wheeler where he oversaw the restructuring of Akai Electric Japan, and OMC Asia (Johnson & Evinrude). From 2008 to 2012 he was a partner of KPMG's Australian practice.

Damien holds board roles with Gabriel Hotels Group, MU Australia Ltd and is a director on the Bequest Committee of the Franklin Foundation.

He has a Bachelor of Commerce (Economics, Accounting & Law) from the University of Melbourne.

Amanda Millar

Vice-President

October 2010 - current

Amanda is a specialist in public relations, corporate communications and marketing with over 12 years experience managing global brands. Currently the Head of Communications and Trade Marketing for Yahoo!7. Amanda has provided strategic advice at a senior executive level for global companies including Oracle, Microsoft (including ninemsn) and Yahoo!

Amanda has a Bachelor of Arts from the University of Queensland and a Masters in Communications from UTS.

Jennifer Nairne

Treasurer

September 2012 - Current

Jennifer is a Chartered Accountant and Registered Company Auditor, and currently is a partner in the BDO Private Clients team. Jennifer has extensive expertise and industry experience garnered over a 30 year period, including extensive experience gained in a Big Four accounting firm. She has been involved with the undertaking of audit and internal control and process reviews for many years and is completely familiar with the processes involved and the necessary reporting to regulatory authorities.

In addition to Jennifer's career expertise, Jennifer has been an activist of the Sporting Chance Foundation – a Not-for-Profit Organisation with a focus on Children with Cancer. Jennifer acts as the honorary administrator of the foundation.

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Warrick Saunders

October 2010 - current

Warrick has 20 years experience as a marketing and communications specialist and has worked for large national corporations developing a range of successful marketing strategies and campaigns for companies such as Optus Communications and Telstra. He specialises in delivering professional communications, research, marketing campaigns, exhibitions, events and product launches and has worked for the last 9 years in the not-for-profit sector providing strategic direction and business planning for organisations such as Amnesty International, The National Heart Foundation and WWF to maximise their fundraising opportunities. He is currently the Marketing Manager at Medecins San Frontieres Australia, the world's leading independent organisation for medical humanitarian aid.

Tracey Hamilton

Nov 2011 - current

Tracey is a marketing and sales professional, with expertise in Brand Development, Marketing Strategy, Retail Marketing and Category Management. She commenced her career in FMCG as a Marketing Graduate at Johnson and Johnson. This led to Senior roles in National Foods, Diageo, Starbucks. In 2011, Tracey resigned from the BGF Board and spent 10 months leading Marketing and Fundraising for BGF. At the AGM in November 2011 Tracey rejoined the BGF Board.

Tracey has completed an Executive MBA at the Australian Graduate School of Management.

Susan Darroch

Nov 2011 – Current

Susan is an investment management professional with in excess of 20 years' experience in financial markets, in both equities and money markets. Currently the Head of Global Equity Beta Solutions for Asia Pacific ex Japan at State Street Global Advisors, her past experience includes positions at Commonwealth Funds Management, Rothschild Australia and Chuo Trust and Banking in London. Susan has been instrumental in collaborating within the industry to mentor and promote women in finance and has worked extensively in the philanthropic field with various partners to improve the lives of minority groups and animals.

Susan holds a Bachelor of Economics from Macquarie University and has been admitted as a fellow of the Financial Services Institute of Australasia.

Dr Mark Cross

Nov 2011 - Current

Mark is a medical specialist in mental health and is currently the Clinical Director of the Liverpool and Fairfield Mental Health Service, based at Liverpool Hospital in NSW, part of the South West Sydney LHD. He graduated as a medical doctor from the University of Cape Town in South Africa in 1990 and was a general practitioner for a while before specialising in Psychiatry. He specialised in London, UK, where he lived and practiced for 13 years before moving to Australia and taking up his current post at Liverpool Hospital in 2005.

His interests include quality of life in people with chronic illnesses, multi-cultural mental health and HIV. He has previous board experience in HIV charities in South Africa as well as a mental health charity in London.

