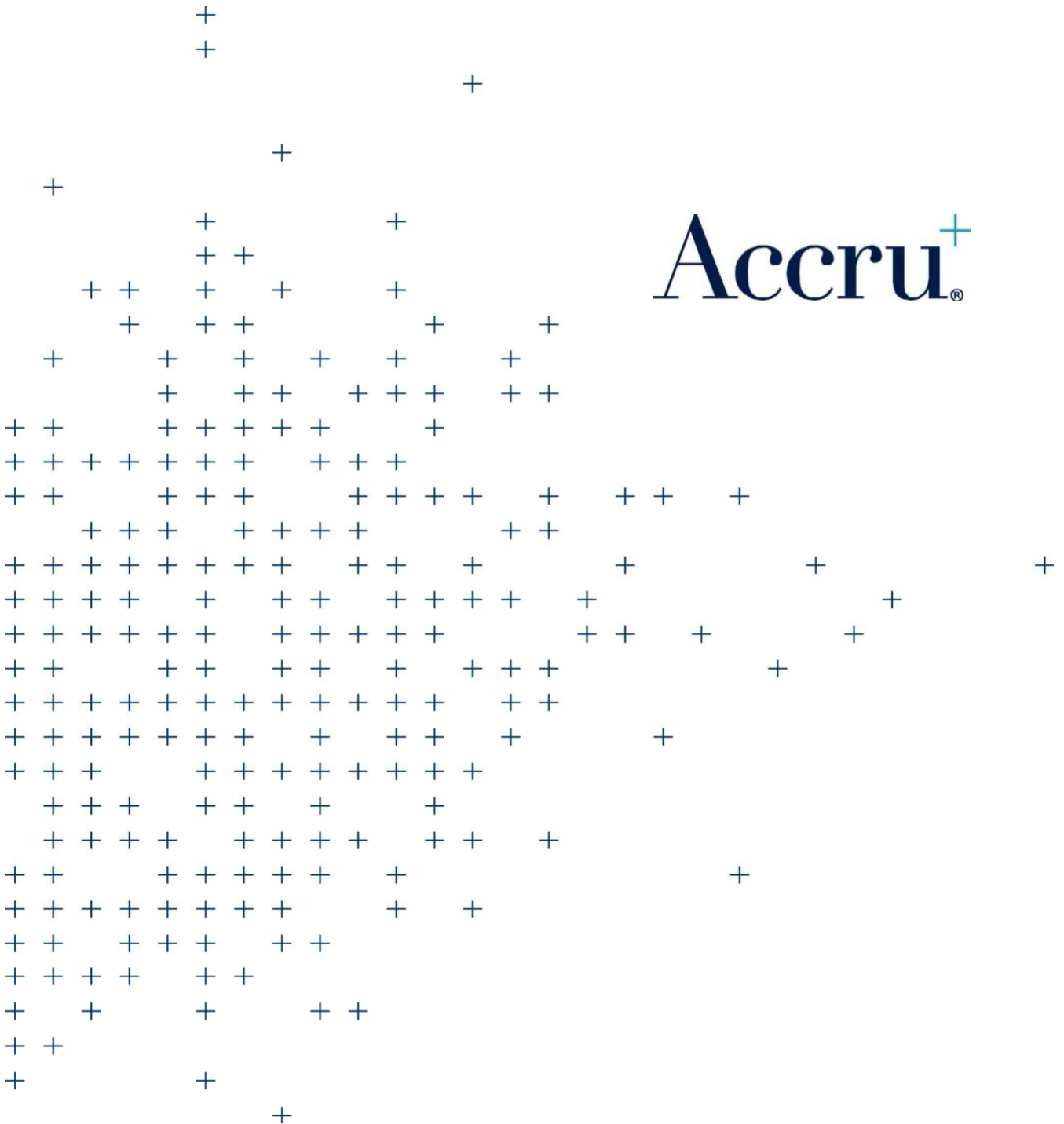


**THE FREEMASONS PUBLIC CHARITABLE
FOUNDATION**

ABN 97 577 321 065

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**



Accru⁺[®]

The Freemasons Public Charitable Foundation

Contents

For the Year Ended 30 June 2017

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 60 of Australian Charities and Not-for-profits Commission Act 2012	3
Statement of Surplus or Deficit and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Responsible Persons' Declaration	12
Independent Audit Report	13

The Freemasons Public Charitable Foundation

Directors' Report

30 June 2017

The directors of Freemasons Foundation Victoria Limited (Trustee Company) present their report on The Freemasons Public Charitable Foundation (Trust) for the financial year ended 30 June 2017.

