



**Financial Report  
for the  
Year Ended 30 June 2010**

**Indigenous Community Volunteers Limited  
ABN 90 093 123 418**

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

## Directors' Report

Your Directors submit their report for the year ended 30 June 2010.

### Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

<b>Members for the Board</b>	<b>Special Responsibilities</b>	<b>Qualifications and Experience</b>	<b>Terms of Appointment</b>
B Armstrong AO	Co-Chairman	Director of Austcare and various other Companies	2007 AGM to 2010 AGM
Dr J Elu, AO	Co-Chairman	PhD (Hon) Mayor of Northern Peninsular Area Regional Council & Director of Seisia Enterprises Pty Ltd	2007 AGM to 2010 AGM
S Kalinko	Director	BCom LLB, Director (of FSA Group Ltd and Hydro Tasmania) and Mediator	Nov 2005 to 2012 AGM
J Lang OAM	Director and Chair Audit & Risk Mgt Committee	Director of ACPE Ltd and various other Companies	2008 AGM to 2011 AGM
K Milward	Director Member – Audit & Risk Mgt Committee	Consultant to various companies and organisations	May 2008 to 2011 AGM
Dr M Muth	Director and Member – Audit & Risk Mgt Committee	BSc MBA PhD, Trustee of Harvard Club of Australia Foundation, Director of Union Club	Nov 2005 to 2012 AGM
G Reynolds Adamson	Director	Director of WA Tourism Board and Indigenous Business Australia	Nov 2005 to 2012 AGM
B Valadian	Director	Executive Director, Aboriginal Development Foundation	2007 AGM to 2010 AGM

Chief Executive Officer: Gregory Andrews

Company Secretary: Stanley Kalinko, BCom LLB

Corporate & Finance Manager: Peter Morison

## **Directors' Report Continued**

### **Principal Activities**

The principal activity during the financial year was the implementation of a Volunteer Program to assist Indigenous Communities in Australia.

### **Review and Results of Operations**

The financial statements of the Company are set out from page 7 of this report.

For the financial year ended 30 June 2010, the company has an operating deficit of \$3,166,863 (2009: \$866,319) and total net assets of \$15,134,547 (2009: \$18,301,410).

### *Material events or uncertainties*

At the time of writing this report, the Directors are not aware of any material events or uncertainties that might affect the financial position of the company.

### **Likely Developments**

The Directors are not aware of any likely developments in the operations of the Company that were not finalised at the date of this report.

### **Significant changes in the State of Affairs**

There were no significant changes in the state of affairs of the Company during the financial year.

Indigenous Community Volunteers has now been recognised as a Public Benevolent Institution with the Australian Taxation Office.

### **Employees**

The company had 37 employees as at 30 June 2010 (2009: 33).

## Directors' Report Continued

### Meetings of Directors

The number of meetings of the company's Board of Directors and the Finance and Audit Committee held during the year ended 30 June 2010, and the numbers of meetings attended by each Director were:

	Board of Directors		Audit and Risk Management Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
<b>Total Meetings Held</b>				
<b>Number of meetings attended by:</b>				
J Elu	6	3	-	1
B Armstrong	6	6	-	2
B Valadian	6	5	-	-
J Lang	6	6	6	6
K Milward	6	4	6	5
S Kalinko	6	6	-	-
G Reynolds-Adamson	6	5	-	-
M Muth	6	4	6	5

### *Benefits and Interests in contracts with the Members of the Board*

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

Indigenous Community Volunteers (ICV) Directors are covered by Director's Liability insurance through QBE Insurance Limited to the value of \$7,500,000. The current policy is for the period 1 May 2010 to 1 May 2011.

The total amount of insurance contract premiums paid was \$7,395.

### **Matters Subsequent to the End of the Financial Year**

Other than as disclosed above, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- The Company's operations in future financial years;
- The results of those operations in future financial years; and
- The Company's state of affairs in future financial years.

### **Environmental Regulations**

The directors have not received notification nor are they aware of any breaches of environmental laws by the Company.

