

Melbourne Indigenous Transition School

ABN 12 141 611 234

Financial Statements

For the 18 months ended 31 December 2016

Melbourne Indigenous Transition School

ABN 12 141 611 234

Contents

For the 18 months ended 31 December 2016

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FY2016 Annual Report content

30 April 2017

1 Company objectives

1.1 Introduction

The Melbourne Indigenous Transition School (MITS) is a company limited by guarantee whose mission is the successful and confident transition of Indigenous students from home communities to Melbourne Schools, creating pathways to greater educational opportunity. MITS was developed over almost a decade of consultations with remote Indigenous families, community elders, remote Northern Territory and regional Victorian educators and Melbourne schools. It opened to its first students at the beginning of the 2016 school year.

MITS is built on a simple principle: Indigenous families in remote and regional communities want a range of educational opportunities for their children, including, for some families, away-from-home schooling in large cities like Melbourne. At the same time, many Melbourne schools have a desire to support Indigenous students by offering academic and boarding scholarships. However, very often, the academic, social, cultural and emotional challenges of away-from-home schooling can be too great for them to achieve their goals.

MITS recognises the innate abilities and ambitions of remote and regional Indigenous children, and the potential benefits of away-from-home schooling. It also recognises the desire of their families and communities for access to quality education for their young people. MITS therefore seeks to offer access to greater educational opportunity and choice for the young people from the communities with whom we have built connections and relationships.



Each year, 22 Indigenous boys and girls spend twelve months at MITS as Year 7 students before transitioning into scholarship positions at Melbourne Partner Schools. The MITS classrooms are housed inside the Richmond Football Club's Korin Gamadji Institute, where students have the opportunity to interact with players and Richmond staff. The MITS Boarding House is located on Richmond Hill. It is a warm, culturally celebratory home-away-from-home staffed by Indigenous and non-Indigenous people.

MITS's mission is the successful and confident transition of Indigenous students from home communities to Melbourne schools. Our vision is to create pathways to greater opportunity for Indigenous students. MITS values respect, courage, culture and care. These values underpin all that we do as individuals and as an organisation.

1.2 MITS's stated objectives

The MITS Constitution states that MITS is established to relieve poverty, distress, suffering, misfortune or helplessness of Indigenous Students by fostering and advancing their education and general wellbeing and welfare through the operation of MITS and the direct provision of facilities, amenities and assistance to Indigenous Students, including the following:

- (a) provision of an education tailored to the academic and cultural needs of Indigenous Students;

- (b) assistance in and facilitation of the provision of education by Partner Schools to Indigenous Students residing at MITS;
- (c) assistance in, facilitation of and support with the transition of Indigenous Students residing at MITS from the specialist school to Partner Schools;
- (d) organisation, facilitation or the conduct of activities directed towards the education of Indigenous Students residing at MITS (including activities that involve non-Indigenous Students);
- (e) provision of accommodation, meals and other necessities, as required, to Indigenous Students residing at MITS, at MITS's discretion; and
- (f) provision and conduct of activities which are incidental or ancillary to the above activities, such as the provision of accommodation, meals and other necessities to the families of Indigenous Students residing at MITS from time to time and the provision of cultural awareness programs to Partner Schools to support the transition of Indigenous Students from MITS to Partner Schools.



2 Principal activities and how these activities assisted in achieving the objectives of MITS

2.1 Activities enabling the opening of MITS

During the FY2016 reporting period, MITS opened to its first cohort of students and prepared to transition them into its foundation Partner Schools. Between July 2015 and late January 2016, MITS achieved a number of significant milestones which enabled it to open to its first students in February 2016, and in so doing, to achieve its objectives:

- **(registration as a school)** In December 2015 MITS was registered as an independent specialist school with the Victorian Registration and Qualifications Authority;
- **(works to Lockington)** In July 2015 MITS commenced demolition and construction works at its boarding house, Lockington. These works – led by architects McIlldowie Partners and construction managers Qanstruct – were completed in a very short window of time, to a high quality and within budget. Practical completion was achieved in late January, shortly before students arrived at MITS.
- **(partnership with Richmond Football Club)** In December 2015 MITS formalised a partnership and Facilities Agreement with Richmond Football Club and its Korin Gamadji Institute.

This partnership saw MITS establish its teaching facility within Richmond Football Club's Punt Road Oval facility. Building works were undertaken from December 2015 to January 2016 to ensure that the facility was compliant with the requirements of a teaching



space.

