



AOF 2015 ANNUAL REPORT

AOF 2015 ANNUAL REPORT CONTENTS

101	Chairman's Review
104	Statement of Comprehensive Income
105	Statement of Financial Position
106	Statement of Cash Flows
106	Statement of Changes in Equity
107	Notes to the Financial Statements
115	Statement by the Board
116	Independent Audit Report

On 16 February 1996, the Australian Olympic Foundation (the Foundation) was constituted by Deed of Settlement between the late Julius L. Patching as Settlor and the Australian Olympic Foundation Limited as Trustees.

The members and Directors of the Australian Olympic Foundation Limited are the voting members of the Executive of the Australian Olympic Committee Inc. (AOC) from time to time.

The Foundation has been constituted and is controlled and administered so as to develop and protect the Olympic Movement in Australia in accordance with the Olympic Charter including, in particular, funding the preparation and participation of the Australian Teams in the Olympic Games, Olympic Winter Games, Youth Olympic Games and Regional Games and the costs and expenses of the AOC.



CHAIRMAN'S REVIEW

The stated investment objectives of the Foundation since inception have been, and remain, to protect and grow the capital base while providing sufficient income and liquidity to provide a base distribution to the AOC for its Olympic Teams and other programmes and expenses.

To achieve these dual objectives, the Foundation's target composite return from its managed funds investments is to exceed the rate of inflation by the average 10 year bond rate over rolling four year periods and its distribution policy is to limit distributions to the AOC to an amount equal to the 10 year bond rate.

Total distributions to the AOC over the 15 years since the Foundation received its \$88.48m legacy from hosting the 2000 Olympic Games in Sydney reached \$94.1m at end 2015.

Included were additional distributions of \$5m (over and above the 10 year bond rate) which were provided to the AOC to enable it to balance income and expenditure in two previous quadrenniums.

Over this period net assets of the Foundation have grown from \$109m at the commencement of 2001 to \$142.3 m at the commencement of 2016.

In my Review for 2014 I commented that 2015 commenced on a challenging note with equity stocks globally and in Australia subject to continuing volatility as a result of economic and political issues throughout the world. Volatility continued throughout the year.

At the time, I noted the United States was continuing its economic turnaround, China's growth was marginally lower than previous years and the EU was under economic pressure. World oil and commodity prices were impacting on the economies of exporting countries, noting that Australia was not excluded from these concerns given our reliance on the mining and resources sector and the Federal Government faced with fiscal deficits into the medium term.

2015 ended with the United States maintaining its return to growth with some signs of weakness and the Federal Reserve lifting its benchmark rate marginally at year end, the EU facing economic and political problems but equity markets improving and China continuing growth but at lower levels and with major issues in Chinese equity markets and government intervention in this area adding to instability.

CHAIRMAN'S REVIEW (CONTINUED)

Australia also faced lower growth mainly as a result of the impact of lower resource and commodity volumes and prices and particularly lower global oil and gas prices having a flow on effect on Australian gas export income expectations for new and completing projects.

In light of this, global and Australian equity markets in our view finished 2015 at a relatively satisfactory level and the Foundation's investments likewise.

It is important to recognise that the Foundation remains a very long-term investor - intended to assist in financing the AOC's activities over the indefinite future. The Foundation concentrates its investments in growth assets - property and equities, including international equities. Over time these assets have been expected to provide stronger returns and growth than investments in bonds and cash.

At year end the Foundation had 37% of its investments in managed funds in Australian shares, 27% in overseas shares, 21% in direct property, 7% in absolute return funds, and 8% in cash (including cash held by the underlying managers).

At end 2015 the Foundation had investments in ten managed funds:-

Australian equities with the established funds of Schroder (a growth investment style) and Maple-Brown Abbott Plus Asia (a value investment style); Schroder Smaller Companies; Schroder Real Return; in international equities, BlackRock International Equity Fund and the Hedged International Equity Fund; in property, Lend Lease (direct property) and Goodman Australia Industrial Partnership (direct property); the BlackRock Multi-Opportunity Fund (absolute return) and Maple-Brown Abbott Global Listed Infrastructure Fund.

