



AUSTRALIAN OLYMPIC FOUNDATION

2014 ANNUAL REPORT

AUSTRALIAN OLYMPIC FOUNDATION LIMITED
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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 14 years since the Foundation received its \$88.48m legacy from hosting the 2000 Olympic Games in Sydney reached \$89.5m at end 2014.

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 \$140.3m at the commencement of 2015 an increase over net assets at the commencement of 2014 of \$135.1 million.

CHAIRMAN'S REVIEW

(CONT'D)

In my Review for 2013 I commented that 2014 had commenced on a positive note with strong equity markets albeit with volatility globally and in Australia with the United States economy gaining momentum, the Chinese economy holding growth levels with emphasis on consumption levels and finance policy, and the EU improving but with high levels of unemployment and continuing financial pressure in some countries. It was noted also that Australia had a strong mining and resource sector but with lower expansion expectations and a new Federal Government faced with fiscal deficits.

2014 ended with Europe still beset by economic problems, sanctions imposed on Russia causing flow on problems for that economy, China maintaining growth but at marginally reduced levels and the United States maintaining its return to growth and completing its economic stimulus program.

The Australian economy is very much dependent on the mining and resources industry and iron ore and coal prices were heavily impacted in the latter part of the year although iron ore volumes were maintained; coal exports were also subject to volatility as a result of price pressure and stock piles in importing countries.

Oil prices tumbled towards the end of 2014 and this had an effect on oil and gas stocks following the OPEC decision to maintain production volumes.

Exchange rates and particularly the US/AUS \$ rate of exchange also affected fund valuations at year end.

In the light of these events global and Australian equity markets finished the year on a relatively satisfactory note and the Foundation's investments maintained value.

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 can be expected to provide stronger returns and growth than investments in bonds and cash.

At year end the Foundation had 39% of its investments in managed funds in Australian shares, 31% in overseas shares, 20% in direct property, 6% in absolute return funds, 1% in fixed interest and 3% in cash (including cash held by the underlying managers).

At end 2014 the Foundation had investments in ten managed funds:-

Australian Equities with the established funds of Schroders (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 Fund(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 2014 the hedged percentage was 31.6% (2013 32.1%). This position is similar to that adopted by other long term investors.

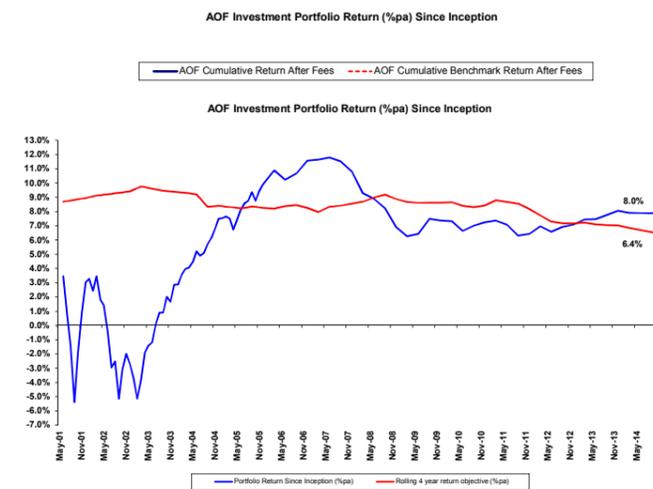
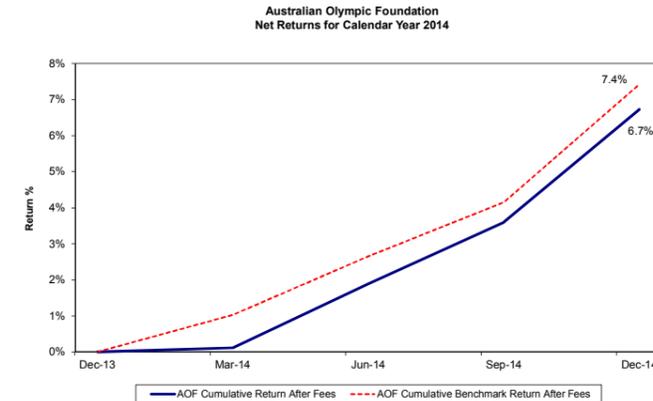
During the year the Wellington Investment Grade Credit Fund matured and further investments were made arising from this in the Maple-Brown Abbott Plus Asia Fund and the Schroder Smaller Companies Fund.

Later in the year it was decided to redeem the BlackRock Global Ascent Fund and funds from that divestment were placed in the Schroder Real Return Fund and the Maple-Brown Abbott Global Listed Infrastructure Fund.

Global Equity Markets returned 15.0% on an unhedged basis and 12.6% on a hedged basis in 2014 as the Australian dollar lost strength over the year after being above parity to the US dollar at the beginning of the year. The US Dow Jones Index rose 12.5% in US dollars (including dividends).

The Australian ASX 200 Accumulation Index returned 5.6% in 2014, and the Australian All Ordinaries Index showed an increase of 5.0% in 2014.

