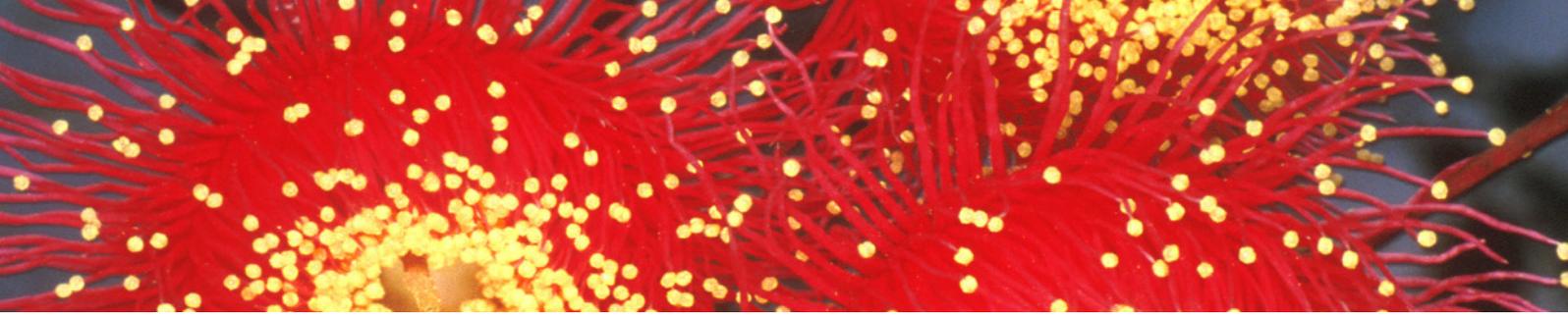




AUSTRALIAN
CONSERVATION
FOUNDATION

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005





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ACF Financial Report 2005

ACF governance

ACF is a democratic, membership-based organisation with individual members from all states and territories of Australia. It is incorporated in the Australian Capital Territory. ACF members elect the Council on a tri-annual basis (the current Council was elected in November 2003). Members also contribute to ACF via branches, input to changes in policy (members are given an opportunity to comment on all new policies and policy revisions) and of course with their financial support and personal actions for the environment.

Organisation Chart



The governing authority of the Australian Conservation Foundation is its Council, which is made up of:

- Five members for each of the six states;
 - Two members for the Australian Capital Territory; and
 - Three members for the Northern Territory.

Council meets over a weekend at least three times each year. Councillors appoint both a Treasurer and President who are usually chosen as 'specialists' for these roles.

Council sets ACF's strategy and policies, determines campaign priorities and directions, and ensures that there is an effective Executive appointed to oversee the administration of ACF. Council also appoints and evaluates the performance of the Executive Director who is delegated responsibility for delivering Councils plans.

The Executive consists of the President, the Treasurer, two Vice-presidents and four other councillors who are elected by the Council on an 18-month term. There are at least six meetings of the Executive each year. The key role of the Executive is to ensure ACF is run efficiently and effectively, that budgets are responsibly prepared and observed, that good financial and staff management is provided and that plans, policies and strategies established by the Council are followed and implemented.

Council reviews and updates the strategic plan encompassing ACF's vision, mission, values, philosophy and objectives and strategies. Each year the Council approves ACF's budget and annual plan, which set out ACF's core activities, plans and performance measures for the coming year. At the end of the financial year Council ensure ACF prepares this annual financial report outlining the performance, position and cash flows for the financial year.

ACF Councillors, 2005

President

Professor Ian Lowe

Professor Ian Lowe AO is emeritus professor of science, technology and society at Griffith University in Brisbane, an adjunct professor at Sunshine Coast University and QUT, an honorary research fellow at the University of Adelaide and a consultant to the CSIRO Division of Sustainable Ecosystems.

Professor Lowe was made an Officer of the Order of Australia in 2001 for services to science and technology, especially in the area of environmental studies. In 2002 he was awarded a Centenary Medal for contributions to environmental science and won the Eureka Prize for promotion of science. His contributions have also been recognised by the Prime Minister's Environment Award for Outstanding Individual Achievement, the Queensland Premier's Millennium Award for Excellence in Science and the University of NSW Alumni Award for achievement in science. Professor Lowe was named Humanist of the Year in 1988.

Professor Lowe studied engineering and science at the University of NSW and earned his doctorate in physics from the University of York.

From 1983 to 1989 Professor Lowe was a member of the National Energy Research, Development and Demonstration Council, chairing its standing committee on social, economic and environmental issues. He was Director of the Commission for the Future in 1988, and chaired the advisory council that



produced the first independent national report on the state of the environment in 1996. He is a member of the Environmental Health Council and the Radiation Health and Safety Advisory Council. He is a member of the Sydney Olympic Park advisory committee and chairs the Queensland Government task force implementing the reform of science education. He is deputy chair of the Queensland Sustainable Energy Innovation Group, which advises the State government on energy innovations. He has conducted consultancies for all three levels of government as well as companies and peak organisations in the private sector.

Professor Lowe has been a referee for the Inter-Governmental Panel on Climate Change, attended the Geneva and Kyoto conferences of the parties to the Framework Convention on Climate Change and was a member of the Australian delegation to the 1999 UNESCO World Conference on Science. He was on the steering group for the UNEP project Global Environmental Outlook, an invited participant in the 2000 workshop on Sustainability Science and a referee for the International Geosphere-Biosphere Program's 2004 book on planetary science.

Treasurer

Mr Kester Brown

Kester has been involved with ACF in the position of Treasurer since November 2002. He is a Principal at Ernst & Young and works in the areas of audit, acquisition, due diligence and capital raisings. Kester has an interest in building the internal controls and financial strength of ACF.

Honorary Secretary

Gavin Wigginton

Gavin Wigginton has worked as a volunteer, advising the ACF on governance systems, since 2001. He was appointed as Honorary Secretary in November 2004. Gavin is currently a management consultant, having previously worked in senior management positions in both the private and not for profit sectors. Gavin is a member of the ACF's Finance and audit and Governance Committees.

Barker, Peter NT

Peter Barker has a long history working in the environment movement. Before moving to Alice Springs Peter worked with Friends of the Earth Melbourne, the Victorian National Parks Association and the EcoCentre (St Kilda) on a range of campaigns and projects. Currently, Peter is working for Greening Australia NT, working with pastoralists and Indigenous Peoples on wetland management issues. Peter has been active with local environmental and social justice campaigns in Alice Springs, particularly with regard to the proposed nuclear waste dump, proposed new uranium mines in the territory and the protests against the US spy station Pine Gap.