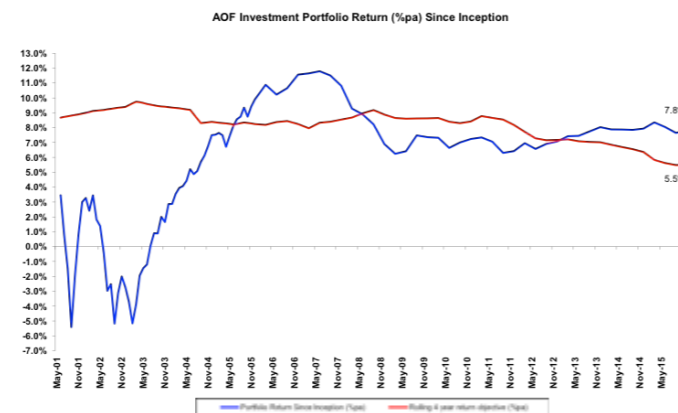
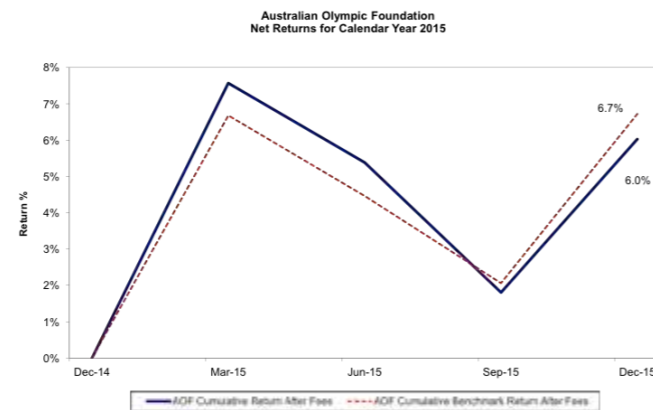
To reduce foreign currency risk, the exposure in the BlackRock International Equity Funds as indicated above is hedged back to the Australian dollar. At end 2015 the hedged percentage was 31.1% (2014 31.6%). This position is similar to that adopted by other long term investors.

During the year redemptions were made from the BlackRock International Equity Fund and the BlackRock Hedged International Equity Fund.

Global Equity Markets returned 11.8% on an unhedged basis and 3.8% on a hedged basis in 2015 as the Australian dollar lost strength over the year. The US Dow Jones Index rose 0.2% in US dollars (including dividends).

The Australian ASX 200 Accumulation Index returned 2.6% in 2015, and the Australian All Ordinaries Index showed an increase of 3.8% in 2015.

The below graphs show the composite return from the Foundations' managed fund investments in 2015 of 6.0% versus the composite benchmark of 6.7% and the composite return for the Foundation since inception of 7.8% p.a. versus the target objective of a rolling 4 year CPI plus 10 year bond rate of 5.5%.



The Directors of the Corporate Trustee of the Foundation - the Australian Olympic Foundation Limited (AOF) are the voting Members of the AOC Executive.

At the AOC Annual General Meeting in May 2015 the AOC Constitution was amended to provide for the CEO to be a voting member of the Executive and following which CEO Fiona de Jong qualified to join the Board of the AOF.

The Directors continue to receive the advice of the AOF Investment Advisory Committee (Advisory Committee) and the Foundation's funds have been invested in accordance with the Advisory Committee's recommendations.

Following Russ Withers' retirement from the Board of the Australian Olympic Foundation and the Advisory Committee, Craig Carracher was appointed to both to replace him.

We greatly appreciate Russ Withers' support and contribution to the AOF during his time as a Director and member of the Advisory Committee.

The independent members of the Advisory Committee are Chairman Dr John Hewson, Paul Batchelor, Angus Douglas and Dr Helen Nugent and we very much appreciate their time, diligence and expertise.

Peter Montgomery, Craig Carracher and I represent the AOF on the Advisory Committee with the Foundation administered by Doug Donoghue as Director.

Following Tony Coles' retirement from Mercer, he attended his last meeting of the Advisory Committee in October.

We are greatly indebted to Tony Cole for his sound advice and support to the AOF since 2000. Mercer's Senior Consultant, Doyle Mallett will now join with Harry Liem in providing advice to the AOF.