## Directors' Report Continued

### Auditor Independence

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

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



Joseph Elu, AO  
Co-Chair  
Canberra  
28 September 2010



Bill Armstrong, AO  
Co-Chair  
Canberra  
28 September 2010

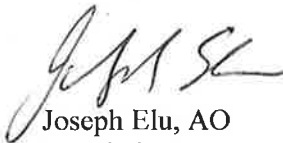
## Directors' Declaration

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

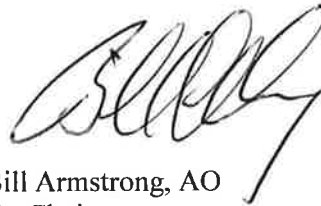
In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on the date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001, and other mandatory professional reporting requirements.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Joseph Elu, AO  
Co-Chair  
28 September 2010



Bill Armstrong, AO  
Co-Chair  
28 September 2010

## Statement of Comprehensive Income

Year Ended 30 June 2010

	2010 \$	2009 \$
<b>REVENUES</b>		
Commonwealth funding	300,000	3,423,108
Interest income	284,207	722,681
Dividend income	813,589	799,008
Other income	173,860	263,553
Realised gains on investments	768,158	-
Unrealised gains on investments	405,763	-
Net gain on disposal of motor vehicle	2,273	-
	<b>2,747,850</b>	<b>5,208,350</b>
<b>EXPENSES</b>		
Audit fees	(43,291)	(48,726)
Board member costs	(208,922)	(170,676)
Employee wages	(2,593,011)	(2,011,882)
Contractors/Consultants	(214,138)	(243,132)
Volunteer Preparation Program/Facilitator expenses	(260,087)	(63,049)
Depreciation and amortisation	(136,232)	(132,015)
Employee travel	(384,657)	(504,801)
Insurance	(53,546)	(36,011)
IT consulting	(97,165)	(121,143)
Impairment loss	-	(51,370)
Rent	(337,373)	(320,359)
Marketing and promotional activities	(65,953)	(142,774)
Office expenditure	(326,365)	(255,321)
Volunteer project expenses	(898,204)	(510,651)
Unrealised losses on investments	-	(827,559)
Realised losses on investments	-	(361,805)
Net loss on sale of motor vehicles	-	(3,779)
Other	(295,769)	(269,616)
	<b>(5,914,713)</b>	<b>(6,074,669)</b>
<b>NET OPERATING DEFICIT</b>	<b>(3,166,863)</b>	<b>(866,319)</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(3,166,863)</b>	<b>(866,319)</b>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

**Balance Sheet**

As at 30 June 2010

	<i>Notes</i>	<b>2010</b> \$	<b>2009</b> \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8(b)	2,324,321	2,701,353
Trade and other receivables	3	252,366	373,803
Prepayments		23,353	41,499
Investments	5	11,756,154	14,416,017
<b>TOTAL CURRENT ASSETS</b>		<b>14,356,194</b>	<b>17,532,672</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4(a)	276,101	260,194
Intangibles	4(b)	71,608	-
Investments	5	965,705	953,821
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,313,414</b>	<b>1,214,015</b>
<b>TOTAL ASSETS</b>		<b>15,669,608</b>	<b>18,746,687</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	529,823	444,975
<b>TOTAL CURRENT LIABILITIES</b>		<b>529,823</b>	<b>444,975</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	7	5,238	302
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,238</b>	<b>302</b>
<b>TOTAL LIABILITIES</b>		<b>535,061</b>	<b>445,277</b>
<b>NET ASSETS</b>		<b>15,134,547</b>	<b>18,301,410</b>
<b>EQUITY</b>			
Accumulated surpluses		15,134,547	18,301,410
<b>TOTAL EQUITY</b>		<b>15,134,547</b>	<b>18,301,410</b>

*The above Balance Sheet should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**