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DIRECTORS' REPORT

ATTENDANCE AT DIRECTORS MEETINGS

Name				2011-12
Martin	Walsh	Ex - President		15/15
Tracey	Hamilton	Ex- Vice President (Ineligible for 2, conflict of interest)	Appointed Nov 2011	06/08
Damien	Hodgkinson	Ex – Treasurer		15/15
William	Bowtell		Resigned Aug 2011	04/04
Malcolm	Leech	Positive Life Rep		07/09
Amanda	Millar		Appointed Oct 2010	14/15
Warrick	Saunders	(Ineligible for 2 – conflict of interest)	Appointed Oct 2010	12/15
Cross	Mark		Appointed Nov 2011	06/08
Darroch	Susan		Appointed Nov 2011	07/08

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the entity.

Proceedings on Behalf of the Entity

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

The entity was not a party to any such proceedings during the period.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 8 of the directors' report.

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

Damien Hodgkinson

Jennifer Nairne

Dated this 19th day of November 2012

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BOBBY GOLDSMITH FOUNDATION**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

- (i) no contraventions of the auditors' 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.

Walker Wayland NSW
Chartered Accountants

A S Roger
Partner

Dated this day of November 2012

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Statement of Comprehensive Income for the Year ended 30 June 2012.

	Notes	30-Jun-12 (\$)	30-Jun-11 (\$)
Revenue			
Fundraising:			
Charitable	3	459,257	471,640
Commercial	3	241,757	697,594
Grant income	3	1,147,080	1,237,893
Bequests		-	85,683
Investment income	3	153,874	235,075
Increase in fair value of financial assets	7	-	5,796
Other income		4,310	3,015
Total Revenue	2(c)	2,006,278	2,736,696
Expenses			
Fundraising costs:			
Charitable			
Employee benefits expense		42,206	69,973
Other expenses		103,847	60,380
Commercial			
Employee benefits expense		139,711	133,809
Other expenses		122,610	588,423
Client services costs:			
Client payments		175,864	219,592
Employee benefits expense		744,417	868,399
Other expenses		128,867	177,049
Corporate services costs			
Employee benefits expense		385,910	409,043
Other expenses		586,255	534,704
Decrease in fair value of managed funds	7	19,087	-
Net loss on disposal of investments		41,594	3,245
Other investment costs		10,783	6,670

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Statement of Comprehensive Income for the Year ended 30 June 2012 (Continued)

	Notes	30-Jun-12 (\$)	30-Jun-11 (\$)
Total Expenses	4	2,501,151	3,071,287
(Deficit) before income tax		(494,873)	(334,591)
Income tax expense	2(d)	-	-
(Deficit) for the period		(494,873)	(334,591)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-
Total comprehensive income (loss) attributable to members		(494,873)	(334,591)

Statement of Financial Position

As At 30 June 2012

	Notes	30-Jun-12 (\$)	30-Jun-11 (\$)
Assets			
Current Assets:			
Cash and cash equivalents	2(e), 5	34,619	48,880
Trade and other receivables	2(f), 6	259,751	314,255
Financial assets	2(g), 7	1,966,020	2,417,476
Inventories		4,147	4,147
Other assets		22,423	7,639
Total Current Assets		2,286,960	2,792,397
Non-Current Assets:			
Property, plant and equipment	2(i), 8	1,080,774	978,284
Total Non-Current Assets		1,080,774	978,284
Total Assets		3,367,734	3,770,681
Liabilities			
Current Liabilities:			
Trade and other payables	2(j), 9	280,715	318,738
Lease Liability		48,426	-
Grants in advance		50,902	54,340
Total Current Liabilities		380,043	373,078
Non-Current Liabilities			
Provisions	10	21,334	11,442
Lease Liability		75,069	-
Total Non-Current Liabilities		96,403	11,442
Total Liabilities		476,446	384,520
Net Assets		2,891,288	3,386,161
Funds			
Accumulated losses		(1,031,546)	(536,673)
Reserves	12	3,922,834	3,922,834
Total Funds		2,891,288	3,386,161

Statement of Cash Flows

For the year ended 30 June 2012

Comparative figures are for the period	Notes	30-Jun-12 (\$)	30-Jun-11 (\$)
Cash flows from operating activities			
Receipt of grants		1,143,642	1,348,929
Other receipts		733,042	1,076,068
Payments to suppliers and employees		(2,446,167)	(3,026,963)
Interest received		90,764	96,677
Dividends received		63,109	80,869
Interest Paid		(6,057)	-
Net cash used in operating activities	15(b)	(421,667)	(424,420)
Cash flows from investing activities			
Acquisitions of property, plant and equipment		(161,487)	(26,541)
Net additions/(disposals) of investments		451,456	(20,017)
Net cash used in investing activities		289,969	(46,558)
Cash flows from Financing Activities			
Proceeds from borrowings		150,000	-
Lease payments		(32,563)	-
Net cash used in financing activities		117,437	-
Net (decrease)/increase in cash and cash equivalents		(14,261)	(470,978)
Opening cash and cash equivalents		48,880	519,858
Closing cash and cash equivalents	15(a)	34,619	48,880