- **(Department of the Prime Minister and Cabinet funding agreement)** Following execution of a Funding Agreement with the Department of the Prime Minister and Cabinet in relation to the cost of building works at Lockington in June 2015, MITS met all milestones specified in that Funding Agreement, enabling all contracted funds to flow. MITS has subsequently completed the acquittal process in relation to that funding.
- **(appointment of foundation staff)** Between August 2015 and January 2016 MITS appointed its foundation staff, enabling it to deliver a high-quality school and boarding program.
- **(raising recurrent funding)** Following the successful completion of the capital fundraising campaign to fund building and establishment works, MITS secured sufficient operational funding to enable it to deliver its program for at least 3 years. Recurrent funds were raised in the following ways:
 - **(Federal and State recurrent funding)** as a registered school, through recurrent per capita funding under funding agreements with the Department of Education (Commonwealth) and the Department of Education and Training (Victoria).
 - **(ABSTUDY)** as an approved secondary provider, through Centrelink ABSTUDY funding for eligible students enrolled at MITS.
 - **(Partner Schools)** through contributions from many of MITS's Melbourne Partner Schools.
 - **(donations)** through gifts from private donors, Private Ancillary Funds and large trusts and foundations. Substantial, multi-year pledges have been committed by Colonial Foundation, the Hugh D.T. Williamson Foundation and the William Buckland Foundation. MITS has also received a number of contributions from trusts and foundations for one-off or project specific purposes.



The BB & A
Miller Foundation



The
Hugh D.T. Williamson
Foundation

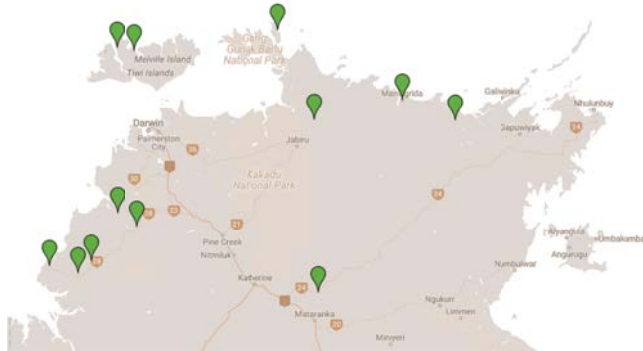
Collier Charitable Fund



2.2 Activities undertaken from the opening of MITS

On 1 February 2016 MITS opened to its first 22 students, representing the culmination of nine years of planning and preparation. These students – boys and girls aged between 12 and 14 years of age – came to MITS with the support of their families from seven communities across the Top End of the northern Territory – Pirlangimpi, Milikapiti, Gunbalanya, Ramingining, Daly River, Nganmariyanga and Peppimenarti – and from Bairnsdale in south-east Victoria.

In 2017, MITS has also welcomed students from new communities in the Northern Territory – Minjilang, Maningrida, Wadeye and Beswick – and in Victoria – Lucknow and Shepparton. A map of the Northern Territory communities that MITS students come from is set out to the right.



MITS was officially opened on 29 April 2016 by the Hon Josh Frydenberg MP (representing Prime Minister the Hon Malcolm Turnbull MP), Senator Nova Peris and Auntie Joy Wandin Murphy. Prime Minister Turnbull visited the MITS classroom in late May.



The Class of 2016 participated in a rich program of curricular and extra-curricular activities. In the classroom, a very low teacher:student ratio was used to enable small group work and to ensure that each student's was supported through a scaffolded and differentiated program that reflected their own academic strengths. In the boarding house, students engaged with the excitement and vibrancy of Melbourne's events calendar, in particular through activities that celebrated Indigenous people and cultures.

In order to achieve its objectives and deliver a high-quality program for its students, MITS formed a number of key partnerships during its first operating year, including with:

- **(Partner Schools)** eight Melbourne schools: Brighton Grammar School, The Geelong College, Kingswood College, Melbourne Grammar School, Methodist Ladies' College, St Kevin's College, Trinity Grammar School, and Yarra Valley Grammar School. Together, these schools offered secondary scholarships to all of MITS's 17 Class of 2016 graduates.
- **(Richmond Junior Football Club)** the Richmond Junior Football Club. Through this partnership, MITS boys and girls played club football while forming strong friendships and connections with students and families from the Richmond community.
- **(Menzies Foundation)** the Menzies Foundation, to form the inaugural Sir Robert Menzies Indigenous Mentoring Fellowship. Under this Fellowship, a university-level Indigenous student provides mentoring to MITS students, while themselves receiving mentoring, attending MITS Board Meetings as a visitor, and receiving a Fellowship stipend.



3 Strategy for achieving these objectives

Through its establishment phase, MITS has sought to attract the people, funding and partnerships that would enable it to open successfully in 2016. Notably, in its first year of operations, five of its employees – one third of its workforce – were themselves Indigenous people.

In mid-2016, the MITS Board undertook a strategy review to determine MITS's priorities for the coming 3 years and to ensure that it achieves its objectives. The Board resolved that, whilst early signs indicate that MITS's model is working, a 'proving period' of at least three years would be required to demonstrate this.



