

Great Barrier Reef Foundation

ABN 82 090 616 443

Annual Report for the Year ended 31 December 2009

Great Barrier Reef Foundation 82 090 616 443
Annual Report - 31 December 2009

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Directors' Report

Your Directors present their report on the Company comprising the Great Barrier Reef Foundation (the Foundation) for the year ended 31 December 2009.

Directors

The following individuals were directors of the Foundation during the financial year and up to the date of this report:

John Michael Schubert (Chairman) (director since 11/4/2001)
BCEng (Hons 1), PhD (Chem Eng), FIEAust, CPEng, FTS, FIChemE

Ian Craig Buchanan (director since 15/2/2005)
MA (Oxon) MBA

Geoffrey James Dixon (director since 11/03/2009)

Kerry Lee Gardner (director since 12/5/2006)
Grad. Dip (Mkg)

Paul Fawcett Greenfield AO, (director since 21/12/2007)
BEcon Qld, BE (Hons) NSW, PhD NSW, FIE Aust, FTSE, FIChemEng, MAIChe

Amanda Therase McCluskey (director since 31/08/2009)
BEcon (Hons)

John Francis Mulcahy (director since 12/5/2006)
BE (First Class Hons), PhD (Civil Eng)

Russell Evan Reichelt (director since 31/8/2004)
BSc PhD, FAICD, FTSE

Michael John Roux (director since 24/2/2004)
BEc, PhD, FAICD, FTSE

Judith Ann Stewart (Managing Director) (director since 15/3/2004)
LLB, Grad Dip Bus Mgt

Phillip David Strachan (director since 23/12/2003)
BCom, FCPA

David John Turner (Chairman Audit and Compliance Committee since 16/11/2007) (director since 28/7/2007)
FCA

Keith Henry Tuffley (director since 22/11/2006)
BEc, LLM, Grad Dip Applied Fin and Invest

Peter Francis Young (director since 18/11/2004)
BSc (Geology), MBA

Alternate Directors

Clayton Neil Herbert (alternate for John Mulcahy as a member of the Audit and Compliance Committee) (alternate director since 21/11/ 2006).

Isaac Alexander Fletcher (alternate for Keith Tuffley as a member of the Audit and Compliance Committee) (alternate director since 1/7/2007).

Company Secretary

Claire Louise Hanratty has been the Foundation's Company Secretary since 13 September 2008.

Principal activities

The principal activity of the Foundation is to raise funds to support research into and education about the environmental protection, enhancement, preservation and conservation of tropical reefs (especially the Great Barrier Reef) and adjoining coral coasts, for the benefit of the world community. There were no significant changes to the nature of the activities carried out by the Foundation during the year.

Dividends

The Foundation is a company limited by guarantee and is restricted from declaring any dividends.

Review of operations

The Foundation made an operating surplus of \$394,232 (2008: \$144,845 operating deficit). The operating surplus is reconciled to the movement in the restricted ZooX™ Fund reserve as follows:

**Great Barrier Reef Foundation
Directors' Report
31 December 2009
(continued)**

	2009 \$	2008 \$
Operating surplus/(deficit)	394,232	(144,845)
Movement in tied restricted funds for future research projects	<u>(123,479)</u>	<u>161,736</u>
Available for operations	<u>270,753</u>	<u>16,891</u>

At year-end, \$388,201 (2008 \$414,722) is considered by the Board and management as being tied or restricted funds for application towards future research project commitments.

Overview

2009 was a year of considered transition for the Great Barrier Reef Foundation. It became more actively engaged with the science community on the Great Barrier Reef (the Reef) and through them, much more active in the development of high priority projects. It moved closer to understanding and responding to the needs of the managers of the Reef and the policy imperatives that both support and drive them. It increased its public voice.

As a result, the Foundation understands well where it can add particular value to the cause of the Reef.

Firstly, it is well positioned to work with the business community to attract funding and looks for opportunities to leverage private sector support for important Reef based initiatives.

Secondly, it is committed to working with the very best scientists and institutions to drive a more strategic approach to the way in which research funds are spent. This commitment was captured in the plan it has developed for expenditure from its ZooX Fund.

Thirdly, it engages well through its own experiential programs on the Reef with those who have made financial commitments to Reef research, bringing those commitments to life for employees, and the Chief Executives of their companies, alike.

Fourthly, it appreciates the importance of independent and peer reviewed science and research in informing the public about risk and developing timely and appropriate responses to threats to the Reef's future.

Each aspect of this transition adds its own dimension to the way in which the Foundation addresses its mission.

Science Investments

Project Partnerships

The Foundation's successful Future Reef partnership with Rio Tinto Alcan, which funded important research into the impact of ocean acidification on coral communities in the southern Great Barrier Reef, concluded in December 2009. An extension of that investment has been negotiated and will be announced in the New Year. Rio Tinto Alcan has played an important role in the Foundation's evolution; the goodwill and learnings generated from its four year investment in Future Reef are the basis of a strong and highly cooperative relationship which has benefited both parties. The Foundation looks forward to continuing its partnership with Rio Tinto Alcan and other Rio Tinto business units.