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Reserves	Accumulated	Total
	(\$)	Losses	(\$)
		(\$)	
Balance at 30 June 2010	3,922,834	(202,082)	3,720,752
Loss Attributable to Members	-	(334,591)	(334,591)
Closing balance at 30 June 2011	<u>3,922,834</u>	<u>(536,673)</u>	<u>3,386,161</u>
Balance at 1st July 2011	3,922,834	(536,673)	3,386,161
Loss Attributable to Members	-	(494,873)	(494,873)
Closing balance at 30 June 2012	<u>3,922,834</u>	<u>(1,031,546)</u>	<u>2,891,288</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements for the year ended 30 June 2012

1. Introduction

This financial report covers Bobby Goldsmith Foundation (BGF) as an individual entity for the period 1 July 2011 to 30 June 2012. The financial report is presented in Australian currency and all values are rounded to the nearest dollar.

BGF is a public company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

Bobby Goldsmith Foundation
Level 3, 111-117 Devonshire Street
Surry Hills NSW 2010

A description of the nature of BGF's operations and its principal activities is included on page 2 of the directors' report.

The financial report was authorised for issue by the directors on 19th November 2012.

2. Summary of Accounting Policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Australian Accounting standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on the basis of historical cost except for the following:

- Available-for-sale financial assets are measured at fair value.
- Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses

The methods used to measure the fair values of these assets are discussed in Notes 1(i). Cost is based on the fair values of the consideration given in exchange for assets.

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Bobby Goldsmith Foundation (a company limited by guarantee)

Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(a) Basis of Preparation (Continued)

Compliance with the Charitable Fundraising Act (NSW) 1991

The financial report also complies with the Charitable Fundraising Act (NSW) 1991 and the conditions in the company's Authority to Fundraise.

(b) Significant Accounting Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, 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 various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. 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 in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next reporting period are:

Impairment of Fixed Assets

BGF assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets, as outlined in Note 1(i). Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. BGF recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria have been met for each activity as described below.

Revenue is recognised for the major business activities as follows:

Fundraising

Fundraising revenue is recognised when BGF has control of the contribution.

Grant Income

Grants from the government and other organisations are recognised at their fair value where there is a reasonable assurance that the grant will be received and that BGF will comply with all attached conditions.

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Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(c) Revenue Recognition (Continued)

Bequests

Bequests are recognised when BGF is notified of an impending distribution or the bequest is received, whichever occurs earlier.

Revenues from bequests comprising shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Sales of goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

Interest and Investment Income

Interest and Investment income is recognised on an accrual basis.

Dividends are brought to account as they are received.

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.

(d) Income Tax

BGF is exempt from income tax within the terms of Subdivision 50–5 of the *Income Tax Assessment Act 1997*.

(e) Cash and Cash Equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes: cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities 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 values.

(f) Trade Receivables

Trade receivables represent Nil Interest Loans (NILS) to clients provided by BGF, which are settled by guarantee applied to their disability pensions. Whilst the amounts are paid over a specific period, the collectability of the debts is assessed at the year-end.

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Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(g) Financial Instruments (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those, which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those, which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those, which are expected to be disposed of within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

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Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(g) Financial Instruments (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Inventory

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(i) Property Plant and Equipment

Bases of measurement of carrying amount

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Any property, plant and equipment donated to the company or acquired for nominal cost is recognised at fair value at the date the company obtains control of the assets.

Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the profit and loss, in which case it is credited to the Statement of Comprehensive Income.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the Statement of Comprehensive Income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

**Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012**

2. Summary of Accounting Policies (Continued)

(i) Property Plant and Equipment (Continued)

Depreciation

Items of property, plant and equipment are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

	2012 % pa	2011 % pa
Freehold Land and Buildings	3	3
Office Furniture and Equipment	20	20
Computer Equipment	33	33

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

Bobby Goldsmith Foundation (a company limited by guarantee) Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(j) Trade and Other Payables

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

BGF receives grant monies to fund projects either for contractual periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grant monies as unexpended grants in the Statement of Financial Position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(k) Employee Benefits

Employee benefits comprise annual, sick and long service leave and related contributions to superannuation plans.