The Board also articulated its view that MITS will only be successful where its graduate students are successful. The definition of 'success' will be unique to each student. For some, success may mean university. For others, it may mean completion of Year 12, a VCAL pathway, or a confident return home, with functional numeracy and literacy enabling life-long participation in the workforce.

MITS's current three-year strategy centres on four words:

- **(consolidate)** Ensure that MITS is robust and delivers outcomes in the short term.
- **(refine)** Adapt and improve what we do so that we have a model that we think is stable and replicable.
- **(secure)** Secure the long-term future of MITS, in particular our financial future.
- **(position)** Position ourselves so that we can grow in the mid-term, if we choose.

In April 2017 MITS commenced an 'Organisational Health Check' with Social Ventures Australia to assist it to deliver on this three-year strategy. The Health Check will identify, from an external viewpoint, the keys drivers behind the MITS program, the areas where it is excelling, and the areas where it can improve.

4 Performance measures

MITS is still very much in its infancy as an operating entity. It will be many years before the full impact of its program on its students, their families and their communities can be assessed. However, the early signs are positive.



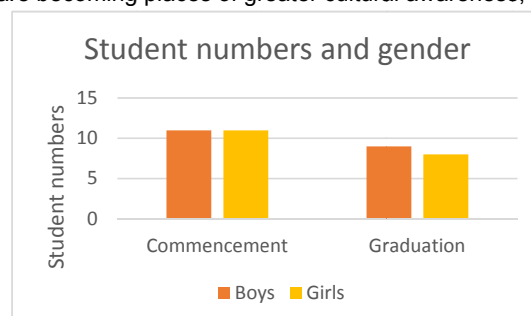
MITS transitioned 17 out of an initial 2016 cohort of 22 students, and welcomed another 22 students to MITS in 2017. We have seen substantial academic improvement in our first cohort, and our students have told us that they feel culturally strong and safe in Melbourne. Their parents have told us that they are happy and proud that their children are able to pursue their educational ambitions in Melbourne.

Our Partner Schools have welcomed their first MITS students, and are increasing their capacity to support the students academically and pastorally. We believe that those schools are becoming places of greater cultural awareness,

safety and celebration through the contributions of MITS graduates.

4.1 Student graduation

MITS's maximum enrolment is 11 boys and 11 girls. It is a small-scale, high-impact transition school, able to respond to the individual needs of our students, some of Australia's most disadvantaged.



Throughout the 2016 school year, some students, together with their families and MITS, chose to return to their home communities to continue their schooling. Whilst each student who returned home did so for personal reasons, MITS identified the following themes that influenced students returning home:

- students feeling a strong obligation to be at home to support other family members, particularly elderly grandparents or young siblings;
- the impact of early-years trauma on students, which can reduce their resilience and ability to take on the challenge of schooling away from home;
- the absence of a stable, supportive family which is able to celebrate their child's progress in Melbourne and support them through hard times; and
- lower emotional maturity.

MITS has applied these learnings to its selection processes for 2017, with the aim that we will identify where a student may not be suited to schooling at MITS and in Melbourne before enrolment. MITS will continue to identify common themes in 2017 and beyond and use these to refine its selection processes.

4.2 Student transition



All 17 of our Class of 2016 graduates transitioned successfully into the Melbourne Partner Schools for the commencement of the 2017 school year. MITS is working very closely with its Partner Schools to help facilitate the best transition possible for our graduates and has appointed a Student Transition Coordinator to lead this work.

We are working with our Partner Schools to ensure the strengths and challenges of each student are quickly identified and that appropriate curriculum support is put in place to help with this challenge. These supports include Teaching Assistants, small group learning, tutors and, of course, Indigenous Officers to provide pastoral care and cultural inspiration.

Our graduates are intelligent, resilient and capable young people with clear ambitions for their schooling in Melbourne. We are confident that our Partner Schools are developing a good understanding of how they can best support and guide our students to achieve those aims.

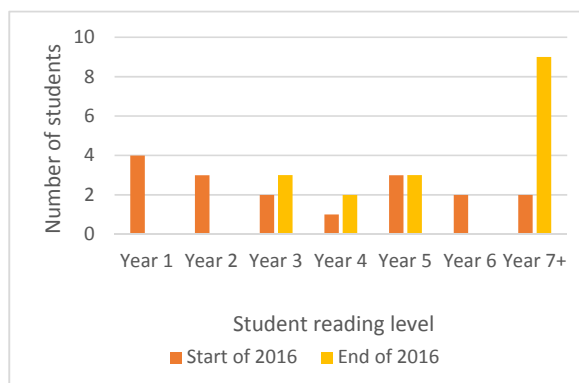
4.3 Student outcomes

(a) Academic

This report will consider one measure of student academic outcomes: literacy. Many different outcomes are measured through the course of the MITS year.