Beach, Georgina VIC

Georgina's main focus is wildlife research and preservation, in addition to river health and environmentally sustainable agriculture. She has involvement with a variety of other wildlife conservation and rescue organisations. She also maintains a property in Victoria's Central Highlands, which incorporates expansive habitat reserves, wetlands and wildlife corridors. This is Georgina's first term as an ACF Councillor.

Brown, Doug TAS

Doug is in his third term on ACF Council and is a member of the Protect policy committee. Over the last year, Doug's main goals have been to secure protection for the Tarkine and other high-conservation-value forests in Tasmania. At present, Doug is formulating a Pre-draft Coastal Zone Management Policy for ACF. In Tasmania, Doug is Vice President of the Launceston Environment Centre. Doug represents the LEC on the Environment Tasmania Council, and also the Northern Tasmanian NRM Association.

Cattalini, Irina WA

Irina Cattalini is a Senior Policy Officer working on the Consumer Utilities Project with the Western Australian Council of Social Service. Irina is passionately committed to developing a sustainable energy future for Australia, and is keen to strengthen alliances between Australia's social and environment sectors. Prior to joining WACOSS in March 2005, she spent three years working at the Conservation Council of Western Australia, on various energy and greenhouse related policy and projects.

Christoff, Peter VIC

Peter is the Coordinator of Environmental Studies in the School of Anthropology, Geography and Environmental Studies, at the University of Melbourne. He has been a member of ACF since 1983 and has served on ACF Council and its Executive since 2000. In 1986, as Assistant to the Victorian Commissioner for the Environment, he established Victoria's State of the Environment (SoE) reporting program, and in the early 1990s contributed to the establishment of the national SoE program. He has campaigned on forest preservation, hazardous waste management, and climate change, and has been active in Environment Victoria and the Victorian National Parks Association, and is a former director of Greenpeace (Australia Pacific).

Cornell, Sandy VIC

Sandy describes herself as a mother and a wife and a vet. Her love of nature was born of time spent in it, walking climbing and mountaineering. Her experience as a vet has exposed her to both city and rural perspectives on the environment, bringing valuable insight to Council. Sandy's major areas of concern are water quality, river health and dry land salinity, which fuelled her voluntary work on ACF's rivers campaign. This is Sandy's first term on ACF Council.

Coulter, John SA

John Coulter returns to ACF Council after he served 17 years from 1973–1990. John was a Democrat Senator until the mid 1990s, in which capacity he made several federal inroads to greenhouse research and ozone and threatened species legislation. John went on to lecturing (Australia and internationally) and conference organisation. His passion lies in finding ways to combat the cause of environmental degradation, (unbridled 'growth'), rather than just the symptoms.

Dallywater, Nahrel WA

Nahrel is the Director of Naiad Pty Ltd (trading as Dallywater Consulting), an independent Environmental/Marketing/Training Consultancy. Nahrel won the WA and National Young Australian of the Year Award for the Environment in 1999 and the WA Livewire Business Award for her business in 2001. This is



Nahrel's third term on Council and she brings with her a diverse knowledge base of Australia's many environments and people. During the past year, Nahrel has continued work on the drafting of ACF policy and raising awareness of ACF via participation in WA interest groups and attendance at public forums.

Divecha, Simon SA

Simon is in his first Council term. He is a director of Green Matters Group, which focuses on environment and ecological footprint work with businesses, in collaboration with California-based Global Footprint Network (www.footprintnetwork.org) and others of its Australian partners. Formerly the CEO of the Conservation Council of South Australia, Simon has worked extensively across environmental and social issues, internationally, as well as at national and local grassroots levels. This includes leading campaigns across Asia Pacific region with Greenpeace and the Mineral Policy Institute.

Flaherty, Tony SA

Tony Flaherty has worked for the Marine and Coastal Community Network since 1994 and has an extensive background in marine conservation issues. He gained extensive experience of the world's oceans and its wildlife whilst working aboard a square-rigged sail training ship in the 1980s. He also has a diverse background in wildlife management and biological fieldwork in remote areas of Australia, the Americas and Antarctica and environmental education and community development programs abroad. Tony has an interest in environmental policy and law reform and has been on the management committee for the Environmental Defender's Office in SA for many years.

Fowler, Robert SA

Rob is a Professor of Environmental Law at the University of South Australia, where his role in recent years has been to deliver training courses in environmental law and enforcement to staff of State government agencies and also to Indonesian judges, prosecutors, EPA staff and NGO's under a series of AUSAID contracts since 1999. He is serving his third term on ACF Council, and states his main environmental concerns as sustainability, climate change, water issues and land clearance. Rob is also the Chair of the SA Environment Defender's Office.

Gee, Helen TAS

Living on a grazing property on Tasmania's east coast, Helen manages her native bush, grassland and pasture for long term sustainability. She is a founding member of The Wilderness Society, and has produced/edited environment books of significant influence (the sales from one of which funded an ACF project officer to campaign against the damming of the Franklin). She is the current convenor of the South East (TAS) Forest Protection Group; National Convenor, Lake Pedder Restoration Committee; 12th defendant in the Gunns20 case and works on Landcare and other land restoration projects in Tasmania. This is Helen's second Council term.

Harding, Elaine QLD

Elaine is a conservation biologist, now lecturing in the School of Tropical Environment Studies and Geography at James Cook University. Her career has included ecology work for the US Government and private consulting firms. She has a keen interest in translating scientific data to publicly accessible messages which

change social behaviour towards the environment. This is Elaine's first term as an ACF Councillor.

Higham, Andrew WA

Andrew currently works as a senior environmental adviser to the WA government, the UN and other national and international bodies. He is currently in his second ACF Council term, previously serving as Vice President. Andrew has an interest in transforming the economy as an essential requirement for sustainability. He was a primary author of the State of the Environment Report for WA (1998) and the Western Australian State Sustainability Strategy.

Hopkins, Angus WA

Angus is now in his fourth term as an ACF Councillor. He is committed to building capacity in the environment movement of Western Australia, and to working with other Western Australian Councillors to achieve this. His priorities for State activities are continuation of the Greenhouse/Climate Change campaign, protection of Barrow Island and the Burrup Peninsula, environmental law reform and the northern Australian campaign in the Kimberleys. Natural Resource Management (NRM) issues through the State, which include biodiversity conservation, are also high on the agenda.

Hopkins, Anna TAS

Anna is a PhD student looking at fungal ecology and biodiversity conservation in Tasmania. Still relatively new to ACF Council, she's also involved with refugee activist groups and is a contributor to the Tasmanian Greens. Her environmental interests are broad, and she will draw on her past experiences in environmental and social justice groups to strengthen Council.