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 using the projected unit credit method. Consideration is given to anticipated future wage 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 to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the Statement of Comprehensive Income when they are due. The company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST receivable from or payable to the ATO is included with other receivables or payables in the Statement of Financial Position.

Bobby Goldsmith Foundation (a company limited by guarantee)

Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of Accounting Policies (Continued)

(m) Economic Dependence

BGF is dependent on grant revenue from the Department of Health, New South Wales to operate its business. Refer to Note 17 for further clarification on capital management.

(n) Public Company Limited by Guarantee

In the event of BGF being wound up the liability of each member is limited to an amount not exceeding \$10. BGF had 17 members as at 30 June 2012 (2011: 34).

(o) Financial Reporting by Segments

BGF operates predominantly in one business and geographical segment, being New South Wales providing housing, support and comfort to people living with HIV/AIDS.

However, to provide more detail to our clients, we have split our financial statements into these activities:

- Fundraising
- Client Services
- Corporate Services

(p) Adoption of New and Revised Accounting Standards

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. These statements detail numerous non-urgent but necessary changes to accounting standards arising from the AASB's annual improvement project. No changes are expected to materially affect the company.

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

3. Revenue

	30-Jun-12	30-Jun-11
	\$	\$
Fundraising		
Charitable:		
Friends	147,084	146,742
Donations	110,889	93,810
Sponsorship	150,700	150,850
Appeals	50,584	80,238
Total Charitable Fundraising	459,257	471,640
Commercial:		
Events	103,658	548,787
Merchandise	1,267	301
Charity Housie	136,832	148,506
Total Commercial Fundraising	241,757	697,594
Total Fundraising	701,014	1,169,234
Grant Income		
Client payments	-	-
Client services - Programs costs	146,037	335,577
Client Services - Salaries and wages	590,205	569,615
AOD interim program	146,062	71,662
Financial counselling	73,930	29,950
Corporate services	190,846	231,089
Total Grant Income	1,147,080	1,237,893
Investment Income		
Interest received	85,090	96,677
Dividends received	63,109	117,992
Managed fund distributions	5,675	20,406
Total Investment Income	153,874	235,075

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

4. Expenses

	30-Jun-12	30-Jun-11
	(\$)	(\$)
Employee benefits expense	1,312,244	1,481,224
<u>Event costs</u>		
Direct event production costs	112,530	523,355
Indirect event costs	10,080	65,068
	<u>122,610</u>	<u>588,423</u>
<u>Other items</u>		
Client payments	175,864	219,592
Decrease in fair value of managed funds	19,087	-
Accountancy fees	176,862	187,213
Charity Housie - Prize money and consumables	92,345	90,034
Consultancy fees	99,792	99,484
Rent and outgoing	97,848	40,416
Computer expenses	62,711	85,930
Telephone and mobile expenses	60,173	38,110
Insurance	30,513	36,420
Bad debts expense	-	8,332
Staff recruitment	8,062	53,517
<u>Depreciation</u>		
Land and Buildings	15,917	15,918
Office Furniture and Equipment	20,957	22,099
	<u>36,874</u>	<u>38,017</u>
<u>Amortisation</u>		
Leasehold Improvements	22,453	-
Loss on Diposal of Investments	41,594	3,245
<u>Remuneration of Auditors</u>		
Audit services – Walker Wayland NSW		
Audit and review of financial report	20,749	14,319
Other expenses	121,370	87,011
Total Expenses	<u><u>2,501,151</u></u>	<u><u>3,071,287</u></u>

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

5. Cash and Cash Equivalents

	30-Jun-12	30-Jun-11
	(\$)	(\$)
Cash on hand	500	500
Cash at bank	33,957	47,949
Deposits at call	162	431
Total Cash and Cash Equivalents	34,619	48,880

6. Trade and Other Receivables

Trade receivables	58,678	60,505
Less: Provision for doubtful debts	(12,231)	(12,231)
Other receivables	213,304	265,981
Total Trade and Other Receivables	259,751	314,255

(i) Provision for Impairment of Receivables

Trade receivables are impaired or written off where a client has been out of contact after 18 months or is deceased.

