



AOF 2016 ANNUAL REPORT

AOF 2016 ANNUAL REPORT CONTENTS

109	Chairman's Review
112	Statement of Comprehensive Income
113	Statement of Financial Position
114	Statement of Cash Flows
114	Statement of Changes in Equity
115	Notes to the Financial Statements
123	Statement by the Board
124	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 Trustee.

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 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.

Distributions to the AOC amounted to \$10m in 2016 (2015: \$5.7m) and \$24.9m for the quadrennium. This exceeds the 10-year bond rate (as did distributions in the 2004 and 2008 quadrenniums) and followed similar total distributions in each of the 2012, 2008 and 2004 quadrenniums.

Total distributions to the AOC over the 16 years since the Foundation received its \$88.48m legacy from hosting the 2000 Olympic Games in Sydney reached \$105.2m by 31 December 2016.

Over this same period net assets of the Foundation, after distributions, have grown from \$109m at the commencement of 2001 to \$146.3 m at the commencement of 2017.

In my review for the prior year I commented that 2016 commenced on a challenging note with global share markets subject to continuing volatility as a result of upcoming economic and political issues. 2016 experienced significant political events with unexpected outcomes such as Brexit and the US Presidential elections. While the markets ended in positive territory for the year and for the first months of 2017, investors remain wary on potential US policy initiatives. Concern also remains on populist agendas with upcoming elections in Europe. 2016 also saw a rebound in commodity pricing, driven by Chinese growth, reduced capacity and agreements by OPEC. Inflationary pressures overall are now rising and the US Federal Reserve commenced tightening during the 4th quarter of 2016.

Australia has continued to transition from a resource based economy. GDP has bounced back, after anomalous falls in 3rd quarter 2016 in household spending and public sector investment. Moreover, mining sector investment rose after seven consecutive quarterly falls.

Correspondingly, GDP growth over the 2016 calendar year came in at 2.4%. In line with the commodity rebound, the Australian dollar recovered to 77c to the US dollar, and the 10-year bond yield ended at 2.8%.

CHAIRMAN'S REVIEW (CONT'D)

Global and Australian equity markets finished 2016 at a satisfactory level and the Foundation's investments likewise.

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

At year end the Foundation had invested with the following asset allocation:

- 40% of its investments in managed funds in Australian equities,
- 30% in overseas equities,
- 23% in direct property,
- 1.5% in absolute return funds, and
- 5.5% in cash (including cash held by the underlying managers).

The investments were spread across eleven managed funds:

- Australian equities with the established funds of Schroder Australian Equities (a growth investment style), Maple-Brown Abbott Plus Asia (a value investment style), and Colonial First State Small Cap Fund,
- Overseas equities through the BlackRock International Equity Fund, BlackRock Hedged International Equity Fund and Maple-Brown Abbott Global Listed Infrastructure Fund,
- Direct property, Lend Lease (retail, industrial and commercial) and Goodman Australia (industrial), and
- Absolute return through the Schroder Real Return Fund.

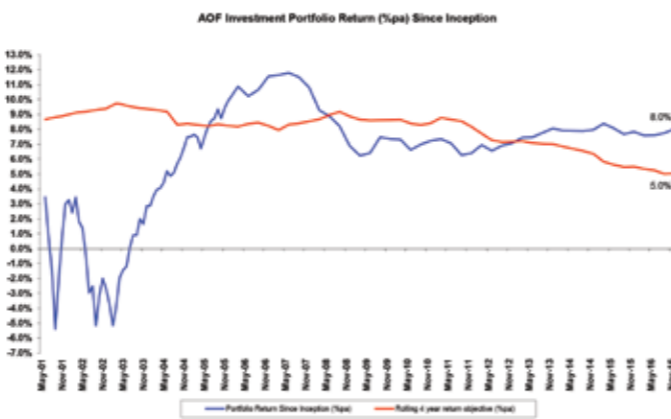
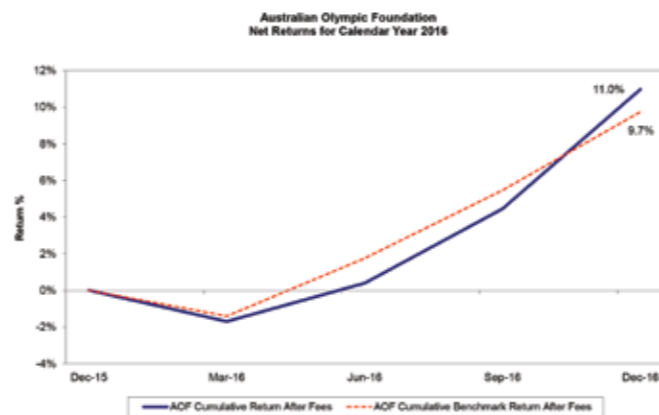
To reduce foreign currency risk, the exposure in the BlackRock International Equity Funds is hedged back to the Australian dollar. At end 2016 the hedged percentage was 32% (2015 31.1%). This position is similar to that adopted by other long term investors.