Keane, Kristin QLD

Kristin lives in Cairns, works as an environment officer for government, holds a science degree and is undertaking her law degree. Kristin has been involved with the environmental conservation movement for approximately 13 years and in recent years, apart from being an ACF councillor, has been on the management committee for the Cairns and Far North Environment Centre and involved with various regional, State and national issues such as Hinchinbrook Island, Cape York, the Great Barrier Reef and Wet Tropics.

Le Couteur, Caroline ACT

Caroline is a director of Australian Ethical Investment Ltd, and has served four previous terms on ACF Council, this being her fifth. She has a keen interest in urban sustainability issues: lifestyle, building, transport, urban planning and energy. Having previously worked at the Australian Greenhouse Office on renewable energy, Caroline is now walking the talk by retrofitting an ex-government house to be solar passive. Her understanding of energy issues and the links to everyday life bring valuable insight to Council.

McManus, Phil NSW

Phil is serving his second term as an ACF Councillor. //He is a former Convenor of the ACF Sydney branch. Phil is a Senior Lecturer in Geography at the University of Sydney, has a particular focus on urban sustainability and is the author of *Vortex Cities to Sustainable Cities: Australia's Urban Challenge* (UNSW Press, 2005).



Michaels, Karyl TAS

Karyl is in her first term of Council. Inspired by her own experiences of Australia's natural wonders she wants to preserve them for future generations. A passionate ecologist, she did a PhD in beetle conservation on indicator species and the impacts of clearfelling. As coordinator of the WWF frogs program, she helped make people aware of the conservation needs of Tasmanian frogs, indicators of the health of our land and waterways. She is presently involved in setting benchmarks to assess native vegetation condition. She's looking for input from Tasmanian ACF members.

Mosley, Geoff VIC

Working for ACF since 1966, Geoff has spent most of this time protecting the environment from the ever growing demands of society. For many years he has believed that the most important thing the Foundation can do is to show how we can live more harmoniously by changing our basic value systems. Having succeeded in persuading ACF Council to expand the Foundation's role to include working for social change, Geoff is now developing a model for a steady state society and an action plan for its achievement. He believes ACF members have a crucial role to play.

Nicholls, Warren ACT

An environmental consultant, Warren has a 25 year history of work for the Commonwealth Environment Department. Since leaving the public service he has provided environmental services in Australia, South Africa, and South America, as well as a year as ACF's National Liaison Officer. Biodiversity, climate change, salinity and forest conservation are Warren's priorities for this, his debut term on ACF Council.

O'Leary, Paddy NT

Patrick is currently working with the CSIRO in Darwin as a researcher, and for three years was previously Marine and Coastal Policy Officer for the Northern Land Council, NT. Previous to this he was the NT Regional Coordinator for the marine and Coastal Community Network. He has a broad grounding in marine and coastal issues, and has experience of Indigenous land management issues. He holds an Honours degree majoring in ecological science and has worked on river conservation and forestry and woodchipping issues, as well as contributing as a committee member of the Environment Centre of the Northern Territory. He has provided training on community-based marine protected areas to some of ACF's overseas project partners in East Timor, in partnership with ACF's Asia Pacific Unit. This is Patrick's second term on ACF Council.

Parker, Nikki QLD

Nikki Parker has a degree in botany and ecology from the University of Queensland and works as an environmental consultant to the manufacturing industry and a php programmer, merging these roles where possible. Nikki played a key role in the Victorian Otway campaign before moving back to Queensland, where she recently spearheaded a successful campaign that has protected an area of ecologically important bushland, known as Pooh Corner, in the suburbs of Brisbane. Nikki has worked in the Solomon Islands, where she produced a national research strategy with the Forestry Department. Nikki is an exhibited artist (photography), a website developer, and mother of three boys.

Pedder, Adele NT

Adele Pedder is a newcomer to ACF council and hopes to learn a great deal while bringing an understanding of the unique nature of the Northern Territory's social, natural, cultural and economic situation and how this is positioned within the northern Australia and national context. Adele has been a participant in the Australian environment movement for many years, mostly in QLD and the NT. Currently, Adele is working full time with the Australian Marine Conservation Society (AMCS) in Darwin and works closely with the Environment Centre of the Northern Territory.

Richardson, Jeff WA

Jeff works for the Western Australian Department of Conservation and Land Management, working on diverse biodiversity related projects including biodiversity monitoring plans, biodiversity assessment and recovery of threatened fauna. Trained in botanical and vertebrate ecology, Jeff has a keen understanding of the need for an active and aware conservation community across Australia. He has been very involved in the establishment and support of Environment House (ACF's WA base).

Risstrom, David VIC

David is a barrister who served for five years as Melbourne City's Green Councillor and Vice President of the International Council for Local Environmental Initiatives, before standing as a Senate candidate in 2004. While at Melbourne City Council, David implemented over 100 achievements in green building, planning, reporting and funding, which he encourages others to use locally by visiting www.davidrisstrom.org. David worked with the VNPA for the creation of Victoria's Alpine National Park and the legal recognition of wilderness, as well as working for the Commonwealth EPA, Australian Centre for Environmental Law and the Senate. This is David's second term with ACF Council.

Selvey, Linda QLD

Linda Selvey is a medical doctor with a PhD in immunology who specialises in Public Health. She has had a long history of involvement in the environment movement in a range of organisations. She's been a member of ACF since 1981. She is currently chair of the Queensland Conservation Council, a position she has held for the past four years. She has special interest in climate change and sustainability, and, through her work, in social justice and achieving behavioural change.

Sinclair, John NSW

John served as an ACF Councillor for 14 years between 1975 and 1989, and as Vice President for 10 of those. He has led the campaign to have Fraser Island World Heritage listed and better protected since 1971. He has also held leading roles in several other environment organisations and campaigns. He leads ecotour safaris, specialising in Australian World Heritage sites. His work for the environment has been recognised with the Goldman Environmental Prize (1993) and the UNEP's Global 500.

Snell, Mark NSW

Mark Snell chairs the non-profit eco-village group Equilibrium Community Ecology Inc. In this role, he has prepared submissions on urban design and affordable housing for consideration by State and local governments. Mark is an active



member of two bushcare groups and convenor of an associated umbrella group, developing a district bushland management policy. He is founder and honorary editor of his fortnightly local newspaper, Peninsula News. He has published on the Internet a photographic floral survey of more than 150 species in his local National Park.