I again thank Tony Cole and Principal Harry Liem for Mercer's and their personal contribution and support in 2015.

The Advisory Committee continues to meet quarterly. It reviews the overall investment strategy annually and meets with each of the fund managers annually.

The Directors of the AOF and the members of the Advisory Committee continued to be assisted in their work by Mercer, one of the largest and most experienced investment consulting firms in the world. Mercer monitors each of the managers and overall portfolio on a continuous basis and provides quarterly reports on performance and developments to the Advisory Committee, as well as drawing attention to any significant event affecting a manager or the Foundation's investments.

2016 commenced dramatically with equity markets globally and in Australia incurring write downs and high volatility mainly as a result of lower international oil and gas prices and uncertainty on future levels, Chinese Government intervention in equity markets and concerns on future growth levels in China despite growth of 6.9% in 2015 being in line with target levels as China transitions to a consumer led economy.

The United States economy continues to improve despite some labour market weakness in this election year, Europe shows signs of a gradual recovery while maintaining its monetary stimulus program, some emerging markets are under severe economic pressure and world oil and commodity prices continue to impact on the economies of exporting countries.

Australia is not immune from these issues given our reliance on mining and resources, other issues affecting consumer confidence, and with the Federal Government, in an election year, accepting fiscal deficits into the medium term.

With all of this, 2016 will be another challenging year for the AOF Board and advisers.

JOHN COATES AC

Chairman
Australian Olympic Foundation

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue			
Interest		141,386	50,122
Managed Funds Distributions		6,080,435	5,169,313
Changes in Fair Value of Investments		1,977,038	5,246,311
Net Gain/(Loss) on Sale of Investments		99,600	(121,433)
Gift from NSWOC		-	50,000
Total Revenue		8,298,459	10,394,313
Expenditure			
Fund Manager Fees		241,356	270,550
Investment Strategy Fees		76,808	73,236
Administration		307,835	304,331
Total Expenditure		625,999	648,117
Net Profit Before Income Tax		7,672,460	9,746,196
Income Tax Expense		-	-
Net Profit After Income Tax		7,672,460	9,746,196
Other Comprehensive Income		-	-
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		7,672,460	9,746,196
Statement of Distribution			
Net Profit		7,672,460	9,746,196
Transfer to Capital Reserve	8	(1,977,038)	(5,296,311)
Income Distribution		5,695,422	4,449,885
Capital Distribution	8	-	150,115
Distribution paid / payable to the Australian Olympic Committee	10	5,695,422	4,600,000

The statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	4	8,512,352	1,168,351
Trade and other receivables	5	1,551,834	1,780,396
Investments	6	133,405,730	137,427,037
Total Current Assets		143,469,916	140,375,784
Total Assets		143,469,916	140,375,784
Current Liabilities			
Trade and other payables	7	1,206,253	89,159
Total Current Liabilities		1,206,253	89,159
Total Liabilities		1,206,253	89,159
Net Assets		142,263,663	140,286,625
Equity			
Capital reserve	8	142,263,663	140,286,625
Total Equity		142,263,663	140,286,625

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Cash Flows from Operating Activities			
Receipts from organisations		33,094	79,671
Payments to organisations		(661,757)	(785,639)
Interest received		114,994	48,581
Managed funds distributions received		6,332,935	4,710,298
Net cash flows from operating activities	9	5,819,266	4,052,911
Cash Flows from Investing Activities			
Purchase of investments		(321,806)	(9,000,000)
Proceeds of sale of managed funds		6,446,541	10,892,585
Net cash flows from investing activities		6,124,735	1,892,585
Cash Flows from Financing Activities			
Payment of distributions		(4,600,000)	(4,869,220)
Net cash flows used in financing activities		(4,600,000)	(4,869,220)
Net increase/(decrease) in cash and cash equivalents		7,344,001	1,076,276
Cash and cash equivalents at beginning of year		1,168,351	92,075
Cash and cash equivalents at end of the year	4	8,512,352	1,168,351

The statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Total equity at the beginning of the year		140,286,625	135,140,429
Profit of the year		7,672,460	9,746,196
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		7,672,460	9,746,196
Income distribution paid / payable to the Australian Olympic Committee	10	(5,695,422)	(4,600,000)
Total equity at the end of the year		142,263,663	140,286,625

The statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Corporate Information

The financial report of the Australian Olympic Foundation (“the Foundation”) for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Board of the Trustee on 17 March 2016.