Student literacy levels improved dramatically throughout the year at MITS (see right), with some students demonstrating an astonishing three to four years of improvement in their reading age.

A number of factors contribute to this improvement. Excellent teachers and consistent teaching practices are crucial, but other factors include being immersed in English-speaking surrounds – most of our students speak English as a second, third or even fifth language – as well as 100% school attendance and developing good nutrition and sleeping habits while at MITS.



(b) Wellbeing

The MITS program works from the belief that if a student feels safe and supported, they will learn, show courage in the classroom and make the most of every opportunity presented to them.



In recognition of the fact that many of MITS students have experienced trauma in their early childhoods, MITS has implemented the Berry Street Education Model (BSEM) at MITS. This model ensures that wellbeing concerns are addressed in a continuous cycle that builds throughout the school year, ultimately giving the students the skills to begin to address their own wellbeing challenges with resilience.

In 2016, MITS used the Menzies School of Health Research's Strong Souls survey to monitor the mental health and wellbeing of a handful of our students we considered to be particularly at risk. The dramatic improvement between students' survey responses at the start of the year compared with those at the end of the year was very encouraging.

4.4 Family feedback

MITS deeply values the thoughts and input of its parents, guardians and community leaders. Family feedback is a critical performance measure for MITS. Feedback from our Class of 2016 parent group is set out below:

We feel happy that our kids can live at MITS. We feel happy that our kids are getting a good education. We feel proud that our kids can be strong leaders for our Community, now and in the future.
- Priscilla, mother

We want her to have the best of the best. Two Cultures. Two pathways she can meet and work on. [With MITS] her ability to become more of a champion in her life, I have noticed that.

I am very happy that she had an opportunity to gain her education at Boarding School. I'm really proud of her.
- Dean, father

She will be the first person in our family to go to University. We are so proud of her.
- Tracey, mother

My hope for him is to keep on studying and being independent. Visiting other places so he can get a wider knowledge about other places, non-Indigenous, town life, other Communities. The strength of knowing both sides of the Cultures – Indigenous and non-Indigenous – when you have both sides, when you go back home, people see you as a person who can help them.

All I can say is that I'm very grateful that he came down here. The minute we walked in [to the Boarding House] down here, some of us just said "Hey, there's this warm feeling." It's like family.

- Joyce, grandmother



You know, MITS is famous these days. Everyone is talking about it and they want their children to come down here to MITS. My youngest daughter is 10 and I am going to send her to MITS when she is old enough.

- Josephine, aunty

5 Members' Guarantee

The Melbourne Indigenous Transition School is a company limited by guarantee. According to the Company's constitution, there is only one class of membership. In the event of, and for the purpose of, winding up the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1.

At 31 December 2016, the liability of the members was \$11 (2015: \$11).

Information on directors

Associate Professor Elizabeth Tudor

Qualifications

Associate Professor, Faculty of Veterinary and Agricultural Sciences, University of Melbourne

Experience

Liz Tudor is a veterinarian and Associate Professor in the Faculty of Veterinary and Agricultural Sciences at the University of Melbourne.

She has a deep commitment to Indigenous issues and a relationship with a number of Indigenous communities at both personal and professional levels. Liz has experience as a Board member and Chair of a Victorian Independent Girls' school, and as a member of a Government Primary School Council. She is a member of the Animal Ethics Committee, Peter MacCallum Cancer Institute, Past Chair of the Animal Ethics Committee, Faculty of Veterinary Science, and as Associate Dean - Curriculum Strategy currently leads a curriculum renewal program for the Faculty of Veterinary and Agricultural Sciences.

Special Responsibilities

Chairperson

Mr Rick Tudor OAM

Qualifications

Retired Headmaster, Trinity Grammar School

Experience

Rick Tudor retired in December 2013 as the Headmaster of Trinity Grammar School, Kew, a position he held for fifteen years.

He is currently a board member of The King David School, Ivanhoe Girls' Grammar School, Trinity College University of Melbourne, the Victorian Registration and Qualifications Authority, the Melbourne Anglican Foundation, the Anglican Diocesan Schools Commission, St Paul's Cathedral Chapter and the ConocoPhillips Science Experience.

He has extensive experience in education, both as an administrator and a teacher. He has also been involved in the Association of Heads of Independent Schools and the Council of the Centre for Strategic Education and the Anglican Coordinating Committee on Education. Rick was previously on the Council and Deputy Chair of St. Margaret's School, Berwick.