**Year Ended 30 June 2010**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from external parties	613,443	1,185,246
Payments to suppliers and employees	(5,688,695)	(5,490,536)
Dividend received	813,589	799,007
Interest received	284,207	859,203
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>8(a) (3,977,456)</b>	<b>(2,647,080)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(223,747)	(144,860)
Sale of property, plant and equipment	2,273	10,455
Purchase of investments	(4,653,303)	(9,814,596)
Proceeds from sale of held for trading investments	6,511,375	12,429,244
Proceeds from held to maturity investments	1,963,826	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>3,600,424</b>	<b>2,480,243</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(377,032)</b>	<b>(166,837)</b>
Cash and cash equivalents at beginning of year	2,701,353	2,868,190
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>8(b) 2,324,321</b>	<b>2,701,353</b>

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

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**Statement of Changes in Equity**

	<b>Accumulated Surpluses</b>	<b>Total</b>
<b>Year Ended 30 June 2010</b>		
Balance at the beginning of the year	18,301,410	18,301,410
Net deficit	(3,166,863)	(3,166,863)
Other comprehensive income	-	-
	<hr/>	<hr/>
Balance at the end of the year	15,134,547	15,134,547
	<hr/>	<hr/>
<b>Year Ended 30 June 2009</b>		
Balance at the beginning of the year	19,167,729	19,167,729
Net deficit	(866,319)	(866,319)
Other comprehensive income	-	-
	<hr/>	<hr/>
Balance at the end of the year	18,301,410	18,301,410
	<hr/>	<hr/>

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

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies

The financial report was authorised for issue in accordance with a resolution of the Directors on 27 September 2010.

#### (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 and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for held for trading investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

#### (b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### (c) New Accounting Standards and Interpretations

##### (i) *Changes in accounting policy and disclosures*

The Company had adopted the following amended Australian Accounting Standards as of 1 July 2009:

*AASB 101 Presentation of Financial Statements (revised 2007)*  
*AASB 7 Financial Instruments: Disclosures*

When the adoption of a Standard is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

##### *AASB 101 Presentation of Financial Statements (revised 2007)*

The revised Standard separates owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new Statement of Comprehensive Income. The Statement of Comprehensive Income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present one statement.

##### *AASB 7 Financial Instruments: Disclosures*

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. The fair value measurements are presented in note 2. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 2.

##### (ii) *Australian Standards and Interpretations issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2010. The expected impact of these accounting standards should not materially alter the accounting policies of the Company.

**Notes to the Financial Statements (continued)**

**1. Summary of Significant Accounting Policies (continued)**

**(d) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet 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.

**(e) Trade and other receivables**

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for impairment. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

**(f) Property, plant and equipment**

Plant and equipment is stated at historical 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:

	2010	2009
Office Equipment	3 to 10 years	2 to 3 years
Motor Vehicles	4 years	4 years
Database Construction	5 years	5 years

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

*Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of Comprehensive Income.

**(g) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. 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.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements (continued)**

**1. Summary of Significant Accounting Policies (continued)**

**(h) Investments**

Investments and financial assets are recognised as either financial assets at fair value through profit or loss, held-to-maturity investments, or available for sale financial assets. The classification depends on the purpose for which the investments were required. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

*Recognition and Derecognition*

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

*Subsequent Measurement*

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

*(ii) Held to maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity as the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held to maturity are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

*(iii) Available-for-sale securities*

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in the category or not classified in any other category. After initial recognition available for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is recognised or until the investment is determined to be impaired, at the which time the cumulative gain or loss previously report in equity is recognised in profit or loss.

The fair values of investments that are actively traded in recognised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

**(i) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payment in respect of the purchase of these goods and services.

**1. Summary of Significant Accounting Policies (continued)**

**(j) Revenue recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Commonwealth funding*

Commonwealth funds are recognised as income when received without directly giving approximately equal value to the other party or parties to the transfer. Contributions received or receivable are recognised immediately as revenue when the company obtains control of the contributions, it is possible that the economic benefits comprising the contribution will flow to the company and the amount of the contribution can be measured reliably.

*Interest income*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carry amount of the financial asset.

*Dividends*

Revenue is recognised when the right to receive the payment is established.