Tzannes, Ross NSW

Ross is both a solicitor and National Convenor of the environment network of the peak national body representing ethnic communities. He has a particular interest in involving ethnic communities in conservation and has been involved in a number of environmental awareness programs targeting those communities. Ross is currently serving his third term as an ACF Councillor. He currently chairs ACF's Governance Committee and is a member of the finance committee.

Wallace, Lyn QLD

Lyn is a senior environmental planner with the Queensland Environmental Protection Agency. In previous lives, she has been coordinator and (later) president of the Cairns and Far North Environment Centre, lecturer and researcher at James Cook University and ecotourism guide in north Queensland and Tasmania. She brings to Council her expertise in environmental policy and decision making, Indigenous land management, protected area management and private land conservation.

Watts, Colleen NSW

Colleen is now in her second term on ACF Council. She is a sustainable farmer and manager of a solo rural medical practice in the central Tablelands of NSW. Colleen has extensive academic

and practical experience in rural water issues, revegetation, dry land salinity and waste. She is involved in Landcare on both a regional and property level. She currently serves on the Board of the NSW Environment Protection Authority and has a catholic interest in all environmental issues, especially sustainability and natural resource management.

Wells, Katherine SA

Katherine is Vice President of the ACF. She has been a member of ACF Council since 2001 and of ACF Executive since 2002. Katherine is an environmental law and policy consultant, and has worked for both the environment movement and industry, in Victoria, NSW, South Australia and nationally. She has spent much of her career advising environment groups and lobbying governments on a wide range of environmental reform issues. Her particular interests at present are climate change, and the emerging biodiversity crisis. She is Deputy Chair of the South Australian Premier's Round Table on Sustainability, a member of the Executive Steering Group for the development of South Australia's Greenhouse Strategy, and a member of the Board of Zero Waste SA.

Williams, Carol TAS

Carol has a history as a Waterwatch Facilitator in Tasmania. She's been involved in the global campaign, the Gondwana Forest Sanctuary, and has worked hard over her previous term to keep the Tarkine on the ACF Council agenda – an issue she vows to keep pushing in the coming term. Carol is also coordinating a working group that has as its goal a second renomination for an extended World Heritage Area in Tasmania, and has presently become active in the nuclear campaign and Indigenous issues.

ACF FINANCIAL REPORT

AUSTRALIAN CONSERVATION FOUNDATION INC. COUNCILLORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The undersigned Council members submit the financial report of the Australian Conservation Foundation Inc. for the financial year ended 30 June 2005.

COUNCIL MEMBERS

The names of Council members throughout the year and at the date of this report (current members are indicated by * and the Executive by #) are:

President	Prof Ian Lowe*#		
Treasurer	Mr Kester Brown*#		
Mr Peter Barker*	Dr Elaine Harding*#	Mr Jeff Richardson*#	
Ms Georgina Beach*	Mr Andrew Higham	Mr David Risstrom*	
Mr Douglas Brown*	Mr Angus Hopkins*	Ms Linda Selvey*	
Ms Irina Cattalini*#	Ms Anna Hopkins*	Mr John Sinclair*	
Dr Peter Christoff*#	Ms Kristin Keane*	Mr Mark Snell*	
Dr Sandy Cornell*	Ms Caroline Le Couteur*	Mr Ross Tzannes*	
Dr John Coulter*	Dr Phil McManus*	Mr Mark Wakeham	
Ms Nahrel Dallywater*	Dr Karyl Michaels*	Ms Lyn Wallace*	
Mr Simon Divecha*	Dr Geoff Mosley*	Dr Colleen Watts*	
Mr Tony Flaherty*	Mr Warren Nicholls*#	Ms Katherine Wells*#	
Ms Penny Figgis	Mr Patrick O'Leary*	Ms Carol Williams*	
Dr Robert Fowler*	Ms Nikki Parker*		
Ms Helen Gee*	Ms Adele Pedder*		

PRINCIPAL ACTIVITIES

The principal activities of the Foundation during the year were -

- seeking to protect, restore and sustain the environment;
- raising awareness and understanding of environmental issues;
- support collaboration amongst persons, trusts, corporations, associations, institutions, governments, and other bodies concerned with conservation; and
- carrying out research on a broad range of current and future environmental issues.

SIGNIFICANT CHANGES

No significant change in the nature of these activities occurred during the year.

OPERATING RESULT

The deficit from ordinary activities amounted to \$724,200 (2004 deficit \$264,382).

Signed on behalf of ACF in accordance with a resolution of the Executive of Council.



.....
President - Prof Ian Lowe
18 September 2005



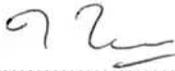
.....
Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT BY THE EXECUTIVE OF COUNCIL
FOR THE YEAR ENDED 30 JUNE 2005 .**

In the opinion of the Executive of Council,

- (a) the financial report set out on pages 1 to 19 presents a true and fair view of the financial position of the Australian Conservation Foundation Inc. as at 30 June 2005 and of its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements, other authoritative pronouncements of the Australian Accounting Standards Board.
- (b) at the date of this statement there are reasonable grounds to believe that the Australian Conservation Foundation Inc. will be able to pay its debts as and when they fall due.

Signed on behalf of ACF in accordance with a resolution of the Executive of Council



.....
President - Prof Ian Lowe
18 September 2005



.....
Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.
TREASURER'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005**

Declaration to be furnished under the NSW Charitable Fundraising Act 1991. This declaration is made in accordance with Authority Conditions 7 (4) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991.

I, Kester Brown, Treasurer of the Australian Conservation Foundation Inc. declare that in my opinion:

- (a) the Statement of Financial Performance gives a true and fair view of all income and expenditure of the Australian Conservation Foundation Inc. with respect to fundraising activities;
- (b) the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising activities;
- (c) the provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by the Australian Conservation Foundation Inc. are appropriate and effective in accounting for income received and applied by the Australian Conservation Foundation Inc. from its fundraising activities.



.....
Treasurer - Kester Brown
18 September 2005

We certify the declaration by the Treasurer.



.....
Executive Director - Don Henry



.....
Finance & Sustainability Reporting Manager - David Edwards

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN CONSERVATION FOUNDATION INC.

Scope

The Financial Report and Councillors' Responsibility

The financial report of the Australian Conservation Foundation Inc, comprises the Statement by the Council, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the financial report, for the year ended 30 June 2005.

The Council of the Australian Conservation Foundation Inc. is responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporations Act (ACT) 1991. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures in order to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, the Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Foundation's financial position and performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included

- examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report,
- the evaluation of accounting policies and significant accounting estimates.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements.