He has also contributed beyond the educational community through his role on the Board of Anglicare Victoria, and as a member of the Ethics Committee at the Royal Women's Hospital. Other leadership roles have included Victorian representation on the Australian Anglican Schools Network, Chair of the Indigenous Education Focus Group of the Centre for Strategic Education and Chair of the Victorian Branch and member of the National Executive of the Association of Heads of Independent Schools of Australia.

Mr Stephen Russell

Qualifications

Headmaster, St Kevin's College

Experience

Stephen Russell is Headmaster of St Kevin's College, a position he has held since 2004. He is immediate past Chair of the APS (Associated Public Schools of Victoria). Memberships of LERNS (Leaders in Edmund Rice Network Schools), PAVCSS (Principals' Association of Victorian Secondary Schools) and IBSC (International Boys' Schools Coalition) are valued. He served for six years on the State Executive of AHISA (Association of Heads of Independent Schools of Australia), and is the immediate past Chair. He also sat on the National Board of AHISA for six years.

His teaching career has been in independent schools in New South Wales, Queensland and the United Kingdom and he teaches History and Religious Education. His areas of interest are indigenous education, boy specific teaching and learning strategies and the development of resilience in adolescence.

Mrs Margaret Webb OAM

Qualifications

Retired Principal, Toorak College Mount Eliza

Experience

Margaret retired in 2007 as Principal of Toorak College Mt Eliza, an independent school for girls on the Mornington Peninsula. This position she held for seven years.

She is currently Chair of the Outdoor Education Group and is a board member of Mac.Robertson Girls' High School, Kingswood College and the Lyceum Club. She is a director of the Mac.Rob Foundation and is President of the alumni of Mac.Robertson Girls' High School

She acts as a mentor for Leadership Victoria and the African Think Tank

and is currently working with an indigenous community in the Northern Territory. She has had extensive experience in education including Head of Campus at Caulfield Grammar School Wheelers Hill Campus and Deputy Headmistress of St. Michael's Grammar School. She has been a director and is a member of the Invergowrie Foundation, a charitable trust aimed at promoting and advancing girls' and women's education in Victoria. She has also been President of Girls Sport Victoria and Chair of Fit to Drive Mornington Peninsula. She currently runs her own educational consultancy.

Mr Edward Tudor

Qualifications

Executive Director, Melbourne Indigenous Transition School

Edward is Executive Director of the Melbourne Indigenous Transition School. He came to the role in October 2014 with strong experience in corporate governance, project management and commercial legal advice.

Experience

Edward was a solicitor with law firm King & Wood Mallesons from February 2011 until October 2014. During this time he undertook secondments to KWM's Beijing office and to Leighton Holdings. He graduated from the University of Melbourne in 2010 with a combined Bachelor of Arts and Bachelor of Laws (Hons) and was one of KWM Australia's first secondees to its Beijing office. Edward served as a board member of the Old Scotch Collegians' Association for five years and was the founding President of the Old Scotch Music and Drama Club.

Special Responsibilities

Company Secretary, Executive Director

Mr David Heaton

Qualifications

Barrister, Brick Court Chambers, London

David is a Barrister at Brick Court Chambers, London, a leading London set of chambers specialising in commercial, public and European Union law. In 2015 David completed a thesis for a Master of Philosophy in Law at the University of Oxford, having received the Sir R G Menzies Scholarship in Law for 2013 and graduated with the Bachelor of Civil Law with distinction in 2014. David graduated from the University of Melbourne in 2010 with a combined Bachelor of Arts and Bachelor of Laws (Hons) and a Diploma of Modern Languages, winning the Supreme Court Prize for the top ranked law student.

Experience

David has previously worked with the Boston Consulting Group, based in Melbourne, as an Associate to the Hon Justice Hayne AC of the High Court of Australia and as a solicitor for the law firm King & Wood Mallesons in Melbourne. While studying at the University of Melbourne, he completed an exchange at the University of Freiburg in Germany. David is involved with a wide range of organisations, being a keen soccer player and having edited the Melbourne University Law Review while studying.

Mr Shawn Andrews

Qualifications

Founder and Director, Indigicate

Shawn Andrews is a Yugambah man who is passionate about Indigenous education and the journey of reconciliation for all Australians. Shawn has extensive experience as an Indigenous educator and has over ten years' experience in designing and facilitating Indigenous education programs and Indigenous mentoring.

Experience

Some of Shawn's previous roles include positions at Melbourne Grammar School and Monash University. Recently Shawn founded a business called Indigicate, Indigenous Australian Education Providers. Indigicate aims to create true reconciliation between Indigenous and non-Indigenous Australians through the creation of authentic curriculum based Indigenous education programs that lead towards a long-term vision of closing the gap in Indigenous disadvantage.