**(k) Taxes**

*Income taxes*

The Company is exempt from income tax under the provisions of Section 50-40 of the Incomes Tax Assessment Act 1997, as amended, exempting the Company from income tax as a company established for the purpose of closing the gap of indigenous disadvantage by promoting human and community development through volunteers, and not carried on for the profit or gain of its individual members.

*Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**Notes to the Financial Statements (continued)**

**1. Summary of Significant Accounting Policies (continued)**

**(l) Provisions and employee benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

*Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 month of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

*Long service leave*

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 expected 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.

**(m) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

**Notes to the Financial Statements (continued)**

**2. Financial Risk Management Objectives and Policies**

The Company's principle financial instruments comprise receivables, payables, held-for-trading investments, held-to-maturity investments and cash.

The Company manages its exposure to key financial risks, including credit risk and price risk in accordance with its financial risk/investment policy. The objective of the policy is to adopt a conservative investment strategy that achieves:

- (a) benchmark returns;
- (b) reasonable prospect for capital growth; and
- (c) an acceptable degree of security for invested funds within the approved asset classes.

The Company's investment portfolio is managed by Goldman Sachs JB Were (GSJBW) and overseen by the Chief Executive Officer (CEO), Corporate & Finance Manager and the Audit and Risk Management Committee.

Primary responsibility for identification and control of financial risks rest with management through the Audit and Risk Management (ARM) Committee under the authority of the Board.

The main risks arising from the Company's financial instruments are price risk, liquidity risk, credit risk, interest rate risk and fair value risk.

**(a) Price Risk**

The Company's exposure to equity securities price risk is high as it invests heavily in equity securities as part of its growth portfolio. To minimise this risk the Company diversifies its portfolio in accordance with limits set by the Board. Equity investments are selected from the S&P/ASX200 as per recommendations from GSJBW. The table below summarises the impact of increases/(decreases) of the S&P/ASX200 on ICV's profit or loss and on equity.

Impact on surplus	2010		2009	
S&P/ASX200	-10%	10%	-10%	10%
Held for trading Investments	(1,075,684)	1,075,684	(1,144,099)	1,144,099
Impact on equity	2010		2009	
S&P/ASX200	-10%	10%	-10%	10%
Held for trading Investments	-	-	-	-

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Notes to the Financial Statements (continued)

2. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity Risk

Liquidity risk is managed by:

- (a) maintaining sufficient cash and marketable securities to meet cash flow requirements; and
- (b) continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following contractual maturity analysis outlines the Company's liquidity management:

Year ended June 2010	≤6 months	6-12 months	1-5 years	Total
<b>Financial Assets</b>				
Cash and cash equivalents	2,324,321	-	-	2,324,321
Trade and other receivables	252,366	-	-	252,366
Held to maturity investments	999,315	-	965,705	1,965,020
Investments held for trading	10,756,841	-	-	10,756,841
<b>Financial Liabilities</b>				
Trade payables	(368,505)	-	-	(368,505)
<b>Total</b>	<b>13,964,338</b>	<b>-</b>	<b>965,705</b>	<b>14,930,043</b>
<hr/>				
Year ended June 2009	≤6 months	6-12 months	1-5 years	Total
<b>Financial Assets</b>				
Cash and cash equivalents	2,701,353	-	-	2,701,353
Trade and other receivables	322,679	-	-	322,679
Held to maturity investments	999,582	1,975,443	953,821	3,928,846
Investments held for trading	11,440,992	-	-	11,440,992
<b>Financial Liabilities</b>				
Trade payables	(374,265)	-	-	(374,265)
<b>Total</b>	<b>15,090,341</b>	<b>1,975,443</b>	<b>953,821</b>	<b>18,019,605</b>

The Company's total liquidity risk is relatively low due to the asset allocation contained within its investment portfolio (comprising investments held for trading, investments held to maturity, and cash and cash equivalents) are as follows:

Asset class	Percentage of portfolio
Fixed Interest	13.05%
Income Securities	19.35%
Australian/International equities	47.11%
Listed property trusts	4.98%
Cash	15.51%

Investments held by the Company are restricted in so far as the Commonwealth's approval is required before capital over a threshold of \$3,000,000 can be withdrawn. Instead, the investment income acts as an important level of base funding each year. This restriction serves to protect any liquidity problems through safeguarding the use of these investments.