Qualification

As is common for organisations of this type, it is not practicable for the Australian Conservation Foundation Inc. to maintain an effective system of internal control over certain fund raising activities until their initial entry in the accounting records. Accordingly, our audit in relation to certain areas of fund raising was limited to amounts recorded.

Qualified Audit Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of the Australian Conservation Foundation Inc presents fairly in accordance with Australian Accounting Standards, the Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements the financial position of the Australian Conservation Foundation Inc. as at 30 June 2005, and results of its operations and cashflows for the year then ended.



William Buck
Chartered Accountants



Simon Hourigan
Partner

Dated this 18th day of September 2005.

Melbourne, Australia

AUSTRALIAN CONSERVATION FOUNDATION INC.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	2005 \$	2004 \$
Revenue from ordinary activities	2	7,042,681	7,309,284
Environmental programs expenses		3,774,390	3,236,660
Fundraising expenses – recruitment of new supporters		1,376,680	1,556,915
Fundraising expenses – service and communication		1,233,069	1,178,004
Administration expenses – disposal of non current assets		274,135	600,956
Administration expenses – operational support		1,108,607	1,001,131
Expenses from ordinary activities	2	7,766,881	7,573,666
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	2	(724,200)	(264,382)
TOTAL CHANGES IN EQUITY		(724,200)	(264,382)

The accompanying notes form part of this financial report

AUSTRALIAN CONSERVATION FOUNDATION INC

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	NOTES	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	3	1,653,309	569,848
Receivables	4	28,737	584,011
Other financial assets	5	610,000	660,000
Other	6	166,687	113,696
TOTAL CURRENT ASSETS		2,458,733	1,927,555
NON-CURRENT ASSETS			
Other financial assets	5	1,493,504	2,919,807
Property, plant and equipment	7	636,075	612,529
TOTAL NON-CURRENT ASSETS		2,129,579	3,532,336
TOTAL ASSETS		4,588,312	5,459,891
CURRENT LIABILITIES			
Payables	8	693,502	955,028
Interest bearing liabilities	9	16,290	–
Provisions	10	289,204	251,821
TOTAL CURRENT LIABILITIES		998,996	1,206,849
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	26,618	–
Provisions	10	197,450	163,594
TOTAL NON-CURRENT LIABILITIES		224,068	163,594
TOTAL LIABILITIES		1,223,064	1,370,443
NET ASSETS		3,365,248	4,089,448
EQUITY			
Reserves	11	3,418,400	4,063,400
Retained surplus / (deficit)	12	(53,152)	26,048
TOTAL EQUITY		3,365,248	4,089,448

The accompanying notes form part of this financial report

AUSTRALIAN CONSERVATION FOUNDATION INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, supporters, subscribers and customers		6,210,196	5,691,199
Receipts from grants		749,236	785,970
Receipts from bequests		199,160	377,689
Borrowing costs paid		(74,557)	(70,949)
Payments to suppliers, contractors and employees		(7,999,074)	(7,836,641)
Interest received		125,120	176,526
Other investment income received		26,747	66,860
NET CASH USED BY OPERATING ACTIVITIES	16	(763,172)	(809,346)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant & equipment		–	150
Payment for property, plant & equipment		(261,578)	(177,401)
Proceeds on sale of other financial assets		2,099,000	771,000
Payment for other financial assets		(33,697)	(789,838)
NET CASH USED BY INVESTING ACTIVITIES		1,803,725	(196,089)
NET CASH USED IN FINANCING ACTIVITIES			
Proceeds from Borrowings		53,235	–
Repayment of Borrowings		(10,327)	–
NET CASH FROM FINANCING ACTIVITIES		42,908	–
Net increase/(decrease) in cash held		1,083,461	(1,005,435)
Cash at the beginning of the financial year	16	569,848	1,575,283
Cash at the end of the financial year	16	1,653,309	569,848

The accompanying notes form part of this financial report

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Foundation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Consolidation

The financial report includes the Australian Conservation Foundation Inc., its state offices, its unincorporated branches and its wholly owned subsidiary ACF Enterprises Pty Ltd as a consolidated entity. Separate disclosure is not made of the Foundation's separate financial performance and position, as ACF Enterprises ceased trading activities during the 1996/97 financial year. Therefore the financial performance and position of the Foundation is comparable to the consolidated results of the Foundation and its subsidiary. Australian Conservation Foundation Inc. is an association incorporated in the Australian Capital Territory under the Associations Incorporation Act 1991.

Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to confirm with changes in presentation for the current financial year.

Revenue

Membership income is recorded on a proportional basis taking into account the prepaid component of the membership. All grants are recognised as revenue on receipt from grant providers. Legacy and bequest income is recognised as revenue on receipt from executors. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the association has established that it has a right to receive a dividend. Revenue from the sale of goods or services is recognised upon the delivery of goods or services to customers. All revenue is stated net of the amount of goods and services tax (GST).

Taxes

Income Taxes – The Foundation, as a charitable organisation is exempt from income tax under Section 50-5, Income Tax Assessment Act 1997. Under the New Tax System the Foundation was endorsed on the 8 June 2000 by the ATO as an income tax exempt charity from 1 July 2000.

Fringe Benefits Tax – The Foundation, as a charitable organisation is not exempt from Fringe Benefits Tax, although a rebate of up to 48% of the notional fringe benefits tax payable, for individual employees with less than \$30,000 in grossed up fringe benefits. Where applicable, the grossed up value of specified fringe benefits to individual employees in-excess of \$1,000 are included on each employees' payment summary.

Capital Gains Tax – The Foundation, as a charitable organisation is exempt from capital gains tax under Section 50-5, Income Tax Assessment Act 1997.

Payroll Tax, Land Tax and Stamp Duties – The Foundation is exempt from Payroll Tax, Land Tax and Stamp Duties in NSW, ACT, WA, QLD and Victoria. Exemptions from Payroll Tax, Land Tax and Stamp Duties are not available in South Australia.

GST – Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the cost of the item. Receivable and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Other Financial Assets

Other financial assets incorporate investments in mortgages, property and equity trusts, equities and property. Other financial assets are measured on the cost basis.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable any accumulated depreciation. Plant and equipment is recorded on a cost basis.

The depreciable amounts of all fixed assets, excluding land, are depreciated on a straight line basis over the useful lives of the assets to the Foundation commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	Depreciation rate
Office furniture and fittings	10–50%
Computer software and equipment	10–50%
Office equipment	10–50%
Leasehold improvements	20–25%
Motor vehicles and accessories	20%

Recoverable amount

The carrying amounts of non-current assets are reviewed annually by the Council to ensure they are not in excess

of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Employee benefits

Provision is made for the Foundation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at their nominal amount and classified as current liabilities. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits and classified as non-current liabilities.