Ms Katrina Penfold

Koorie Education Coordinator, Victorian Department of Education and Training

Katrina Penfold (Hatton) is a Wiradjuri woman who lives in Tatura, Goulburn Valley. Katrina has worked in Koorie education for over 10 years. She is currently a Koorie Education Coordinator with the Victorian Department of Education & Training. In this role she is responsible for Koorie Education throughout the North-Eastern Victoria. Katrina is particularly interested in improving educational results for all Indigenous children and young people and being a part of the change. She is married with three sons.

Ms Meg Hewett

Qualifications

Family Educator, Families as First Teachers Program, Nganmarriyanga School

Meg Hewett is an early years and secondary school teacher, who is currently working in Nganmarriyanga Community, Northern Territory, where she has lived with her husband and three young children since 2011.

Experience

She has previously worked as a secondary teacher at Pascoe Vale Girls Secondary College. Meg graduated with honours from the University of Melbourne where she majored in

Indigenous Studies and worked under Dr Tracey Banivanua-Mar in the History Department. She has undertaken short-term capacity building projects in the Torres Strait and has been a house parent at Worowa Aboriginal College in Healesville. She has worked as an ATAS tutor and has personal connection in numerous Indigenous communities.

Mr Stephen Cooper

Qualifications

Managing Director, Grant Samuel

Stephen has a B.Com (Hons) from the University of Cape Town and is a Chartered Accountant.

Experience

Stephen Cooper is a managing director in the Melbourne office of Grant Samuel, an Australian corporate advisory and investment banking firm. He joined Grant Samuel in 1994 after working for KPMG and its predecessor firms in consulting and corporate recovery. He has been responsible for numerous corporate advisory assignments including public company takeovers, mergers, business sales and acquisitions, schemes of arrangement, capital raisings and independent expert's reports on public company transactions.

Special responsibilities

Company Treasurer

Ms Hilary Dixon

Qualifications

Founder, Dixon Appointments

Hilary Dixon is Founder of Dixon Appointments, a recruitment firm specializing in Administration, Accounting, Finance and IT in Melbourne. The success of Dixon Appointments was recognised by being listed in the BRW Fast 100 Awards for outstanding performance in business. In 2013 Hilary sold the business to the Management Team.

Experience

Since that time Hilary has channeled her skills towards the not-for-profit space. She brings creativity, innovation and fiscal responsibility to MITS, as well as a can-do attitude. Hilary is a business pioneer and social change leader.

Hilary chairs the Fundraising & Grants Committee at MITS, is a director of SisterWorks and 100 Story Building's HR and Policy Committee. She is a committee member of the Brotherhood of St Laurence's Women's Network for Change and a non-executive director of Land for Life's Pyrenees Landcare.

Meetings of directors

During the 18 months, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the 18 months were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Associate Professor Elizabeth Tudor	15	15
Mr Rick Tudor	15	15
Mr Stephen Russell	15	14
Mrs Margaret Webb	15	12
Mr Edward Tudor	15	15
Mr David Heaton	15	9
Mr Shawn Andrews	15	9
Ms Katrina Penfold	15	4
Ms Meg Hewett	15	6
Mr Stephen Cooper	15	14
Ms Hilary Dixon	15	13

Melbourne Indigenous Transition School

ABN 12 141 611 234

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Melbourne Indigenous Transition School

I declare that, to the best of my knowledge and belief, during the 18 months ended 31 December 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

[Enter place of signing]

Melbourne Indigenous Transition School

ABN 12 141 611 234

Statement of Comprehensive Income For the 18 months ended 31 December 2016

		18 months ended 31 December 2016	Year ended 30 June 2015
	Note	\$	\$
Income	3	2,877,128	878,940
Insurance		-	(2,975)
Employee benefits expense		(1,296,629)	(49,866)
Architectural fees		-	(27,950)
Depreciation and amortisation expense		(45,707)	-
Rent		(122,179)	(30,000)
Repairs and Maintenance		(109,724)	-
Travel costs		(125,324)	(903)
Event and engagement costs		(134,267)	(1,361)
Other expenses		(332,234)	(15,187)
Profit before income tax and IAS Grant		711,064	750,698
IAS Grant		1,125,000	-
Profit before income tax		1,836,064	750,698
Income tax expense	1(b)	-	-
Profit from continuing operations attributable to members of the entity		1,836,064	750,698
Total Comprehensive Income for the year attributable to members of the entity		1,836,064	750,698

The IAS Grant was a one-off grant from the Federal Government for the funding of the capital expenditure associated with the MITS Boarding House on Richmond Hill. Although under the applicable accounting standards this grant is required to be recognized as a revenue item and accounted for through the Statement of Comprehensive Income, the MITS Directors have chosen to separately disclose it in recognition of its non-recurring nature, the fact that the grant was not able to be applied to the funding of recurrent expenditure but was required to be directed to the funding of specified capital expenditure, and the Directors' opinion that the grant is akin to a capital contribution from the Federal Government.