The Foundation is a discretionary Trust constituted by a Deed of Settlement dated 16 February 1996 (“the Trust Deed”) between the late Julius L. Patching as Settlor and the Australian Olympic Foundation Limited (“the Trustee”) as Trustee and is domiciled in Australia.

The principal place of business is Suite 402, Level 4, 140 George Street, Sydney, NSW 2000.

The Foundation has been constituted and is controlled and administered so as to develop and protect the Olympic Movement in Australia in accordance with the Olympic Charter, including in particular, funding the preparation and participation of the Australia Teams in the Olympic Games, Olympic Winter Games, Youth Olympic Games and Regional Games and the costs and expenses of the Australian Olympic Committee.

2 Summary of Significant Accounting Policies

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of preparation

This Special Purpose financial report has been prepared for distribution to the members and directors of the Trustee (“the Board”) to fulfil the Board’s financial reporting requirements under the Trust Deed. The accounting policies used in the preparation of this financial report, as described below, are consistent with the previous years, and are, in the opinion of the Board, appropriate to meet the needs of members and the Board:

- (i) The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.
- (ii) The Foundation is not a reporting entity because, in the opinion of the Board, there are unlikely to be users of the financial statements who are unable to gain access to the specific information they require to meet their needs.

Accordingly, the financial report has been prepared in accordance with the Trust Deed, the basis of accounting specified by all Accounting Standards and Interpretations and the disclosure requirements of AASB 101 ‘Presentation of Financial Statements’, AASB 107 ‘Cash Flow Statements’, AASB 108 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, AASB 1031 ‘Materiality’ and AASB 1048 ‘Interpretation and Application of Standards’ which are mandatory financial reporting requirement in Australia.

The Board have determined that in order for the financial report to give a true and fair view of the Foundation’s performance, cash flows and financial position, the requirements of Australian Accounting Standards and other financial reporting requirements in Australia relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with.

The financial report is presented in Australian dollars.

(b) Statement of compliance

Certain Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been adopted by the Foundation for the annual reporting period ended 31 December 2015 as the board have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Foundation) and interpretations.

This special purpose financial report complies with Australian Accounting Standards as described above.

(c) Recoverable amount of assets

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

(d) Trade and other receivables

Trade receivables, which generally have 10 – 90 day terms, are recognised and carried at original cost less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(e) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments are classified as financial assets at fair value through profit and loss and measured as such. Gains or losses are recognised in the statement of comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the statement of financial position date. Managed funds valuations are based on valuations advised by fund managers.

(f) Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash on hand and in banks and money market investments readily convertible to cash within three months or less and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Revenue

All income is brought to account as it becomes due and receivable. Amounts that have not been received at year end including distributions and interest are recorded in the statement of financial position as receivables.

(i) Distribution revenue

Revenue is recognised when the Foundation's right to receive the payment is established.

(h) Trade and other payables

Expenditure, including distributions and administration costs, are brought to account on an accrual basis. Any expenses incurred but not paid at balance date are recorded as payables on the statement of financial position.

(i) Capital reserve

The capital reserve records assets gifted to the Foundation, unrealised gains / losses resulting from the revaluation of investments less capital distributions.

(j) Income Tax

Under current income tax legislation, the Foundation is not liable for income tax provided that its taxable income is fully distributed.

(k) Comparatives

Where necessary prior year comparatives have been adjusted to comply with current year disclosures.

3 Significant Accounting Judgements, Estimates and Assumptions

In applying the accounting policies the Foundation continually evaluates judgements, estimates and assumptions based on experience and other factors including expectations of future events. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Foundation. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by the Foundation in the preparation of these financial statements are outlined below:

(i) Classification and valuation of investments

The Foundation has decided to classify investments as financial assets at fair value through profit and loss. Movements in fair value are recognised in the statement of comprehensive income. The fair value has been determined by reference to published price quotations in an active market.