During the year a redemption was made from the Schroder Small Cap Fund and reinvested in the Colonial Small Cap Fund. Also, a redemption was made from the BlackRock Multi Opportunity Fund, with the \$7.5 m invested evenly across the Schroder Real Return Fund, Maple-Brown Abbott GLIF and Colonial Small Cap Fund.

Global Equity Markets returned 7.9% on an unhedged basis and 10.3% on a hedged basis in 2016 as the Australian dollar strengthened over the year. The US Dow Jones industrial average Index (inclusive of dividends) rose 16.5% in US dollars to approach the 2000 point level at year end.

The Australian ASX 200 Accumulation Index returned 11.8% in 2016 and the Australian All Ordinaries Index showed an increase of 11.6% in 2016.

The following graphs show the composite return from the Foundations' managed fund investments in 2016 of 11.0% versus the composite benchmark of 9.7% 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 5.0%.



(Source – Mercers)

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

During the year Peter Montgomery retired from the Board and was replaced by Mark Arbib. Fiona de Jong resigned in December 2016.

The Directors continue to receive advice from the AOF Investment Advisory Committee and the Foundation's funds have been invested in accordance with the Investment Advisory 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 very much appreciate their time, diligence and expertise.

Peter Montgomery (until September 2016), Craig Carracher and I represented the AOF on the Investment Advisory Committee with the Foundation administered during the year by Doug Donoghue as Executive Director.

Doug Donoghue retired on 31 December 2016 and I acknowledge his many years of dedicated service and positive contribution to the running of the Foundation.

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 continued to be assisted in their work by Mercer, one of the largest and most experienced investment consulting firms globally. Mercer monitors each of the managers, 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 events affecting a manager or the Foundation's investments. I acknowledge the counsel provided by Dr Harry Liem (Principal) and Doyle Mallett (Senior Consultant) in providing their ongoing advice to the AOF.

2017 commenced with optimism in global markets with the US market pricing in the potential stimulus impacts from Donald Trump's policies focusing on greater spending on infrastructure and defence, and tax cuts. Confidence in recovery in the European economies strengthened but political uncertainty across Europe remains with extended Brexit negotiations and anti-European sentiment from populist candidates with elections in The Netherlands, France and Germany. China continues to rebalance its economy and adjust to its new role in the world economy as the US becomes more inward looking.

In Australia the transition from a mining based economy continues. The recent recovery in commodity prices eases this transition. Challenges remain for the government in pursuing lower budget deficits in a difficult political environment. The longer term forecast remains for GDP growth to revert to 2.5-3.5%. With inflation expected to revert to the longer term RBA target of 2.5%, there is some pressure for bond yields to rise. No changes to interest rates are expected by the RBA in 2017, whereas the Federal Reserve is expected to continue to tighten.

With all of this, 2017 will be another challenging year for the AOF Board and advisers.

JOHN COATES AC

Chairman
Australian Olympic Foundation

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue			
Interest		294,780	141,386
Managed Funds Distributions		4,969,320	6,080,435
Changes in Fair Value of Investments		9,466,875	1,977,038
Net Gain/(Loss) on Sale of Investments		(175,758)	99,600
Settlement from AOC		28,573	-
Total Revenue		14,583,790	8,298,459
Expenditure			
Fund Manager Fees		84,566	241,356
Investment Strategy Fees		77,392	76,808
Administration		301,627	307,835
Total Expenditure		463,585	625,999
Net Profit Before Income Tax		14,120,205	7,672,460
Income Tax Expense		-	-
Net Profit After Income Tax		14,120,205	7,672,460
Other Comprehensive Income		-	-
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		14,120,205	7,672,460
Statement of Distribution			
Net Profit		14,120,205	7,672,460
Transfer to Capital Reserve	8	(9,495,448)	(1,977,038)
Income Distribution		4,624,757	5,695,422
Capital Distribution	8	5,379,821	-
Distribution paid / payable to the Australian Olympic Committee		10,004,578	5,695,422