The opposite graphs show the composite return from the Foundations' managed fund investments in 2014 of 6.7% versus the composite benchmark of 7.4% and the composite return for the Foundation since inception of 8.0% p.a. versus the target objective of a rolling 4 year CPI plus 10 year bond rate of 6.4%.



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

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

The independent members of the Investment Advisory Committee are Chairman Dr John Hewson, Paul Batchelor, Angus Douglas and Dr Helen Nugent and we are highly indebted to them for their time, diligence and expertise.

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

The Investment 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 Investment Advisory Committee are 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 Investment Advisory Committee, as well as drawing attention to any significant event affecting a manager or the Foundation's investments.

I again thank Mercer's Senior Partner, Tony Cole and Principal Harry Liem for Mercer's and their personal contribution and support in 2014.

2015 has 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.

The United States shows signs of continuing its economic turnaround, with China's growth still stronger than the rest of the world's economies but marginally lower than previous years, and the EU under economic pressure and announcing the introduction of a major economic stimulus program through to 2016.

World oil and commodity prices are impacting on the economies of exporting countries.

Australia is not excluded from these concerns given our reliance on the mining and resource sector, issues of consumer confidence and the Federal Government faced with fiscal deficits into the medium term.

It is in this challenging economic environment that the AOF Board as a long term investor and supported by the Investment Advisory Committee and Mercer will work to maintain the AOF's investments in 2015.

JOHN COATES AC

Chairman
Australian Olympic Foundation

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Revenue			
Interest		50,122	7,575
Managed Funds Distributions		5,169,313	4,691,397
Changes in Fair Value of Investments		5,246,311	20,225,291
Net Loss on Sale of Investments		(121,433)	(13,548)
Gift from NSWOC		50,000	-
Total Revenue		10,394,313	24,910,715
Expenditure			
Fund Manager Fees		270,550	343,573
Investment Strategy Fees		73,236	70,437
Administration		304,331	330,121
Total Expenditure		648,117	744,131
Net Profit Before Income Tax		9,746,196	24,166,584
Income Tax Expense		-	-
Net Profit After Income Tax		9,746,196	24,166,584
Other Comprehensive Income		-	-
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		9,746,196	24,166,584
Statement of Distribution			
Net Profit		9,746,196	24,166,584
Transfer to Capital Reserve	8	(5,296,311)	(20,225,291)
Income Distribution		4,449,885	3,941,293
Capital Distribution	8	150,115	658,707
Distribution paid / payable to the Australian Olympic Committee	10	4,600,000	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 2014

	Notes	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	4	1,168,351	92,075
Trade and other receivables	5	1,780,396	1,522,310
Investments	6	137,427,037	133,962,784
Total Current Assets		140,375,784	135,577,169
TOTAL ASSETS		140,375,784	135,577,169
Current Liabilities			
Trade and other payables	7	89,159	436,740
Total Current Liabilities		89,159	436,740
TOTAL LIABILITIES		89,159	436,740
NET ASSETS		140,286,625	135,140,429
Equity			
Capital reserve	8	140,286,625	135,140,429
TOTAL EQUITY		140,286,625	135,140,429

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from organisations		79,671	31,810
Payments to organisations		(785,639)	(798,947)
Interest received		48,581	7,575
Managed funds distributions received		4,710,298	4,455,771
Net cash flows from operating activities	9	4,052,911	3,696,209
Cash Flows from Investing Activities			
Purchase of investments		(9,000,000)	-
Proceeds of sale of managed funds		10,892,585	1,000,000
Net cash flows from investing activities		1,892,585	1,000,000
Cash Flows from Financing Activities			
Payment of distributions		(4,869,220)	(4,754,070)
Net cash flows used in financing activities		(4,869,220)	(4,754,070)
Net increase/(decrease) in cash and cash equivalents		1,076,276	(57,861)
Cash and cash equivalents at beginning of year		92,075	149,936
Cash and cash equivalents at end of the year	4	1,168,351	92,075

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
TOTAL EQUITY AT THE BEGINNING OF THE YEAR		135,140,429	115,573,845
Profit of the year		9,746,196	24,166,584
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		9,746,196	24,166,584
Income distribution paid / payable to the Australian Olympic Committee	10	(4,600,000)	(4,600,000)
TOTAL EQUITY AT THE END OF THE YEAR		140,286,625	135,140,429

This statement of changes in equity should be read in conjunction with the accompany notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Corporate Information

The financial report of the Australian Olympic Foundation ("the Foundation") for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Board of the Trustee on 19 March 2015.