**Notes to the Financial Statements (continued)**

**2. Financial Risk Management Objectives and Policies (continued)**

**(b) Liquidity Risk (continued)**

*Funding from Government*

In 2003-04, the Company received a one-off grant payment of \$20m from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to establish its own recurrent funding source. The Company invested these funds, and continues to drawdown amounts as required to fund operational activities. The Company also receives smaller grants from both Government and the private sector; however the amount of recurrent grant funding has significantly reduced.

Under the terms of the funding agreement with FaHCSIA around the provision of the capital base, the Company is required to obtain approval for drawdowns in excess of \$3m in any financial year. The agreement also provides capacity for FaHCSIA to request repayment of the unspent grant funding on expiry of the funding agreement in 2015.

In the absence of approval from FaHCSIA to drawdown additional funds above the allowed \$3m p.a., there is limited capacity for the Company to fund ongoing operational expenditure at the present level. At present rates of operational expenditure, the Company is only financially secure in its next two to three years, after which the fundraising campaign embarked upon in 2010 is expected to realise sufficient returns for economic independence.

**Notes to the Financial Statements (continued)**

**2. Financial Risk Management Objectives and Policies (continued)**

**(c) Credit Risk**

Credit risks arises from the financial assets of the Company, which comprise cash and cash equivalents, receivables, held for trading investments, and fixed interest securities. The Company's exposure to credit risks arises from potential default of the counter party, with a maximum exposure equal to the carry amount of these instruments. Exposure at balance date is addressed in each applicable note.

There are no significant concentrations of credit risk within the Company and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

The following table shows the credit ratings\* for the Company's cash, fixed interest investments and income securities:

	2010	2009
<b>Cash at bank and short-term bank deposits</b>		
AAA**	2,256,242	2,638,831
AA	68,079	62,522
	<u>2,324,321</u>	<u>2,701,353</u>
<b>Held-to maturity and Income Security investments</b>		
AAA	-	-
AA+	-	-
AA-	999,315	1,990,358
AA-	965,705	1,938,488
A+	1,867,990	2,413,750
BBB+	1,045,660	-
	<u>4,878,670</u>	<u>6,342,596</u>

\* Ratings based on Standard & Poor's

\*\*No longer rated, however invested exclusively in AAA rated money market

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

2. Financial Risk Management Objectives and Policies (continued)

(d) Summarised Sensitivity Analysis – Interest rate risk

The Company's exposure to market interest rates relates primarily to its cash and cash equivalents. These are disclosed in note 8.

At balance date, the Company had the following mix of financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2010	2009
<b>Financial assets</b>		
Cash and cash equivalents	2,324,321	2,701,353
<b>Total</b>	<b>2,324,321</b>	<b>2,701,353</b>

The following table summarises the sensitivity of the Company's assets and financial liabilities to interest rate risk.

<i>Judgements of reasonably possible movements:</i>	<b>Net surplus higher/(lower)</b>		<b>Equity higher/(lower)</b>	
	2010	2009	2010	2009
+1% (100 basis points)	2,324	2,701	2,324	2,701
-1% (100 basis points)	(2,324)	(2,701)	(2,324)	(2,701)

(e) Fair value

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

<i>Year ended 30 June 2010</i>	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares at fair value – held for trading	10,756,841	-	-	10,756,841
<b>Total</b>	<b>10,756,841</b>	<b>-</b>	<b>-</b>	<b>10,756,841</b>
 <i>Year ended 30 June 2009</i>				
Shares at fair value – held for trading	11,440,992	-	-	11,440,992
<b>Total</b>	<b>11,440,992</b>	<b>-</b>	<b>-</b>	<b>11,440,992</b>

Indigenous Community Volunteers Limited  
 Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

3. Trade and Other Receivables

	2010 \$	2009 \$
Trade debtors	-	19,982
Accrued interest	27,118	51,124
Supplier deposits	10,785	4,753
ATO receivables	213,250	297,944
Other	1,245	-
	<u>252,366</u>	<u>373,803</u>

Trade debtors are non interest bearing and have repayment terms of up to 30 days.