Melbourne Indigenous Transition School

ABN 12 141 611 234

Statement of Financial Position

31 December 2016

		31 Dec 2016	30 June 2015
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,094,690	750,289
Trade and other receivables	5	48,065	9,615
Other assets	7	10,590	17,500
TOTAL CURRENT ASSETS		1,153,345	777,404
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,611,727	-
TOTAL NON-CURRENT ASSETS		1,611,727	-
TOTAL ASSETS		2,765,072	777,404
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	90,398	-
Employee benefits	9	61,206	-
TOTAL CURRENT LIABILITIES		151,604	-
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		151,604	-
NET ASSETS		2,613,468	777,404
EQUITY			
Reserves		1,125,000	-
Retained earnings		1,488,468	777,404
TOTAL EQUITY		2,613,468	777,404

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School

ABN 12 141 611 234

Statement of Changes in Equity For the 18 months ended 31 December 2016

2016

	Retained Earnings	Capital Reserve	Total
	\$	\$	\$
Balance at 1 July 2015	777,404	-	777,404
Profit for the 18 months	1,836,064	-	1,836,064
Transfers to and from reserves	(1,125,000)	1,125,000	-
Balance at 31 December 2016	1,488,468	1,125,000	2,613,468

2015

	Retained Earnings	Capital Reserve	Total
	\$	\$	\$
Balance at 1 July 2014	26,706	-	26,706
Profit for the year	750,698	-	750,698
Balance at 30 June 2015	777,404	-	777,404

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School

ABN 12 141 611 234

Statement of Cash Flows

For the 18 months ended 31 December 2016

		For the 18 months ended 31 Dec 2016	For the year ended 30 June 2015
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts of grants		3,217,525	955,491
Receipt of IAS Grant		1,125,000	-
Payments to suppliers		(2,360,988)	(238,479)
Interest received		10,683	1,571
GST paid		9,615	-
Net cash provided by/(used in) operating activities	13	2,001,835	718,583
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property plant and equipment		(1,657,434)	(990)
Net cash used by investing activities		(1,657,434)	(990)
Net increase/(decrease) in cash and cash equivalents held		344,401	717,593
Cash and cash equivalents at beginning of year		750,289	32,696
Cash and cash equivalents at end of the 18 months	4	1,094,690	750,289

The accompanying notes form part of these financial statements.

Melbourne Indigenous Transition School

ABN 12 141 611 234

Notes to the Financial Statements

For the 18 months ended 31 December 2016

The financial report covers Melbourne Indigenous Transition School as an individual entity. Melbourne Indigenous Transition School is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Melbourne Indigenous Transition School is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

The financial statements cover Melbourne Indigenous Transition School as an individual entity. Melbourne Indigenous Transition School is a Company Limited by Guarantee, Incorporated and domiciled in Victoria under *Corporations Act 2001* with its registered office at 16 The Vacluse, Richmond, Victoria, 3121.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the 18 months ended 31 December 2016

1 Summary of Significant Accounting Policies continued

(d) Revenue and other income continued

Grant revenue

Grant revenue is recognised in the statement of profit or loss when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Melbourne Indigenous Transition School receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any

Notes to the Financial Statements

For the 18 months ended 31 December 2016

1 Summary of Significant Accounting Policies continued

(f) Property, plant and equipment continued

impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Computer Equipment	33%
Computer Software	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) Economic Dependence

The company is dependent on the Department of Human Services for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support the Company

Notes to the Financial Statements

For the 18 months ended 31 December 2016

1 Summary of Significant Accounting Policies continued

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2016, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired.

Notes to the Financial Statements

For the 18 months ended 31 December 2016

3 Revenue and Other Income

Revenue from continuing operations

	18 months ended 31 Dec 2016	Year ended 30 June 2015
	\$	\$
- Donations	1,520,117	877,369
- ABSTUDY funding	416,378	-
- Department of Education funding	712,372	-
- Event income	204,289	-
- Other revenue	23,972	1,571
Recurrent Revenue	2,877,128	878,940
- IAS Grant	1,125,000	-
Total Revenue	4,002,128	878,940

4 Cash and Cash Equivalents

	31 Dec 2016	30 June 2015
	\$	\$
Cash at bank and on hand	394,690	750,289
Short-term deposits	700,000	-
	1,094,690	750,289

5 Trade and Other Receivables

	31 Dec 2016	30 June 2015
	\$	\$
CURRENT		
GST receivable	48,065	9,615
Total current trade and other receivables	48,065	9,615

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the 18 months ended 31 December 2016