Contributions are made by the Foundation to an employee superannuation fund and are charged as expenses when incurred.

Restricted / Unrestricted Funds

Restricted funds are funds received or reserves held that must be spent on the purpose for which they were received or are held. They comprise:

- Grant funding and related interest that must be spent in accordance with the terms of the funding agreement; and
- Significant donations and bequests where the donor indicates a preference for how the funds should be spent.

All other funds are unrestricted in that the Councillors' have the discretion to spend them on purposes for which the Foundation was established.

Fundraising Activities

NSW Charitable Fundraising Act 1991: this Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising activities are conducted, controlled and reported in NSW. The amounts shown in Note 20 on page 17 are in accordance with Section 23 (3) of the Act and Part 2 Sections 5,7 and 8 of the Regulations, unless otherwise indicated.

Donations and Bequests: are returned as income as and only when received at the Foundation's head office. As specified in the Act, unsolicited donations are not treated as fundraising income when determining information required under the Act. They are treated as gifts under the tax legislation.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CON'T.

Fundraising Activities Con't.

Fundraising Activities Income: as prescribed in the Charitable Fundraising Act, fundraising activities income excludes bequests, unsolicited donations and membership subscriptions from existing members (but not new members). While existing member donations to fundraising appeals have been included in fundraising income, it has not been possible for ACF to accurately separate all income from new and existing members and therefore the fundraising activities income does not include fundraising appeal or membership subscription income from new members. The effect of these omissions may have a material effect on the information reported in Note 20.

Cost of Fundraising: costs used in Note 20 include all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs excluded, include overheads such as the time spent by accounting or office staff administering fundraising activities, cost apportionment of rent, light and power and insurance. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising shown in Note 20.

Education cost allocation: Education cost allocation: all fundraising activities are structured for the dual purposes of raising funds for expenditure on various services and to educate target groups about environmental issues, ACF and the services it provides. The Foundation is a signatory to the Australian Council for International Development Code of Conduct, which require that the costs of each fundraising activity are predominantly allocated to fundraising costs, rather than allocated proportionally between fundraising and education as is common within the charity sector. In line with the Code of Conduct the costs of each fundraising activity are fully allocated to fundraising costs with the exception of ACF's Supporter Newsletter (which has more than 90% of its cost allocated to environmental programs). Exclusion of education cost allocations increases the costs of fundraising and decreases the margins from fundraising shown in Note 20.

International Aid and Development Programs

As a member of the Australian Council for International Development (ACFID) the financial report has been prepared in accordance with the ACFID Code of Conduct.

Detailed disclosures and information is outlined in Note 16. No single appeal or other form of fundraising for a international aid and development program designated purpose generated 10% or more of total income for the year under review. Gifts in kind of goods and services have been valued and included in the statement of financial performance of the program for the year as allowed by the Code of Conduct.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

2 OPERATING SURPLUS / (DEFICIT)

	2005	2004
	\$	\$
Surplus / (deficit) from ordinary activities has been determined after:		
(a) Revenue		
<i>Operating activities</i>		
Donations	4,450,552	4,386,611
Legacies and bequests	199,160	647,689
Subscriptions	686,775	582,785
Grants	749,236	664,970
Merchandise and licensing	312,832	97,598
Other income	98,236	69,098
	<hr/> 6,496,791	<hr/> 6,448,751
<i>Non-operating activities</i>		
Investment income	235,631	250,383
Proceeds on disposal of property, plant and equipment	259	150
Proceeds on disposal of other financial assets	310,000	610,000
	<hr/> 545,890	<hr/> 860,533
	<hr/> 7,042,681	<hr/> 7,309,284
(b) Expenses		
Cost of sales	38,687	58,320
Depreciation of property, plant and equipment	172,590	138,407
Net loss on disposal of property, plant and equipment	6,863	805
Doubtful debts expense (write back)	(72)	6,071
Remuneration of auditor		
– audit or review services	25,655	26,200
– other services	–	–
Total remuneration	<hr/> 25,655	<hr/> 26,200
Rental expenses		
– minimum lease payments on operating leases	38,924	26,989
– other rental expenses	241,427	224,483
Total rental expenses	<hr/> 280,351	<hr/> 251,472
	<hr/> <hr/>	<hr/> <hr/>
3 CURRENT CASH ASSETS		
Cash on hand	1,100	600
Cash at bank	302,741	378,673
Cash on deposit	1,349,468	190,575
	<hr/> 1,653,309	<hr/> 569,848

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
4 CURRENT RECEIVABLES		
Debtors – trade	34,535	42,292
Provision for doubtful debts	(12,038)	(12,110)
Debtors – non-trade	6,240	553,829
	28,737	584,011
5 OTHER FINANCIAL ASSETS		
CURRENT		
Direct mortgages – at cost	420,000	660,000
Property held for investment purposes – at cost	190,000	–
	610,000	660,000
NON-CURRENT		
Direct mortgage – at cost	258,000	258,000
Mortgage backed security – at cost	–	1,000,000
Equity trusts – at cost	546,731	523,078
Property trusts – at cost	218,773	208,729
Property held for investment purposes – at cost	470,000	930,000
	1,493,504	2,919,807
	2,103,504	3,579,807
Market value of other financial assets	2,229,974	3,662,187
6 CURRENT OTHER		
Prepayments	97,871	88,493
Accrued investment income	68,816	25,203
	166,687	113,696

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
7 PROPERTY, PLANT & EQUIPMENT		
NON-CURRENT		
Office furniture and fittings – at cost	167,779	154,360
Accumulated depreciation	(60,075)	(47,523)
	107,704	106,837
Office equipment – at cost	98,372	103,720
Accumulated depreciation	(58,094)	(52,669)
	40,278	51,051
Computer software and equipment – at cost	663,066	501,479
Accumulated depreciation	(299,643)	(213,090)
	363,423	288,389
Leasehold improvements – at cost	165,482	167,530
Accumulated depreciation	(89,597)	(50,032)
	75,885	117,498
Motor vehicles and accessories – at cost	60,732	48,754
Accumulated depreciation	(11,947)	–
	48,785	48,754
	636,075	612,529