(ii) Credit Risk – Trade and Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables.

Receivables are assessed for impairment by ascertaining the specific circumstances indicating that the debt may not be fully repaid to the company. Analysis of other receivables beyond terms are not considered to be impaired.

The following table details the entity's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not settled within the terms and conditions agreed between the association and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

6. Trade and Other Receivables (Continued)

(ii) Credit Risk – Trade and Other Receivables (Continued)

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
	\$	\$	\$	\$	\$	\$	\$
2012							
Trade and term receivables	58,678	12,231	-	-	-	-	46,447
Other receivables	213,304	-	-	-	-	-	213,304
Total	271,982	12,231	-	-	-	-	259,751
2011							
Trade and term receivables	60,505	12,231	-	-	-	-	48,274
Other receivables	265,981	-	-	-	-	-	265,981
Total	326,486	12,231	-	-	-	-	314,255

The entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade debtors that contain assets that are not impaired and past due. It is expected that these balances will be received when due.

7. Financial assets

	Note	(\$)
Opening Balance as at 30 June 2010		2,391,663
Increase in fair value of managed funds		5,796
Net additions/(disposals) of investments		20,017
Closing Balance as at 30 June 2011		2,417,476
Decrease in fair value of managed funds		(19,087)
Net additions/(disposals) of investments		(432,369)
Closing Balance as at 30 June 2012		1,966,020

Financial assets at fair value through profit or loss

a. Held-for-trading Australian listed investments	16	400,525
Securities in listed corporations and trusts held for trading purposes to generate income through the receipt of dividends and capital gains.		
b. Held-to-maturity investments comprise:		
Government and fixed interest securities	16	1,295,460

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

7. Financial assets (Continued)

c. Other:		
UBS Cash portfolio	16	52,385
Term Deposits	16	217,650
		<u>270,038</u>

8. Property, Plant and Equipment

	30-Jun-12	30-Jun-11
	(\$)	(\$)
Office Furniture and Equipment		
At cost	103,133	90,962
Accumulated depreciation	(55,131)	(34,504)
Total Office Furniture and Equipment	48,002	56,458
Land and Buildings		
At cost	945,912	945,912
Accumulated depreciation	(40,003)	(24,086)
Total Land and Buildings	905,909	921,826
Leasehold Improvements		
At cost	149,316	-
Accumulated depreciation	(22,453)	-
Total Leasehold Improvements	126,863	-
Total Property, Plant and Equipment	1,080,774	978,284

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Land and Buildings	Furniture and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at 1 July 2010	933,479	56,281	-	989,760
Additions at cost	4,265	22,276	-	26,541
Additions at fair value	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(15,918)	(22,099)	-	(38,017)
Carrying amount at 30 June 2011	<u>921,826</u>	<u>56,458</u>	<u>-</u>	<u>978,284</u>

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

8. Property, Plant and Equipment (Continued)

	Land and Buildings	Furniture and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Balance at 1 July 2011	921,826	56,458	-	978,284
Additions at cost	-	12,171	149,316	161,487
Additions at fair value	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(15,917)	(20,627)	(22,453)	(58,997)
Carrying amount at 30 June 2012	905,909	48,002	126,863	1,080,774

9. Trade and Other Payables

	30-Jun-12	30-Jun-11
	(\$)	(\$)
Trade payables and accruals	118,790	104,874
Other payables	87,043	116,709
Provision for annual leave	74,882	97,155
Total Trade and Other Payables	280,715	318,738

10. Provisions

Long service leave

Opening balance	11,442	26,042
Amounts assumed from association	-	-
Additional provisions raised during period	9,892	6,015
Amounts used	-	(20,615)
Closing Balance	21,334	11,442
Analysis of long service leave provisions		
Current	-	-
Non-Current	21,334	11,442
Total provision for long service leave	21,334	11,442

Provision for Long-term employee entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee entitlements have been included in Note 2(k) to this report.

11. Contingent Assets or Liabilities

The directors are not aware of any contingent assets or liabilities as at year end.

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

12. Reserves

These funds were transferred from Bobby Goldsmith Foundation Inc as of 15 December 2009. It is a requirement for the funds to be used for the furtherance of the company's objectives.