	2015 \$	2014 \$
4 Cash and Cash Equivalents		
Cash at bank and on hand	8,512,352	1,168,351
	8,512,352	1,168,351
Cash at bank is available on call and has an average interest rate of 1.63% (2014: 2.36%).		
Short term deposits are made for varying periods of between 1 and 90 days depending on cash requirements of the Foundation and earn interest at the respective short term deposit rate.		
5 Trade and Other Receivables (current)		
Income accrued	1,515,304	1,767,980
Other	36,530	12,416
	1,551,834	1,780,396
6 Financial Assets at Fair Value through Profit or Loss (current)		
Managed funds	133,405,730	137,427,037
	133,405,730	137,427,037
7 Trade and Other Payables (current)		
Amounts owing to Australian Olympic Committee Inc (refer to Note 10)	1,109,677	7,937
Other Payables	96,576	81,222
	1,206,253	89,159
8 Capital Reserve		
Opening balance	140,286,625	135,140,429
Transfer to reserves:		
Unrealised gain on revaluations of investments	1,977,038	5,246,311
Gift from NSWOC	-	50,000
		140,436,740
Capital distribution to the Australian Olympic Committee	-	(150,115)
Closing balance	142,263,663	140,286,625

	2015 \$	2014 \$
9 Statement of Cash Flows Reconciliation		
Reconciliation of the net profit to the net cash flows from operating activities		
Net Profit	7,672,460	9,746,196
Adjustments for:		
Transfer to reserves	(1,977,038)	(5,246,311)
Investment income	225,888	(485,838)
(Gain)/Loss on realisation of units in managed funds	(99,600)	121,433
Change in Assets and Liabilities	(44,448)	(50,177)
Change in other receivables	(24,113)	(4,209)
Change in trade and other payables	21,669	(78,360)
Net Cash Flows from Operating Activities	5,819,266	4,052,911

10 Related Party Disclosures

The Trustee is a company limited by guarantee. The Articles of Association of the Trustee prescribe that the members of the Trustee shall be the voting members of the Executive of the Australian Olympic Committee Inc. ("the Committee") from time to time. The Articles of Association further prescribe that a voting member of the Executive of the Committee on being deemed to be admitted to membership of the Trustee shall likewise be deemed to be appointed a Director of the Trustee and that the President of the Committee preside as Chairman of the Trustee.

Australian Olympic Foundation Limited

No transactions have taken place during the year between the Foundation and the Trustee.

Australian Olympic Committee Inc.

The Committee is the primary beneficiary of the Foundation. During the year a number of transactions have occurred between the Foundation and the Committee.

As at balance date, the Foundation owed the Committee a total of \$1,109,677 (2014: \$7,937) representing:

- (i) The distribution of income for the period to the Committee \$5,695,422 (2014: \$4,600,000) of which \$4,600,000 (2014: \$4,600,000) has been paid in cash;
- (ii) Other creditors \$14,255 (2014: \$7,937).

11 Key Management Personnel

(a) Meetings

The members of the Board of the Trustee during the financial year and the number of Board and Committee meetings attended by each of the Board during the financial year were:

Board Members	Board		Audit and Risk Committee		Investment Advisory Committee	
	A	B	A	B	A	B
H Brownlee	4	4				
K Brennan (formerly Crow) ⁽ⁱ⁾	2	4				
C Carracher ⁽ⁱⁱ⁾	1	1	1	1	1	1
I Chesterman	4	4	3	3		
K Chiller	4	4				
J Coates ^{(iii) (iv)}	4	4	3	3	1	4
F de Jong ^(v)	2	2				
N Green	4	4				
N Livingstone	3	4				
P Montgomery	3	4	3	3	4	4
A Plympton	4	4	3	3		
J Tomkins	2	4				
R Withers ^(vi)	2	3	2	2	3	3
D Woodward	3	4				

A = Number of meetings attended

B = Reflects the number of meetings held during the time the Board member held office during the period.

- (i) Absent for the meeting held 6 August 2015 while competing in rowing World Championships and absent for the meeting held 20 November 2015 due to rowing commitments.
- (ii) Appointed as director 16 October 2015
- (iii) While not a member, the Chairman also attends Audit and Risk Committee meetings
- (iv) Absent on Olympic business
- (v) Appointed as a director 6 August 2015
- (vi) Resigned 9 September 2015.