The Trust was created on 1st December 1998 pursuant to a Trust Deed and at which time the Corpus was established. In compliance with changes to legislation, a Deed of Variation was signed on 23rd July 2012 appointing Freemasons Foundation Victoria Limited (formerly The Freemasons Public Charitable Foundation Limited), a company limited by guarantee, as Trustee.

Directors

The names of the directors of the Trustee Company in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Andre John Clayton	Chairman	
George Stanley Streitberg	Deputy Chairman	
Timothy John Clark		
Andrew Stuart Dexter		
Edward William Finch		
Frank Charles David Fordyce		Resigned on 09/11/16
David Ian Gibbs		
Jane Elizabeth Hill		
Myles King		
Philip David Mayers		Appointed on 09/11/16
Barry Edward Minster		
Carol Scholes-Robertson		

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. No remuneration was paid to any Director.

Company secretary

The following persons held the position of Trust secretary at the end of the financial year:

Neil Gregory Cripps - since 09/11/16

John Royston Alderton - from 01/07/16 until 09/11/16

Principal activities

The Freemasons Public Charitable Foundation is a Trust and is registered as a Public Ancillary Fund whose main purpose is to raise funds, and to make grants to Deductible Gift Recipient Charities.

There were no significant changes in the nature of The Freemasons Public Charitable Foundation's principal activities during the financial year.

Operating results

The surplus of the Trust amounted to \$ 478,675 (2016: \$ 592,963).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Trust during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in future financial years.

The Freemasons Public Charitable Foundation

Directors' Report

30 June 2017

Likely developments

Likely developments in the operations of the Trust and the expected results of those operations are not expected to materially change the results of future operations.

Indemnification and insurance of officers and auditors

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of The Freemasons Public Charitable Foundation.

Insurance premiums


During or since the end of financial year, the Trust has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts. Such insurance contracts insure certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Trust.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2017 has been received and can be found on page 3 of the financial report.

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

Chairman: 

Andre John Clayton

Dated 11 October 2017

The Freemasons Public Charitable Foundation

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Members of The Freemasons Public Charitable Foundation

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



ACCRU MELBOURNE (AUDIT) PTY LTD
Chartered Accountants



G D WINNETT
Director

50 Camberwell Road
HAWTHORN EAST VIC 3123

11 October 2017

The Freemasons Public Charitable Foundation

Statement of Surplus or Deficit and Other Comprehensive Income
For the Year Ended 30 June 2017

	2017	2016
	\$	\$
Dividend and interest revenue	1,142,959	1,042,786
Donations	40,063	246,336
Management charge	(29,844)	(22,207)
Distributions	(593,451)	(580,261)
Investment management	(57,592)	(61,582)
Other expenses	(23,460)	(32,109)
Surplus for the year	478,675	592,963
Other comprehensive income:		
Items that will not be reclassified to surplus or deficit		
Net fair value movements for financial assets	189,647	(411,452)
Net profit on sale of financial assets	54,582	141,789
Other comprehensive income/(loss) for the year	244,229	(269,663)
Total comprehensive income for the year	722,904	323,300

The accompanying notes form part of these financial statements.

The Freemasons Public Charitable Foundation

Statement of Financial Position

As At 30 June 2017

	2017	2016
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2 101,423	732,629
Trade and other receivables	3 584,853	611,794
TOTAL CURRENT ASSETS	<u>686,276</u>	<u>1,344,423</u>
NON-CURRENT ASSETS		
Financial assets	4 14,864,174	13,489,115
TOTAL NON-CURRENT ASSETS	<u>14,864,174</u>	<u>13,489,115</u>
TOTAL ASSETS	<u>15,550,450</u>	<u>14,833,538</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	5 23,685	29,677
TOTAL CURRENT LIABILITIES	<u>23,685</u>	<u>29,677</u>
NET ASSETS	<u>15,526,765</u>	<u>14,803,861</u>
EQUITY		
Original Endowment	9 100	100
Reserves	9 15,890,481	15,347,009
Accumulated deficiency	(363,816)	(543,248)
TOTAL EQUITY	<u>15,526,765</u>	<u>14,803,861</u>

The accompanying notes form part of these financial statements.