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Balance 7/1/04	Additions	Disposals / Adjustments	Depreciation expenses	Balance 6/30/05
	\$	\$	\$	\$	\$
Office furniture and fittings	106,837	15,062	(226)	(13,969)	107,704
Office equipment	51,051	5,669	(1,719)	(14,723)	40,278
Computer software and equipment	288,389	168,030	(2,190)	(90,806)	363,423
Leasehold improvements	117,498	2,260	(2,728)	(41,145)	75,885
Motor vehicles and accessories	48,754	11,978	–	(11,947)	48,785
	612,529	202,999	(6,863)	(172,590)	636,075

8 CURRENT PAYABLES

Trade creditors and accruals	297,686	488,778
Deferred membership income	394,556	466,250
Deferred investment income	1,260	–
	693,502	955,028

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
9 INTEREST BEARING LIABILITIES		
CURRENT		
Hire purchase liability	16,290	–
NON-CURRENT		
Hire purchase liability	26,618	–
	42,908	–
<hr/>		
Hire purchase commitments for the Northern Australia vehicle. Payable within 1 year	16,290	–
Payable later than 1 but within 2 years	26,618	–
Payable later than 2 years but within 5 years	–	–
	42,908	–

The hire purchase for the Northern Australia vehicle is a non-cancellable hire purchase with a two year term, with charges payable monthly.

10 PROVISIONS

CURRENT

Provision for employee benefits	289,204	251,821
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NON-CURRENT

Provision for employee benefits	197,450	163,594
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	486,654	415,415
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Number of employees at year end – full time equivalent	55	53
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	Balance 7/1/04	Transfers to / (from) reserves	Balance 6/30/05
	\$	\$	\$
11 RESERVES			
Restricted			
Campaign program fund	2,263,400	(437,000)	1,826,400
	2,263,400	(437,000)	1,826,400
Unrestricted			
Endowment fund	1,300,000	(208,000)	1,092,000
Operational reserve	500,000	–	500,000
	1,800,000	(208,000)	1,592,000
	4,063,400	(645,000)	3,418,400

Purposes of Reserves

Campaign program fund – represents grants and donations received to fund specific conservation projects.

Endowment fund – represents a proportion of bequests and accumulated surplus allocated to fund the future needs of ACF.

Operational reserve – representing funds set aside as a buffer against unexpected shortfalls in income.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
12 RETAINED SURPLUS / (DEFICIT)		
Retained surplus at beginning of the year	26,048	465,163
Reserve transfers for the year	645,000	(174,733)
Surplus/(deficit) for the year	(724,200)	(264,382)
Retained surplus / (deficit) at end of the year	(53,152)	26,048

13 CONTINGENCIES & COMMITMENTS

In 2001 ACF entered into an agreement to lease space at 60–66 Leicester Street, Carlton. The annual rental of \$143,700 plus outgoings commenced from October 2002. The property lease will be non-cancellable with a five year term with an option to buy on completion. ACF moved into the building in November 2002. Occupancy has been on the terms of the agreement, but the lease is yet to be formally executed.

14 LEASE COMMITMENTS

Operating lease commitments for rent of the Sydney, Cairns and Canberra offices.

Payable within 1 year	40,261	4,027
Payable later than 1 but within 2 years	20,020	506
Payable later than 2 years but within 5 years	1,008	–
	61,289	4,533

The lease for the Sydney property is a non-cancellable lease with a two year term, with rent payable monthly in advance. The lease for the Cairns property is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the Cairns lease at the end of the three-year term for an additional term of three years. The lease for the Canberra property is a non-cancellable lease with a three year term, with rent payable monthly in advance. An option exists to renew the Cairns lease at the end of the three-year term for an additional term of two years.

15 ASSOCIATION INFORMATION

Registered name	Australian Conservation Foundation Inc.
Registered number	A107
Registered office	Unit 5, Floor 1, Bailey's Corner, 143 London Circuit, Canberra, A.C.T., 2601.
Principal place of business	Floor 1, 60 Leicester Street Carlton, Vic., 3053.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
16 NOTES TO STATEMENT OF CASH FLOWS		
(a) Reconciliation of Cash		
For the purposes of the statement of cash flow, cash includes cash on hand, cash at bank and cash on deposit.		
Cash at the end is represented by:		
Cash on hand	1,100	600
Cash at bank	302,741	378,673
Cash on deposit	1,349,468	190,575
	1,653,309	569,848
(b) Reconciliation of net cash provided by operating activities to surplus from ordinary activities		
Surplus / (deficit) from ordinary activities	(724,200)	(264,382)
<i>Non-cash flows from ordinary activities</i>		
Depreciation	172,590	138,407
Provision for doubtful debts	(72)	6,071
Net loss on disposal of property, plant and equipment	6,863	805
Net profit on disposal other financial assets	(40,000)	(10,000)
In-kind donation of other financial assets	–	(600,000)
In-kind bequest of other financial assets	–	(270,000)
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	6,346	193,126
(Increase) / decrease in other assets	(52,991)	(51,248)
Increase / (decrease) in payables	(202,947)	(43,158)
Increase / (decrease) in provisions	71,239	91,033
NET CASH PROVIDED BY OPERATING ACTIVITIES	(763,172)	(809,346)
(c) The foundation has no credit stand-by or financing facilities in place.		
(d) There were the following non-cash financing or investing activities during the period.		
– Reduction of acquisitions in payables of property, plant and equipment of \$58,579		
17 INTERNATIONAL AID AND DEVELOPMENT ACTIVITIES		
Revenue		
Donated funds	20,232	15,649
Grants	53,526	77,622
Other income	28,309	2,245
Total revenue	102,067	95,516
Disbursements		
Overseas domestic projects	153,237	156,404
Community education	18,961	15,976
Fundraising	2,465	–
Administration	11,470	6,207
Total disbursements	186,133	178,587
Excess of disbursements over revenue	(84,066)	(83,071)
In-kind volunteer services contribution	14,782	15,649

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	\$	\$
18 RELATED PARTIES		
The names of councillors who have held office during the financial year are listed on page 1 of this report. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Details of transactions between the Foundation and Councillors and their related entities are as follows:		
(a) Penny Figgis provided consulting services for a submission on the National Reserve Systems Directions Paper 2005	–	500
	–	500

19 SEGMENT INFORMATION

The Australian Conservation Foundation Inc. operates predominantly in one business and geographical segment to protect, restore and sustain the environment within Australia.