The Members of the Board serve on an honorary basis apart from the benefit of Directors' and Officers' Liability insurance provided by the Foundation.

(b) Remuneration of Key Management Personnel

Remuneration of key management personnel relate to the following category only:

	2015 \$	2014 \$
Short term employee benefits*	138,432	134,400

*D Donoghue received \$138,432 (2014: \$134,400) in consulting fees for the provision of consulting services in his capacity as Director of the Foundation.

12 Financial Risk Management Objectives

The Foundation's principal financial instruments comprise investments and cash and short term deposits. The main purpose of these financial instruments is to maximise the income earned for the Foundation's operations.

The Foundation has various other financial instruments such as trade debtors and trade creditors, which arise directly from operations.

The main risks arising from the Foundation's financial instruments are price risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Managed funds price risk

The Foundation's exposure to managed funds price risk relates primarily to the Foundation's investment portfolio.

The risk is managed by the Foundation's Investment Advisory Committee and investment consultants Mercer Investment Consulting who provide advice on the appropriate mix of investments. The members of the Foundation's Investment Advisory Committee are shown at Note 13.

Interest rate risk

The Foundation's exposure to market risk for changes in interest rates relates primarily to the Foundation's short term deposits.

Credit risk

The group trades only with recognised, credit worthy third parties. Credit risk is typically limited to accrued income owed by managed funds for distributions that remain unpaid at year end.

In addition, receivable balances are monitored on an ongoing basis with the result that the Foundation's exposure to bad debts is not significant.

13 Corporate Governance

Trustee and Committees of the Foundation

The Trustee has the overall responsibility for the corporate governance of the Foundation, including its strategic direction, the review of plans established by the Foundation and the monitoring of performance against these plans.

Composition of the Board of Directors of the Trustee

The Board of the Trustee comprises those persons being voting members of the Executive of the Committee.

Investment Advisory Committee

An Investment Advisory Committee was established in 1996 to advise the Board and comprises members of the Board and others who are "independent" of the Committee and the Foundation and who serve in an honorary and non-managerial capacity only.

Investment Advisory Committee (continued)

The members of the Investment Advisory Committee during the year were:

Dr John Hewson, Chairman (independent)

Mr Paul Batchelor (independent)

Mr Craig Carracher (appointed 19 October 2015)

Mr John Coates

Mr Doug Donoghue

Mr Angus Douglas (independent)

Mr Peter Montgomery

Dr Helen Nugent (independent)

Mr Russell Withers (resigned 9 September 2015)

The investment objectives of the Foundation are to protect and grow the capital base while providing sufficient income and liquidity to provide a base distribution to the Committee towards its known commitments.

Mercer Investment Consulting was appointed in 2000 and reappointed in 2004 and 2010 to advise the Investment Advisory Committee on the Foundation's investment strategy (i.e. the long term strategic split between asset classes) and the appointment and performance of Investment Fund Managers.

Audit and Risk Committee

To assist in the execution of its responsibilities, the Board on 20 July 2001 established an Audit Committee (reconstituted as Audit and Risk Committee on 19 March 2015). The primary objective of the Audit and Risk Committee is to assist the Board to fulfil its corporate governance and overseeing responsibilities relating to the financial reporting process, the system of internal control and management of financial risk, the audit process, and the process for monitoring compliance with laws and regulations, the IOC Code of Ethics and the Code of Conduct for the Board.

The Audit and Risk Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision making by the Board. The Audit and Risk Committee Charter is available on the website olympics.com.au.

The Audit and Risk Committee comprises four members of the Board. Members of the Audit and Risk Committee are A Plympton (Chairman), I Chesterman, P Montgomery and C Carracher (appointed in October 2015 after the resignation of R Withers in September 2015) who collectively provide the mix of skills, experience and other qualities appropriate for this role.

Indemnification and Insurance of the Board

Indemnification

The Foundation has indemnified members of the Board against all losses or liabilities that may arise from their position as a member of the Board, except where the liability arises out of conduct involving a lack of good faith, criminal activity or a wilful breach of employment conditions or relevant Codes of Conduct. Liability of the Foundation is limited to the maximum amount payable under the Directors' and Officers' Liability Insurance Policy of the Foundation.