The Freemasons Public Charitable Foundation

Statement of Changes in Equity

For the Year Ended 30 June 2017

	Accumulated Deficiency	Original Endowment	Capital Account	Capital Preservation Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	(543,248)	100	11,688,891	1,952,159	1,705,959	14,803,861
Surplus for the year	478,675	-	-	-	-	478,675
Other comprehensive income						
Net fair value movements for financial assets	-	-	-	-	189,647	189,647
Net profit on sale of financial assets	-	-	-	-	54,582	54,582
Transfers						
Transfer to capital account	(40,063)	-	40,063	-	-	-
Transfer to capital preservation reserve	(259,180)	-	-	259,180	-	-
Balance at 30 June 2017	(363,816)	100	11,728,954	2,211,339	1,950,188	15,526,765
Balance at 1 July 2015	(757,254)	100	11,442,555	1,819,538	1,975,622	14,480,561
Surplus for the year	592,963	-	-	-	-	592,963
Other comprehensive income						
Net fair value movements for financial assets	-	-	-	-	(411,452)	(411,452)
Net profit on sale of financial assets	-	-	-	-	141,789	141,789
Transfers						
Transfer to capital account	(246,336)	-	246,336	-	-	-
Transfer to capital preservation reserve	(132,621)	-	-	132,621	-	-
Balance at 30 June 2016	(543,248)	100	11,688,891	1,952,159	1,705,959	14,803,861

The accompanying notes form part of these financial statements.

The Freemasons Public Charitable Foundation

Statement of Cash Flows
For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Donations received	265,813	20,586
Payments to suppliers and beneficiaries	<u>(721,898)</u>	<u>(760,417)</u>
Net cash provided by/(used in) operating activities	6 <u>(456,085)</u>	<u>(739,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividend and franking credits received	955,308	865,338
Interest received	401	1,409
Proceeds from sale of financial assets	2,621,840	2,082,980
Purchase of financial assets	<u>(3,752,670)</u>	<u>(6,545,269)</u>
Net cash provided by/(used in) investing activities	<u>(175,121)</u>	<u>(3,595,542)</u>
Net increase/(decrease) in cash and cash equivalents held	(631,206)	(4,335,373)
Cash and cash equivalents at beginning of year	<u>732,629</u>	<u>5,068,002</u>
Cash and cash equivalents at end of financial year	2 <u><u>101,423</u></u>	<u><u>732,629</u></u>

The accompanying notes form part of these financial statements.

The Freemasons Public Charitable Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report covers The Freemasons Public Charitable Foundation as an individual entity. The Freemasons Public Charitable Foundation is a not-for-profit Trust domiciled in Australia and primarily involved in charitable purposes.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

1 Summary of Significant Accounting Policies

(a) Income tax

The Trust is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Trust and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Donations

Donations and bequests are recognised as revenue when the right to receive payment is established.

Interest revenue

Interest is recognised using the effective interest method.

Dividend revenue

Dividends are recognised when the Trust's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. The Trust does not pay tax, dividends and dividend franking credits are received in cash, and accordingly the Trust does not have a dividend franking account.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(d) Distributions

Distributions to beneficiaries represent grants made by the Trust to charitable organisations and are recognised as incurred when the directors of the Trustee Company approve the grant application.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Trust becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. The Trust's trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Trust's non-derivative financial assets comprise listed securities. Financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income. For investments in equity instruments that are not held for trading, the Trust elects at initial recognition to present gains and losses in other comprehensive income. Gains and losses are never reclassified to surplus or deficit and no impairment losses are recognised in surplus or deficit.

Financial liabilities

Financial liabilities are classified as other financial liabilities. The Trust's financial liabilities include trade and other payables, which are measured at amortised cost.

Impairment of financial assets

Impairment of financial assets

At the end of the reporting period the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at fair value through other comprehensive income

For an investment in an equity security, all changes in fair value including decreases in fair value are recognised through other comprehensive income and not reclassified to the statement of surplus and deficit. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(g) Fair value of assets

The Trust measures its financial assets at fair value on a recurring basis. Fair value is the price the Trust would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy. The assigned level for financial asset held at fair value by the Trust is level 1: unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

(h) Comparative amounts

Comparatives are consistent with prior years, unless otherwise stated.