13. Events after the Reporting Period

On the 30th July 2012, Supported Housing Project Inc ("SHP"), a related entity of and financially dependent upon BGF, was wound up. SHP was created to provide housing support services and operate BGF House. These services were being provided by BGF personnel using BGF resources. The Committee members of SHP therefore resolved, by way of a Special General Meeting to wind up the Association, as the purposes for which the Association was created no longer existed. Under the terms of the SHP constitution the assets and liabilities of SHP passed to BGF. Given the operations of SHP will be continued by BGF into the future, all assets and liabilities of SHP were transferred to and absorbed by BGF. All employees employed by SHP were transferred to BGF, including all employee entitlements.

Other than the above, there have been no other significant events after 30 June 2012 to the date of signing this report.

14. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Jennifer Nairne, a director and treasurer of BGF (appointed 24 September 2012) provided Accounting and CFO Services to the company. These services were provided by Ms Nairne, via BDO Chartered Accountants, an accounting firm of which Ms Nairne is a partner. The fees charged by BDO were on normal commercial terms and at arms length. A breakdown of the fees charged for the 2012 financial year are as follows;

	30-Jun-12	30-Jun-11
	(\$)	(\$)
a. Accounting & CFO Services		
BDO	194,533	224,978

15. Cash Flow Information

	Note	30-Jun-12	30-Jun-11
		(\$)	(\$)
a. Reconciliation of Cash			
Cash at bank		33,957	47,949
Other cash		662	931
	5	<u>34,619</u>	<u>48,880</u>

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

15. Cash Flow Information (Continued)

b. Reconciliation of Cash flow from Operations with loss after Income Tax

Net (loss)	(494,873)	(334,591)
<i>Adjustments for:</i>		
Depreciation and amortisation	59,328	38,017
(Increase)/decrease in fair value of managed funds	19,087	(5,796)
Operating loss before changes in working capital and provisions	(416,458)	(302,370)
(Increase)/decrease in receivables	53,964	26,132
(Increase)/decrease in other assets	(28,146)	(22,967)
Increase/(decrease) in trade and other payables	(18,648)	(88,853)
Increase/(decrease) in provisions and employee benefits	(12,381)	(36,362)
	(421,667)	(424,420)

16. Financial instruments

(a) Financial risk management – objectives and policies

BGF's financial instruments comprise cash and cash equivalents, as well as available-for-sale financial investments. In addition, the company has various financial assets and liabilities including amounts payable to trade and other creditors.

The main risks arising from the company's financial instruments are liquidity risk, credit risk and market price risk. The company does not use derivative instruments to manage risks associated with its financial instruments.

The directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the company's financial instruments, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Board is responsible for developing and monitoring investment policies.

Liquidity risk

Liquidity risk is the risk that the company will not be able to fund its obligations as they fall due.

BGF manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unused overdraft facilities are available to meet normal operating expenses for 120 days. When necessary, cash for unforeseen events is sourced from liquidation of available-for-sale financial investments.

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

16. Financial instruments (Continued)

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to two sources of credit risk – trade and other receivables, as well as counterparty risk in respect of funds deposited with banks and other financial institutions.

Funds are deposited only with those banks and financial institutions approved by the Board. At the reporting date, the company did not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

Exposures to credit risk

The carrying amount of BGF's financial assets best represents its maximum credit risk exposure. The company's maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		30-June-12 (\$)	30-Jun-11 (\$)
Cash and cash equivalents	5	34,619	48,880
Trade receivables	6	46,447	48,274
Other current receivables	6	213,303	265,981
Available-for-sale financial instruments	7	1,966,023	2,417,476
		2,260,392	2,780,611

Impairment allowances recognised at the reporting dates have been determined after a review of amounts outstanding at those dates. The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Note	30-Jun-12 (\$)	30-Jun-11 (\$)
Opening balance		12,231	12,231
Impairment losses recognised		-	-
Closing balance	6	12,231	12,231

BGF writes off loans where a client has been out of contact after 18 months or is deceased.

Market price risk

Market price risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. BGF is exposed to two sources of market price risk – fluctuations in interest rates and fluctuations in the value of its available-for-sale financial investments.

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

16. Financial instruments (Continued)

(a) Financial risk management – objectives and policies (Continued)

Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

BGF is exposed to interest rate fluctuations on its cash at bank and cash on deposit and on fixed interest securities included in its available-for-sale financial investments. The company actively monitors interest rates for cash at bank and on deposit to maximise interest income. The company accepts the risk in relation to fixed interest securities as they are held to generate income on surplus funds.