The Foundation has entered into Deeds of Indemnity and Access with all members of the Board. The principal provisions of the Deeds relate to:

- granting of the indemnity above;
- the provision of access to papers of the Foundation;
- confidentiality of information provided;
- an undertaking to maintain and to the extent permitted by law pay the premiums on, an insurance policy which insures members of the Board against liability incurred by them as a member during their term of office and for seven years after they cease to hold office.

Insurance Premium

During the year the Foundation has paid insurance premiums for cover in respect of Directors' and Officers' Liability Insurance.

14 Segment Information

The Foundation has been constituted to operate within Australia to develop and protect the Olympic Movement.

15 Auditor's Remuneration

Total amounts received or due and receivable by EY Australia for:

	2015 \$	2014 \$
An audit of the financial report of the Foundation	22,547	21,074
Other services in relation to the Foundation for taxation compliance review	15,125	10,230

In accordance with the Foundation's Audit and Risk Committee Charter it is believed that the non-audit services provided are in the nature of taxation compliance reviews and as such the existing knowledge of the statutory auditor brings insight and synergy to the Foundation without impacting the actual or perceived independence of the quality of the auditor's ongoing assurance engagements.

16 Financial Instruments

The Foundation's accounting policies, terms and conditions in relation to financial assets and liabilities are included in the notes to the financial statements.

The Foundation's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. There is no concentration of credit risk.

17 Capital Commitments

At 31 December 2015 the Foundation had commitments of \$965,418. This represents the commitment to purchase additional units in the Australian Prime Property Fund Commercial under Lend Lease Real Estate Investments Limited with payment for the units not due until after year end.

18 Subsequent Events

There have been no significant events subsequent to the balance date.

19 Contingent Liabilities

The Foundation has provided the Westpac Banking Corporation ("Westpac"), with a Guarantee and Indemnity dated 20 September 2001 in respect of all liabilities and obligations of the Committee under a foreign exchange facility. As at balance date there were no forward foreign exchange contracts under the facility.

The Foundation has provided a Guarantee and Indemnity, dated 23 December 2015, to Westpac in respect of all liabilities and obligations of the Committee under a \$14 million Commercial Bill Facility which expires on 31 December 2016.

As the Foundation does not believe the Guarantee and Indemnity will be called, no liability has been recorded at year end in the financial statements.

STATEMENT BY THE BOARD

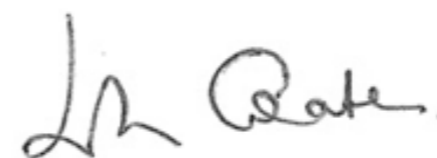
As detailed in Note 2 to the financial statements, this is a special purpose financial report that has been prepared for distribution to the members and the Board.

The financial statements have been prepared in accordance with applicable accounting standards, the disclosure requirements of the law and the Trust Deed dated 16 February 1996.

- 1 In the opinion of the Board of the Trustee, the financial statements as set out on pages 1 to 14 present fairly, in accordance with applicable accounting standards, the requirements of the law and the Trust Deed:
 - (a) the result and cash flows of the Foundation for the year to 31 December 2015;
 - (b) the state of affairs of the Foundation as at 31 December 2015.
- 2 In the opinion of the Board of the Trustee, at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

This statement is made out in accordance with the resolution of the Board.

Signed on behalf of the Board at Sydney this 17th day of March 2016.



JD COATES AC
Chairman



PG MONTGOMERY AM
Director

INDEPENDENT AUDIT REPORT



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of the Australian Olympic Foundation

We have audited the accompanying special purpose financial report of the Australian Olympic Foundation, which comprises the statement of financial position as at 31 December 2015, 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 Statement by the Board of the Trustee.

Trustee's Responsibility for the Financial Report

The Trustees of the Foundation are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Trust Deed and is appropriate to meet the needs of the members. The Trustees are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on 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 Trustees, 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 Australian professional accounting bodies.



Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Australian Olympic Foundation as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Australian Olympic Foundation to meet the requirements of the Trust Deed. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Australian Olympic Foundation and the Trustees and should not be distributed to parties other than the Australian Olympic Foundation or the Trustees.

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

Ernst & Young
Sydney
17 March 2016