The Freemasons Public Charitable Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

2	Cash and Cash Equivalents		
		2017	2016
		\$	\$
	Cash at bank	101,423	732,629
3	Trade and Other Receivables		
	CURRENT		
	Prepayments	5,739	-
	GST receivable	11,559	-
	Accrued income	446,941	477,407
	Franking credit refund	120,614	134,387
		584,853	611,794
4	Financial Assets		
	NON-CURRENT		
	Financial assets measured at level 1 fair value:	14,864,174	13,489,115
5	Trade and Other Payables		
	CURRENT		
	Trade payables	584	-
	Sundry payables and accrued expenses	23,101	29,677
		23,685	29,677
6	Cash Flow Information		
	Reconciliation of net surplus to net cash provided by operating activities:		
	Surplus for the year	478,675	592,963
	Cash flows excluded from surplus attributable to operating activities		
	- dividend and interest income	(1,142,959)	(1,042,786)
	Non-cash flows in surplus:		
	- donations	-	(225,750)
	Changes in assets and liabilities:		
	- (increase)/decrease in trade and other receivables	214,191	-
	- increase/(decrease) in trade and other payables	(5,992)	(64,258)
	Cashflows from operations	(456,085)	(739,831)
7	Contingent Liabilities		
	Monash Health		
	Contingent payables within next 5 years	1,500,000	-

Freemasons Foundation Victoria Limited as Trustee Company of The Freemasons Public Charitable Foundation entered a Philanthropic Gift Deed with Monash Health commenced on 15 December 2016 for the philanthropic gift of \$1,800,000 installments over a period of six years ending on 15 December 2021. In accordance with the Deed, both parties may terminate the Deed without cause by providing 90 days prior written notice.

The Freemasons Public Charitable Foundation

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Financial Risk Management

The Trust's financial instruments consist mainly of deposits with banks, available-for-sale financial assets, accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are disclosed in the statement of financial position and in the notes to the financial statements.

The Directors of Freemasons Foundation Victoria Limited have overall responsibility for the establishment of The Freemasons Public Charitable Foundation's financial risk management framework including investment policy. The directors monitor the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors. The primary goal of the Trust's investment strategy is to maximise investment returns whilst preserving capital and management is assisted by external advisers in this regard. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Freemasons Public Charitable Foundation's activities.

9 Reserves

(a) Original endowment

Original endowment relates to the original endowment on inception of the Trust.

(b) Capital account

Capital account relates to donations received since inception of the Trust.

(c) Capital preservation reserve

Capital preservation reserve relates to amounts transferred from accumulated income to compensate for the effect of inflation on the capital account.

(d) Asset revaluation reserve

Asset revaluation reserve relates to the fair value adjustments of financial assets measured at fair value through comprehensive income.

10 Related Parties

The directors of Freemasons Foundation Victoria Limited have significant influence to participate in the financial and operating policy decisions of The Freemasons Public Charitable Foundation. The key management personnel compensation was \$Nil for the year ended 30 June 2017. All management of the Trust is by directors of Freemasons Foundation Victoria Limited as Trustee Company. No director has received any remuneration during the year.

11 Statutory Information

The registered office of and principal place of business of the Trust is:

The Freemasons Public Charitable Foundation
45 Moubray Street
Melbourne

The Freemasons Public Charitable Foundation

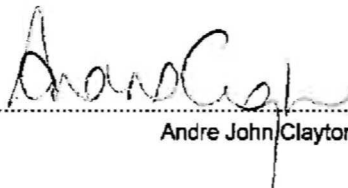
Responsible Persons' Declaration

The Directors of Freemasons Foundation Victoria Limited acting in the capacity as Trustee Company of The Freemasons Public Charitable Foundation are responsible persons and declare that in the responsible persons' opinion:

1. The financial statements and notes, as set out on pages 4 to 11, are in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - (a) giving a true and fair view in all material respects of the financial position of The Freemasons Public Charitable Foundation as at 30 June 2017 and of the performance for the year ended on that date, and
 - (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Regulations 2013*; and
2. There are reasonable grounds to believe that the Trust is able to pay all of its debts, as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Chairman:



Andre John Clayton

Dated 11 October 2017

Independent Audit Report to the members of The Freemasons Public Charitable Foundation

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Freemasons Public Charitable Foundation (the Trust), which comprises the statement of financial position as at 30 June 2017, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and responsible persons' declaration.

In our opinion, the financial report of The Freemasons Public Charitable Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Trust's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other matter

The financial report of The Freemasons Public Charitable Foundation for the year ended 30 June 2016 was audited by another auditor who expressed an unmodified opinion on the financial report on 12 October 2016.

Other Information

The Directors are responsible for the other information. The other information comprises the directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Responsible Persons

The Directors of the Trustee Company of The Freemasons Public Charitable Foundation are responsible persons are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ACCRU MELBOURNE (AUDIT) PTY LTD
Chartered Accountants



G D WINNETT
Director

11 October 2017