The following table summarises the interest rate profile of the company's interest bearing financial instruments:

	Note	30-Jun-12 (\$)	30-Jun-11 (\$)
Fixed rate instruments			
Fixed interest securities	7	1,295,460	1,832,861
Term Deposits		217,650	-
		1,513,110	1,832,861
Variable rate instruments			
Cash at bank and in hand	5	34,619	48,880
UBS cash portfolio	7	52,384	18,108
		87,003	66,988

Sensitivity analysis

A change of 100 basis points or one per cent in interest rates at the reporting date would, with all other variables held constant, have increased or decreased the company's surplus and funds by the amounts shown below. The one per cent assumption has been determined to be a reasonably possible movement in interest rates over a 12-month period based on information from various financial institutions, review of movements over the last two years, and economic forecasters' expectations.

	Surplus		Funds	
	1% Increase	1% (Decrease)	1% Increase	1% (Decrease)
Variable rate instruments	870	(870)	870	(870)

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

BGF is not exposed to currency risk, as all financial instruments are designated in Australian dollars.

**Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012**

16. Financial instruments (Continued)

(a) Financial risk management – objectives and policies (Continued)

Equity price risk

Equity price risk arises from fluctuations in the market values of available-for-sale securities.

It is company policy to hold only those investments quoted on the Australian Stock Exchange. The company has engaged UBS Wealth Management Australia to manage its investment portfolio.

The Investment Committee has approved risk and return parameters for investment in available-for-sale financial investments, and receives reports from the management and UBS on a monthly basis regarding the performance of the investment portfolio. Buy, sell and portfolio re-balancing decisions are based on recommendations from UBS and approved by the Investment Committee.

At the reporting date the market value of available-for-sale financial investments and the impact of a 10 per cent movement in the market value of the investments were:

	Market Value	+10% Impact	-10% Impact
	(\$)	(\$)	(\$)
Fixed Interest Securities	1,295,460	129,546	(129,546)
Listed Shares	380,207	38,021	(38,021)
Listed Investment trusts	20,318	2,032	(2,032)
Term Deposits	217,650	21,765	(21,765)
	1,913,635	191,364	(191,364)

It should be noted that the full impact of movements in market value would not necessarily be immediately reflected in the Statement of Comprehensive Income and the company's funds as these investments are deemed 'available-for-sale' investments. The impact of market movements would only be recognised in the Statement of Comprehensive Income and company funds if the investments were sold or if an impairment loss was recognised.

(b) Fair Values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Note 2(g).

17. Capital Management

The Finance Committee controls the capital of the entity to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. The Board ensures that the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

**Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012**

17. Capital Management (Continued)

The Finance Committee effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market.

The entity receives grant revenue from the Department of Health New South Wales. These grants are used to fund employee and operational expenses but do not fully cover the expenses of the organisation. The deficiency is financed by drawing down on capital resources.

18. Fundraising Activities

Below is additional information furnished under the Charitable Fundraising Act 1991 and the Office of Charities Fundraising Authorities Conditions.

Details of Aggregate Gross Income and Total Expenses of Fundraising Appeals

	30-Jun-12	30-Jun-11
	(\$)	(\$)
Gross Proceeds from fundraising appeals	701,014	1,169,234
Total costs of fundraising	(408,374)	(852,585)
Net surplus from fundraising appeals	292,640	316,649
Net margin from fundraising appeals	41.74%	27.08%

Application of Funds for Charitable Purposes

During the reporting period, Bobby Goldsmith Foundation (BGF) achieved a net surplus of \$313,204 from fundraising activities defined under the Charitable Fundraising Act. BGF received income from four sources of activity Corporate Responsibility (MAC Aids Fund), Friends programme, direct donations, and direct mail appeals. The gross proceeds from these activities are disclosed in Note 3 and realised \$459,257. The costs associated with these activities, which included the pro-rata cost of direct fundraising staff was \$146,053.

BGF also runs a small number of commercial events in association with its fundraising activities. These events are operated on a commercial basis and include Charity Housie, Bake Off and Glamstand. BGF and St Vincent's Hospital also received the benefit of the proceeds of the World Aids Day Dinner (WADD) auction. BGF as the authorised Charitable Fundraiser has recorded the gross proceeds and associated expenditures from WADD within the financial statements. Any profits from these events would then be used to fund our operations. During the reporting period, the gross proceeds from these commercial activities were \$241,757. The cost of these events including the cost of staffing was \$262,321, resulting in a loss from commercial events of \$20,564.