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	4	5,083,917	8,512,352
Trade and other receivables	5	1,555,130	1,551,834
Investments	6	139,808,850	133,405,730
Total Current Assets		146,447,897	143,469,916
Total Assets		146,447,897	143,469,916
Current Liabilities			
Trade and other payables	7	68,607	1,206,253
Total Current Liabilities		68,607	1,206,253
Total Liabilities		68,607	1,206,253
Net Assets		146,379,290	142,263,663
Equity			
Capital reserve	8	146,379,290	142,263,663
Total Equity		146,379,290	142,263,663

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Cash Flows from Operating Activities			
Receipts from organisations		21,964	33,094
Payments to organisations		(559,697)	(661,757)
Interest received		316,876	114,994
Managed funds distributions received		4,982,774	6,332,935
Net cash flows from operating activities	9	4,761,917	5,819,266
Cash Flows from Investing Activities			
Purchase of investments		(13,465,418)	(321,806)
Proceeds of sale of managed funds		16,375,066	6,446,541
Net cash flows from investing activities		2,909,648	6,124,735
Cash Flows from Financing Activities			
Payment of distributions		(11,100,000)	(4,600,000)
Net cash flows used in financing activities		(11,100,000)	(4,600,000)
Net increase/(decrease) in cash and cash equivalents		(3,428,435)	7,344,001
Cash and cash equivalents at beginning of year		8,512,352	1,168,351
Cash and cash equivalents at end of the year	4	5,083,917	8,512,352

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 2016

	Notes	2016 \$	2015 \$
Total equity at the beginning of the year		142,263,663	140,286,625
Profit of the year		14,120,205	7,672,460
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		14,120,205	7,672,460
Income distribution paid / payable to the Australian Olympic Committee		(10,004,578)	(5,695,422)
Total equity at the end of the year		146,379,290	142,263,663

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 2016

1 Corporate Information

The financial report of the Australian Olympic Foundation (“the Foundation”) for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Board of the Trustee on 20 March 2017.

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 2016 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 (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

(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 (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

	2016 \$	2015 \$
4 Cash and Cash Equivalents		
Cash at bank and on hand	5,083,917	8,512,352
	5,083,917	8,512,352
Cash at bank is available on call and has an average interest rate of 1.03% (2015: 1.63%).		
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	1,516,965	1,515,304
Other	38,165	36,530
	1,555,130	1,551,834
6 Financial Assets at Fair Value through Profit or Loss (current)		
Managed funds	139,808,850	133,405,730
	139,808,850	133,405,730
7 Trade and Other Payables (current)		
Amounts owing to Australian Olympic Committee Inc (refer to Note 10)	7,361	1,109,677
Other Payables	61,246	96,576
	68,607	1,206,253
8 Capital Reserve		
Opening balance	142,263,663	140,286,625
Transfer to reserves:		
Unrealised gain on revaluations of investments	9,466,875	1,977,038
Settlement from AOC	28,573	-
	151,759,111	142,263,663
Capital distribution to the Australian Olympic Committee	(5,379,821)	-
Closing balance	146,379,290	142,263,663

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
9 Statement of Cash Flows Reconciliation		
Reconciliation of the net profit to the net cash flows from operating activities		
Net Profit	14,120,205	7,672,460
Adjustments for:		
Transfer to reserves	(9,466,875)	(1,977,038)
Investment income	(23,312)	225,888
(Gain)/Loss on realisation of units in managed funds	175,758	(99,600)
Change in Assets and Liabilities		
Change in other receivables	(1,634)	(24,113)
Change in trade and other payables	(42,225)	21,669
Net Cash Flows from Operating Activities	4,761,917	5,819,266

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 \$7,361 (2015: \$14,255) representing other creditors.