6 Property, plant and equipment

	31 Dec 2016	30 June 2015
	\$	\$
BUILDINGS		
At cost	1,602,466	-
Accumulated depreciation	(32,734)	-
Total buildings	1,569,732	-
Total land and buildings	1,569,732	-
COMPUTER EQUIPMENT		
At cost	54,751	-
Accumulated depreciation	(12,756)	-
Total computer equipment	41,995	-
Total plant and equipment	41,995	-
Total property, plant and equipment	1,611,727	-

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial 18 months :

	Buildings	Computer Equipment	Computer Software	Total
	\$	\$	\$	\$
18 Months ended 31 December 2016				
Balance at beginning of period	-	-	-	-
Additions at cost	1,602,466	54,751	2,883	1,660,100
Depreciation expense	(32,734)	(12,756)	(217)	(45,707)
Balance at the end of the 18 months	1,569,732	41,995	2,666	1,614,393

7 Other Assets

	31 Dec 2016	30 June 2015
	\$	\$
CURRENT		
Prepayments	3,090	10,000
Rental Bond	7,500	7,500
	10,590	17,500

Melbourne Indigenous Transition School

ABN 12 141 611 234

Notes to the Financial Statements For the 18 months ended 31 December 2016

8 Trade and Other Payables

	31 Dec 2016	30 June 2015
	\$	\$
CURRENT		
Rent Liability	20,000	-
PAYG Withholding payable	47,984	-
Other payables	22,414	-
	<u>90,398</u>	<u>-</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

9 Employee Benefits

	31 Dec 2016	30 June 2015
	\$	\$
Current liabilities		
Provision for annual leave	61,206	-
	<u>61,206</u>	<u>-</u>

10 Capital and Leasing Commitments

(a) Operating Leases

	18 months ended 31 Dec 2016	Year ended 30 June 2015
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	119,023	15,000
- between one year and five years	319,114	-
	<u>438,137</u>	<u>15,000</u>

(b) Contracted Capital Commitments

Contracted commitments for:

Registered Entity

Within 12 months	-	1,125,000
	<u>-</u>	<u>1,125,000</u>

Notes to the Financial Statements

For the 18 months ended 31 December 2016

The entity entered into an agreement with the Department for Prime Minister and Cabinet to receive \$1.125 million in capital grant funding. This was solely to be used for capital works i.e. renovation of Lockington and construction of the new building and outside area. This project was completed in January 2016.

11 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company. At 31 December 2016 the number of members was 11 (2015: 11).

12 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (30 June 2015: None).

13 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	18 months ended 31 Dec 2016	Year ended 30 June 2015
	\$	\$
Profit for the period	1,836,064	750,698
Non-cash flows in profit:		
- depreciation	45,707	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(48,065)	(9,615)
- (increase)/decrease in other assets	6,910	(17,500)
- increase/(decrease) in trade and other payables	42,414	(5,000)
- increase/(decrease) in GST payable	57,599	-
- increase/(decrease) in employee benefits	61,206	-
Cashflow from operations	2,001,835	718,583

14 Events after the end of the Reporting Period

The financial report was authorised for issue on 24 June 2017 by the Board of Directors.

No matters or circumstances have arisen since the end of the 18 months which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Melbourne Indigenous Transition School

ABN 12 141 611 234

Notes to the Financial Statements **For the 18 months ended 31 December 2016**

15 Company Details

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

Melbourne Indigenous Transition School
16 The Vacluse
RICHMOND VIC 3121

Melbourne Indigenous Transition School

ABN 12 141 611 234

Directors' Declaration

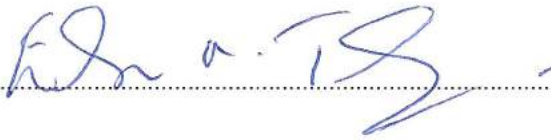
The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14-26, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the financial position as at 31 December 2016 and the performance for the 18 months ended on that date is in accordance with the accounting policy described in Note 1 of the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Director



Dated this day of 2017

22nd

June

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELBOURNE INDIGENOUS TRANSITION SCHOOL

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Melbourne Indigenous Transition School (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 18 months then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion the financial report of Melbourne Indigenous Transition School has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (The ACNC Act), including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of their performance for the 18 months ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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.

Other Information

The responsible entities are responsible for the other information. The other information comprises the information included in the Company's annual report for the period ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, 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.

Independence

In conducting our audit, we have complied with the independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*. We confirm that the independence declaration required by the Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*, provided to the directors of Melbourne Indigenous Transition School, would be in the same terms if provided to the directors as at the date of this auditor's report.



MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



ANDREW JOHNSON

Partner

Audit & Assurance Services

Melbourne, Victoria

22 June 2017