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

18. Fundraising Activities (Continued)

Fundraising appeals as classified by the Charitable Fundraising Act conducted during the reporting period:

Corporate Responsibility (MAC Aids Fund)
 Friends Programme
 Direct Donations
 Direct Mail Appeals

Charity Housie is also covered by the Office of Liquor, Gaming and Racing (OLGR). The OLGR requires that no more than 75% of the gross proceeds are paid out as prizes and BGF must receive at least 12.5% of the gross proceeds. BGF considers Charity Housie to be a commercial fundraising activity and discloses it separately to donation activities.

Comparison of monetary figures and percentages

30-Jun-11

(\$)

Total cost of fundraising / Gross proceeds from fundraising	852,585 / 1,169,234 = 73%
Net Surplus from fundraising / Gross proceeds from fundraising	316,649 / 1,169,234 = 27%
Total cost of services / Total expenditure	1,265,040 / 3,068,042 = 41%
Total cost of services / Total income	1,265,040 / 2,733,451 = 46%

Comparison of monetary figures and percentages

30-Jun-12

(\$)

Total cost of fundraising / Gross proceeds from fundraising	408,374 / 701,014 = 58%
Net Surplus from fundraising / Gross proceeds from fundraising	292,640 / 701,014 = 42%
Total cost of services / Total expenditure	1,049,148 / 2,440,470 = 43%
Total cost of services / Total income	1,049,148 / 1,945,597 = 54%

Bobby Goldsmith Foundation (a company limited by guarantee)
Notes to the Financial Statements for the year ended 30 June 2012

18. Fundraising Activities (Continued)

Detailed information of Fundraising Income and Expenses

	Cost	Proceeds	Surplus / (Deficit)	2012	2011
	(\$)	(\$)	(\$)	%	%
Specific Appeal Comparisons (Total Cost/ Gross proceeds)					
- Friends Programme	39,666	147,084	107,418	27.0	34.2
- Direct Donations	29,226	110,889	81,663	26.4	33.7
- Direct Mail Appeals	37,443	50,584	13,141	74.0	60.5
- Corporate Responsibility (MAC Aids Fund)	39,719	150,700	110,981	26.4	0.0
Total Specific Appeal Comparisons	146,054	459,257	313,204	31.8	27.6
Gross comparisons including fundraising not covered by the Charitable Fundraising Act (CFA)					
- Events	156,220	103,658	(52,562)	150.7	112.6
- Merchandising	664	1,267	603	52.4	33.7
- Charity Housie	105,437	136,832	31,395	77.1	70.1
Total Non CFA Comparisons	262,321	241,757	(20,564)	108.5	103.5
Total Fundraising Comparisons	408,375	701,014	292,640	58.3	72.9

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 to 36, are in accordance with the *Corporations Act 2001*:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
3. In the directors opinion they consider that they have complied with the requirements of the Charitable Fundraising Act 1991 and the Regulations.

This declaration is made in accordance with a resolution of the Board of Directors.

Damien Hodgkinson

Jennifer Nairne

Dated this 19th day of November 2012

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
BOBBY GOLDSMITH FOUNDATION**

ABN 55 931 152 366

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55 Hunter Street
SYDNEY NSW 2000

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SYDNEY NSW 2001

Telephone: +61 2 9951 5400
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Website www.wwnsw.com.au

Report on the Financial Report

We have audited the accompanying financial report of Bobby Goldsmith Foundation which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Company.

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 and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Audit 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 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 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 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. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Bobby Goldsmith Foundation on 30 June 2012 would be in the same terms if provided to the directors as at the time of this auditors' report.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
BOBBY GOLDSMITH FOUNDATION**

Audit Opinion

In our opinion:

- a. the financial report of Bobby Goldsmith Foundation 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 2012 and of the performance for the period ended on that date ; and
 - ii. complying with Australian Accounting Standards and the Corporations Act 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

We also report that:

- a. the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;
- b. the accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;
- c. money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and
- d. at the date of this report, there are reasonable grounds to believe that the company will be able to pay the debts as and when they fall due.

Walker Wayland NSW
Chartered Accountants

A S Roger
Partner

Dated this day of November 2012