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 a 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:

- The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.
- 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 2014 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Summary of Significant Accounting Policies (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2013 \$
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 of 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.		
4 Cash and Cash Equivalents		
Cash at bank and on hand	1,168,351	92,075
	1,168,351	92,075
Cash at bank is available on call and has an average interest rate of 2.36% (2013: 2.51%).		
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	1,767,980	1,514,102
Other	12,416	8,208
	1,780,396	1,522,310
6 Financial Assets at Fair Value through Profit or Loss (current)		
Managed funds	137,427,037	133,962,784
	137,427,037	133,962,784
7 Trade and Other Payables (current)		
Amounts owing to Australian Olympic Committee Inc (refer to Note 10)	7,937	284,086
Other Payables	81,222	152,654
	89,159	436,740
8 Capital Reserve		
Opening balance	135,140,429	115,573,845
Transfer to reserves:		
- Unrealised gain on revaluations of investments	5,246,311	20,225,291
- Gift from NSWOC	50,000	-
	140,436,740	135,799,136
- Capital distribution to the Australian Olympic Committee	(150,115)	(658,707)
Closing balance	140,286,625	135,140,429

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2013 \$
9 Statement of Cash Flows Reconciliation		
Reconciliation of the net profit to the net cash flows from operating activities		
Net Profit	9,746,196	24,166,584
Adjustments for:		
Transfer to reserves	(5,246,311)	(20,225,291)
Investment income	(485,838)	(257,058)
Loss on realisation of units in managed funds	121,433	13,548
Change in Assets and Liabilities		
Change in other receivables	(4,209)	99,101
Change in trade and other payables	(78,360)	(100,675)
Net Cash Flows from Operating Activities	4,052,911	3,696,209

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 \$7,937 (2013: \$284,086) representing:

- (i) The distribution of income for the period to the Committee \$4,600,000 (2013: \$4,600,000) of which \$4,600,000 (2013: \$4,330,780) has been paid in cash. The cash balance of the distribution of income at 2013 year end was subsequently settled in 2014;
- (ii) Other creditors \$7,937 (2013: \$14,866).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2013 \$
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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 Committee		Investment Advisory Committee	
	A	B	A	B	A	B
H Brownlee	4	4				
I Chesterman ⁽ⁱⁱ⁾	3	4	3	3		
K Chiller	4	4				
J Coates ⁽ⁱ⁾	4	4	3	3	4	4
K Crow ⁽ⁱⁱⁱ⁾	2	4				
N Green	4	4				
N Livingstone	4	4				
P Montgomery	4	4	3	3	4	4
A Plympton	4	4				
J Tomkins	4	4				
R Withers	4	4	3	3	4	4
D Woodward ^(iv)	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) While not a member, the Chairman also attends Audit Committee meetings
- (ii) Absent from the meeting held 9 May 2014
- (iii) Absent for the meeting held 7 August 2014 due to international competition commitments and absent for the meeting held 21 November 2014 due to training commitments
- (iv) Absent for the meeting held 7 August 2014 due to business

Except as indicated in 11(b) the Members of the Board serve on an honorary basis apart from the benefit of Directors' and Officers' Liability insurance provided by the Foundation.

	2014 \$	2013 \$
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(b) Remuneration of Key Management Personnel

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

Short term employee benefits*	134,400	134,400
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*D Donoghue received \$134,400 (2013: \$134,400) in consulting fees for the provision of consulting services in his capacity as Director of the Foundation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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

Dr John Hewson, Chairman (independent)
 Mr Paul Batchelor (independent)
 Mr John Coates
 Mr Doug Donoghue
 Mr Angus Douglas (independent)
 Dr Helen Nugent (independent)
 Mr Russ Withers
 Mr Peter Montgomery

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

13 Corporate Governance (continued)

Audit Committee

To assist in the execution of its responsibilities, the Board on 20 July 2001 established an Audit Committee. The primary objective of the Audit 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 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 Committee Charter is available on the website olympics.com.au.

The Audit Committee comprises four members of the Board. Members of the Audit Committee are R Withers (Chairman), I Chesterman, P Montgomery and A Plympton 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 related 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 Ernst & Young Australia for:

	2014 \$	2013 \$
An audit of the financial report of the Foundation	21,074	20,394
Other services in relation to the Foundation for taxation compliance review	10,230	10,630

In accordance with the Foundation's published Audit 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 the Foundation had no capital commitments.

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.

On 6 February 2002 the Foundation provided a Guarantee and Indemnity to Westpac in respect of all liabilities and obligations of the Committee under a \$5 million Bill Acceptance Facility Agreement with Westpac dated 5 February 1998. The guarantee and indemnity to Westpac was increased to an \$8 million bill facility in 2003, \$10 million in 2008 and \$14 million in 2014. The bank bill facility has been renewed until 31 December 2015 and the Guarantee has been extended accordingly by the Foundation.

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

FOR THE YEAR ENDED 31 DECEMBER 2014

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 113 to 123 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 2014;
 - (b) the state of affairs of the Foundation as at 31 December 2014.
- 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 19th day of March 2015.



J D COATES

Chairman



H BROWNLEE

Director



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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 2014, 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.

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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 2014 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

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.

Ernst & Young
Sydney
19 March 2015

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AUSTRALIAN
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COMMITTEE

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