20 FINANCIAL INSTRUMENTS

(a) Interest risk

The Foundation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2004/2005	Weighted ave. int. rate	Floating interest rate \$	Fixed < 1 year \$	Fixed > 1 year \$	Non-int bearing \$	Totals \$
<u>Financial assets</u>						
Cash on hand or at bank	4.00%	302,741	–	–	1,100	303,841
Cash on deposit	5.25%	1,349,468	–	–	–	1,349,468
Receivables	–	–	–	–	28,737	28,737
Other financial assets	8.08%	1,425,504	420,000	258,000	–	2,103,504
Total financial assets		3,077,713	420,000	258,000	29,837	3,785,550
<u>Financial liabilities</u>						
Payables	–	–	–	–	693,502	693,502
Interest bearing liabilities	7.55%	–	16,290	26,618	–	42,908
Total financial liabilities		–	16,290	26,618	693,502	736,410
2003/2004						
<u>Financial assets</u>						
Cash on hand or at bank	3.55%	378,673	–	–	600	379,273
Cash on deposit	4.44%	190,575	–	–	–	190,575
Receivables	–	–	–	–	584,011	584,011
Other financial assets	8.22%	1,661,957	1,659,850	258,000	–	3,579,807
Total financial assets		2,231,205	1,659,850	258,000	584,611	4,733,666
<u>Financial liabilities</u>						
Payables	–	–	–	–	955,028	955,028
Total financial liabilities		–	–	–	955,028	955,028

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The net fair value of financial assets and financial liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
21 FUNDRAISING		
Details of total income and expenditure from fundraising activities		
Total income from fundraising activities	4,549,134	4,326,438
Less total expenditure on fundraising activities	2,146,414	2,221,775
Net surplus from fundraising activities	2,402,720	2,104,663
<hr/>		
Gross income from fundraising activities involving external service providers	3,343,769	2,664,518
Gross expenditure on fundraising activities involving external service providers	1,704,909	1,815,217
Gross Contribution	1,638,860	849,301

Information on material matters

All fundraising activities achieved the targeted returns under the Charitable Fundraising Act, with the exception of the calendar and diary program and the November Appeal. The calendar and diary program operated at a small deficit for the year, while delivering significant promotional and educative benefits. November appeal generated a significant surplus of almost \$50,000 and only just failed to meet the targeted returns in the Charitable Fundraising Act, while the combined performance of all appeals successfully achieved targeted returns.

For more information on revenue and costs of fundraising see the Statement of Financial Performance on page 6 and the significant accounting policies in Note 1 on pages 9–11.

Application of funds for charitable purposes

During the year the Foundation achieved a net surplus of \$2,402,720 (2004 \$2,104,663) from fundraising activities defined under the Charitable Fundraising Act. Of this surplus \$2,130,041 (2004 \$1,868,015) was used to fund environmental programs, \$nil (2004 \$48,533) was allocated to the campaign program fund reserve for spending on future environmental programs and \$272,679 (2004 \$188,115) was allocated to organisational support.

Fundraising conducted jointly with external service providers

ACF engages external service providers to assist in the face to face recruitment of new donors for our Earthfund monthly giving program, to assist in the development of our direct mail appeals, to support the art program and to develop and market the calendar and diary program. The gross contribution from these programs does not include future income to be received from donors under the Earthfund monthly giving program and proceeds from the sales of artwork under the art program.

Gross income from fundraising activities involving external service providers	3,343,769	2,664,518
Gross expenditure on fundraising activities involving external service providers	1,704,909	1,815,217
Gross Contribution	1,638,860	849,301

Fundraising activities as classified by the Charitable Fundraising Act conducted during the financial year

Diary and calendar program
Art program
Earthfund monthly giving program
Mail appeals – September, November, February and May
Major donor program
Corporate partnerships program

Fundraising performance comparisons	A	B	2005	2004
<i>A divided by B</i>	\$	\$	%	%
Total cost fundraising/Gross proceeds of fundraising	2,146,414	4,549,134	47.2%	51.4%
Net surplus from fundraising/Gross proceeds of Fundraising	2,402,720	4,549,134	52.8%	48.6%
Environmental programs expenditure/Expenditure	3,774,390	7,766,881	48.6%	42.7%
Environmental programs expenditure/Income	3,774,390	7,042,681	53.6%	44.3%

As noted above ACF has made a significant investment in the Earthfund monthly giving program over the last three years. The return on this investment, as is usual for this type of program, is made over a number of years. ACF's fundraising income has significantly increased in 2005 and this trend is expected to continue in the coming years.

AUSTRALIAN CONSERVATION FOUNDATION INC

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

22 IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Foundation is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing 1 January 2005. The adoption of AIFRS will be reflected in the Foundation's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Foundation's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation. ACF's Council and Finance and Audit Committee are overseeing the Foundation's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The key material differences in the Foundation's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements changes due to the continuing work of the Foundation's Council and Finance and Audit Committee.

Non-current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determines the accounting treatment of the respective item. The categories and various treatments are:

- held to maturity, measured at amortised cost;
- held for trading or upon recognition entity designated, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

The Foundation's other financial assets, encompassing equity and property trusts, property and the art collection, have been designated for valuation at fair value with unrealised gains or losses charged to the profit and loss, which differs to the Foundations current accounting policy in which non-current investments are valued at cost with an annual review by committee members to ensure the carrying amounts are not in excess of the recoverable value. The impact of the change is estimated to be \$173,470, being an increase the value of non-current other financial assets. The resulting adjustment to retained earnings at 30 June 2004 of \$99,380 and an adjustment to retained earnings at 30 June 2005 of \$74,090. The adjustment to non-current other financial assets reflects the unrealised gains as a result of market movements in our investments since the date of purchase.

Capitalised Software

Under AASB 138: Intangible Assets all software assets are to be disclosed as part of the Foundation's intangible assets, which differs from the current accounting policy of incorporating software assets with computer equipment as part of Property, Plant and Equipment. The impact of the change is estimated to be \$222,750 being an increase to intangible assets and a corresponding decrease to computer equipment assets in Property, Plant and Equipment.

Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The Foundation has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The impact of the change is estimated to be nil, as assets were discovered not to be impaired.

	2005
	\$
<i>Reconciliation of Net Profit</i>	
Net profit reported under Australian Accounting Standards	(724,200)
Key transitional adjustments:	
Recognition of movement in unrealised gains in Other Financial Assets	74,090
Net profit under AIFRS	(650,110)
<i>Reconciliation of Equity</i>	
Total equity reported under Australian Accounting Standards	3,365,248
Retrospective adjustments to equity at 1 July 2004:	
Recognition of movement in unrealised gains in Other Financial Assets	99,380
Retrospective adjustments to equity at 1 July 2005:	
Recognition of movement in unrealised gains in Other Financial Assets	74,090
Total equity under AIFRS	3,538,718