Ageing analysis of receivables:

	0-30 days	30-90 days	+ 91 days*	Total
2010	214,463	-	10,785	225,248
2009	308,729	-	13,950	322,679

\*Past due not impaired (PDNI).

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

4. Non-financial assets

(a) Property, plant and equipment

	Office Equipment	Motor Vehicles	Total Property, Plant and Equipment
	\$	\$	\$
<b>Year ended 30 June 2010</b>			
Carrying amount at 1 July 2009	194,889	65,305	260,194
Additions	106,416	41,955	148,371
Disposals	-	-	-
Depreciation expense for the year	(106,596)	(25,868)	(132,464)
Carrying amount at 30 June 2010	194,709	81,392	276,101
<b>At 30 June 2010</b>			
Cost	662,073	161,167	823,240
Accumulated depreciation	(467,364)	(79,775)	(547,139)
Net carrying amount	194,709	81,392	276,101
<b>Year ended 30 June 2009</b>			
Carrying amount at 1 July 2008	219,861	39,542	259,403
Additions	71,658	62,752	134,410
Disposals	-	(14,234)	(14,234)
Depreciation expense for the year	(96,630)	(22,755)	(119,385)
Carrying amount at 30 June 2009	194,889	65,305	260,194
<b>At 30 June 2009</b>			
Cost	592,811	134,944	727,755
Accumulated depreciation	(397,922)	(69,639)	(467,561)
Accumulated impairment	-	-	-
Net carrying amount	194,889	65,305	260,194

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

(b) Intangibles

	Internally developed software \$	Total Intangibles \$
<b>Year ended 30 June 2010</b>		
Carrying amount at 1 July 2009	-	-
Additions	75,376	75,376
Disposals	-	-
Amortisation expense for the year	(3,768)	(3,768)
	<hr/>	<hr/>
Carrying amount at 30 June 2010	71,608	71,608
<b>At 30 June 2010</b>		
Cost	75,376	75,376
Accumulated amortisation	(3,768)	(3,768)
	<hr/>	<hr/>
Net carrying amount	71,608	71,608
<hr/>		
	Internally developed software \$	Total Intangibles \$
<b>Year ended 30 June 2009</b>		
Carrying amount at 1 July 2008	53,550	53,550
Additions	10,450	10,450
Disposals	(51,370)	(51,370)
Amortisation expense for the year	(12,630)	(12,630)
	<hr/>	<hr/>
Carrying amount at 30 June 2009	-	-
<b>At 30 June 2009</b>		
Cost	64,000	64,000
Accumulated amortisation	(12,630)	(12,630)
Accumulated impairment	(51,370)	(51,370)
	<hr/>	<hr/>
Net carrying amount	-	-
	<hr/>	<hr/>

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

**5. Investments**

	<b>2010</b>	<b>2009</b>
	\$	\$
<i>Current</i>		
Commercial bills and floating rate notes at amortised cost – held to maturity investments	999,313	2,975,025
Shares at fair value*- held for trading	10,756,841	11,440,992
	<u>11,756,154</u>	<u>14,416,017</u>
<i>Non-current</i>		
Commercial bills and floating rate notes at amortised cost – held to maturity investments	965,705	953,821
	<u>12,721,859</u>	<u>15,369,838</u>

\*The market value of these investments as at 30 June 2010 includes an unrealised gain of \$405,763 (2009: unrealised loss of \$827,559).

**6. Payables**

Trade creditors	193,858	162,319
Annual leave payable	161,318	70,710
PAYG tax withheld	1,515	-
Accrued expenses	155,193	168,419
Superannuation payable	17,939	43,527
	<u>529,823</u>	<u>444,975</u>

Trade payables are on interest bearing and are normally settled on 30 day terms.