The Executive of the Committee resolved to make a settlement on the Foundation of \$28,573 representing the surplus over and above the Committee's requirements for the quadrennium.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

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
M Arbib ⁽ⁱ⁾	1	1				
H Brownlee ⁽ⁱⁱ⁾	3	4				
K Brennan ^{(iii) (iv)}	1	3				
C Carracher	4	4	3	3	5	5
I Chesterman	4	4	3	3		
K Chiller	4	4				
J Coates ^{(v) (x)}	4	4	3	3	4	5
F de Jong ^(vi)	4	4				
N Green	2	4				
S Hooker ^(vii)	1	1				
N Livingstone	4	4				
P Montgomery ^(viii)	3	3	2	2	3	3
A Plympton	4	4	3	3		
J Tomkins ^(ix)	3	4				
D Woodward	4	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) Elected 13 October 2016

(ii) Absent meeting 17 March 2016 attending IOC Education Commission meeting in Lausanne

(iii) Absent meetings 6 May 2016 and 30 June 2016 due to competing / preparing overseas for Rio 2016

(iv) Term as Chair, Athletes' Commission concluded 14 October 2016

(v) While not a member, the Chairman also attends Audit and Risk Committee meetings

(vi) Retired effective 31 December 2016

(vii) Elected Chair, Athletes' Commission 14 October 2016

(viii) Retired 6 September 2016

(ix) Absent meeting 17 March 2016 attending IOC Olympic Programme Commission meeting in Lausanne

(x) Absent Investment Advisory Committee meeting 15 February 2016 attending Lillehammer 2016 Youth Olympic Games

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

(b) Remuneration of Key Management Personnel

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

	2016 \$	2015 \$
Short term employee benefits*	141,892	138,432

*D Donoghue received \$141,892 (2015: \$138,432) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Dr John Hewson, Chairman (independent)
 Mr Paul Batchelor (independent)
 Mr Craig Carracher
 Mr John Coates
 Mr Doug Donoghue (retired 31 December 2016)
 Mr Angus Douglas (independent)
 Mr Peter Montgomery (retired 6 September 2016)
 Dr Helen Nugent (independent)

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 (retired 6 September 2016) and C Carracher 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Auditor's Remuneration

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

	2016 \$	2015 \$
Audit of the financial report of the Foundation	22,550	22,547
Other services in relation to the Foundation for taxation compliance review	11,000	15,125

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 2016 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.

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 expired on 10 March 2017.

The Foundation has provided a Guarantee and Indemnity, dated March 2017, to Westpac in respect of all liabilities and obligations of the Committee under a \$4 million Cash Advance Facility and \$1 million Overdraft Facility which expires on 30 November 2017.

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.

- In the opinion of the Board of the Trustee, the financial statements as set out on pages 112 to 122 present fairly, in accordance with applicable accounting standards, the requirements of the law and the Trust Deed:
 - the result and cash flows of the Foundation for the year to 31 December 2016;
 - the state of affairs of the Foundation as at 31 December 2016.
- 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 20th day of March 2017.

J D COATES AC

Chairman

Australian Olympic Foundation

I CHESTERMAN

Director

Australian Olympic Foundation

INDEPENDENT AUDIT REPORT



Ernst & Young
200 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

Opinion

We have audited the financial report, being a special purpose financial report, of the Australian Olympic Foundation (the Foundation), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Trust Deed.

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 Company in accordance with 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.

Emphasis of Matter - Basis of accounting and Restriction on Distribution and Reliance

We draw attention to Note 2 of the financial report which describes the basis of accounting. The financial report is prepared to assist the 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 Foundation and the Trustees of the Foundation (the Trustees) and should not be distributed to parties other than the Foundation and the Trustees. A party other than the Trust and the Trustees accessing this report does so at their own risk and Ernst & Young expressly disclaims all liability to a party other than the Foundation and the Trustees for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report. Our opinion is not modified in respect of this matter.

Responsibilities of the Trustees for the Financial Report

The Trustees are responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of Trust Deed and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.



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

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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Foundation.
- Conclude on the appropriateness of the Foundation's 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 Foundation'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 Foundation 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.

INDEPENDENT AUDIT REPORT



We communicate with the Trustees 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.

A stylized, handwritten signature of 'Ernst & Young' in a dark grey color.

Ernst & Young
Sydney
20 March 2017





**AUSTRALIAN OLYMPIC
COMMITTEE INCORPORATED**

Level 4, Museum of Contemporary Art
140 George Street, Sydney, NSW 2000

P: +61 2 9247 2000

olympics.com.au