**7. Provisions (Non Current)**

Long service leave	5,238	302
	<u>5,238</u>	<u>302</u>

Indigenous Community Volunteers Limited  
 Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

**8. Cash Flow Statement Reconciliation**

	2010	2009
	\$	\$
<b>(a) Reconciliation of the net operating deficit to the net cash flows from operations</b>		
Net operating deficit	(3,166,863)	(866,319)
<b>Non-cash items</b>		
Depreciation of non-current assets	136,232	132,015
Net loss/(gain) on disposal of property, plant and equipment	(2,273)	3,779
Unrealised (gain)/loss in investments	(1,173,921)	1,189,364
Impairment of property, plant and equipment	-	51,370
<b>Changes in assets and liabilities</b>		
Decrease in trade and other receivables	139,583	103,491
Increase/(decrease) in trade and other creditors	(5,758)	145,899
Decrease in deferred income	-	(3,423,108)
Increase in employee benefits	95,544	16,429
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(3,977,456)</u>	<u>(2,647,080)</u>

**(b) Reconciliation of cash**

Cash balance comprises		
- cash at the bank and in hand	<u>2,324,321</u>	<u>2,701,353</u>
	<u>2,324,321</u>	<u>2,701,353</u>

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

Notes to the Financial Statements (continued)

**9. Auditors Remuneration**

Amounts received or due and receivable  
by the auditor for:

	2010 \$	2009 \$
- audit of the financial report	43,291	47,976
- workers compensation audit	-	750
	<u>43,291</u>	<u>48,726</u>

**10. Expenditure Commitments**

*Operating lease (non-cancellable) commitments*

Minimum lease payments

-no later than one year	240,507	277,930
-later than one year and not later than five years	92,472	225,158
-later than five years	-	-
	<u>332,979</u>	<u>503,088</u>

The Company has entered into commercial property leases. These leases have an average life of between three and five years with options for renewal included in the contracts.

**11. Key Management Personnel Disclosures**

**(a) Details of Key Personnel**

*(i) Directors (all non-executive)*

J Elu, AO	Co-Chairman
B Armstrong, AO	Co-Chairman
B Valadian	Director
J Lang, AOM	Director
K Milward	Director
M Muth	Director
S Kalinko	Director and Company Secretary
G Reynolds-Adamson	Director

*(ii) Executive Management*

G Andrews	Chief Executive Officer
P Morison	Corporate & Finance Manager
S Harvey	Advocacy & Fundraising Manager
D Bennett	Program Manager

Indigenous Community Volunteers Limited  
Financial Report for the year ended 30 June 2010

**Notes to the Financial Statements (continued)**

**11. Key Management Personnel Disclosures (continued)**

**(b) Related Party Disclosures**

There were no related party transactions between Directors or entities Directors hold office in and ICV during the year ended 30 June 2010 (2009: nil).

**(c) Key Management Personnel Compensation**

	<b>2010</b>	<b>2009</b>
	\$	\$
Short term	618,677	451,392
Post Employment (Superannuation)	61,796	40,384
	<hr/>	<hr/>
	<b>680,473</b>	<b>491,776</b>

**13. Events after Balance Date**

There have been no significant events occurring after balance sheet date.

**14. Corporate Information**

The Company is a company limited by guarantee, and is incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Indigenous Community Volunteers  
Level 4, Novell Building  
71 Northbourne Avenue  
CANBERRA ACT 2601

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

We have audited the accompanying financial report of Indigenous Community Volunteers Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***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 and International Standards on Auditing. 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 our 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, we consider 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 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

### **Auditor's Opinion**

In our opinion:

1. the financial report of Indigenous Community Volunteers Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of Indigenous Community Limited at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*Ernst + Young*

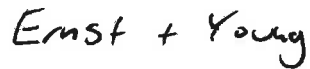
Ernst & Young

*Ben Tansley*

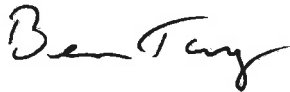
Ben Tansley  
Partner  
Canberra  
28 September 2010

## 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 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Ben Tansley'.

Ben Tansley  
Partner  
28 September 2010