The CReefs partnership between the Foundation and BHP Billiton, which funds the Australian arm of the Census of Marine Life, continues to make good progress. CReefs research has identified a significant number of new species, demonstrating the wealth of biodiversity housed by coral reefs. This research will become increasingly important as threats to the Reef continue to manifest; without knowing what we have, it will be impossible to appreciate what is at risk. This important CReefs research project which aligns with BHP Billiton's biodiversity enhancement goals, will provide a new benchmark in assessing the value of the Reef as one of nature's foremost storehouses.

The ZooX™ Fund

In 2009, the Foundation continued to build on its earlier decision to concentrate all ZooX Fund expenditure on projects which have been developed using a research framework, the vision for which is "a resilient Great Barrier Reef successfully adapting to climate change".

This shift to making investment decisions based on a framework of published priorities, which directly address Reef management needs, and which fill recognised gaps, rather than duplicate the work of others, has proved to be an important point of difference for the Foundation, as it responds to questions about how it spends the funds it has raised. In ten years of operations, it is possibly the Foundation's most important mark of progress.

The research framework laid the groundwork to publicly re-position the climate change threat to the Reef's future as an important national issue. In August 2009, the Foundation moved to redefine the Reef's value to Australia, publishing research it had commissioned UK consultants, Oxford Economics, to undertake into the economic cost of the Reef's loss in the event of catastrophic bleaching.

There was strong media interest in the report findings that:

- The loss in the event of total and permanent bleaching of the GBR would be \$37.7 billion or 73% of the Reef's assessed value of \$51.4 billion;
- The loss to the Cairns region in that event would be \$16.3 billion or 90% of the assessed value of the Reef to Cairns of \$17.9 billion;
- Approximately half of the tourists who come to visit the Reef to see coral sites would stay away if it bleached permanently.

The Report's publication enabled the Foundation to quickly move attention to the positive work it is doing through its ZooX Fund to actively develop solutions and adaptation strategies for the Reef.

For instance, over the last twelve months, the Foundation convened and brought together on regular occasions two expert working groups. The first working group of coral reef scientists, economists and social scientists is conducting a scientific evaluation of the attributes of a sustainable Reef. The second working group has been asked to identify solutions (which seek to minimise or reduce a threat to the Reef and associated habitats) and adaptation strategies (to manage impacts to the ecosystem and society) across the biophysical, institutional, social and economic domains.

The working groups have each been asked to develop research questions arising out of their terms of reference as the basis of a new research portfolio of projects for the Foundation to commission, as funds allow.

In 2009, the Foundation commissioned or continued investment in projects worth \$2,934,396. They included the economic valuation of the Reef, three projects assessing the genetic tolerance and adaptability of coral reefs to climate change and a further two projects on links between water quality, light and coral health. Funds were also spent on the deliberations of the two expert working groups and a large number of discussion papers arising from working group deliberations.

The principal beneficiaries of Foundation funding for research in 2009 were:

- Australian Institute of Marine Science (CReefs) - \$1,128,148
- University of Queensland - \$140,750
- James Cook University - \$18,020
- Reef and Rainforest Research Centre - \$60,000
- Oxford Economics - \$21,558

Foundation Programs: the Chairman's Panel and the ZooX Ambassadors Program

Complementing the framework are the engagement programs developed by Foundation management in recent years to give donors and investors a personal insight into the Reef's travails. The Chairman's Panel program for Chief Executives, now in its fifth year, and the newer ZooX Ambassadors Program for employees are, together, steadily increasing awareness in corporate Australia of the vulnerability of the Reef to climate impacts, while directly building an understanding of what Australians at work can do to offset that threat.

The Chairman's Panel

At the close of 2009, the Chairman's Panel had 35 members from a large range of prestigious Australian companies and national research organisations. While economic conditions prompted the cancellation of the annual field trip on the Reef in May 2009, the Panel was convened twice in Sydney to focus on Reef issues. The Chairman's Panel plays an important role in how the Foundation is both portrayed and understood. The reach it provides into the uppermost echelons of Australia's business and research community and the scope that is there to influence its members and understand their concerns and priorities both add to the fundraising goals that originally prompted its development. This is a program to which the Foundation is deeply committed and for which it will continue to recruit in 2010.

Changes to the Chairman's Panel during 2009 included:

Dr Megan Clark, Chief Executive, CSIRO, joined the Panel

Mr Alan Joyce, Chief Executive Qantas, replaced Mr Geoff Dixon as Qantas' representative. Mr Dixon remains on the Panel through his role as a Foundation director.

Mr David Thodey, Chief Executive Telstra, replaced Mr Sol Trujillo as Telstra's representative.

The ZooX Ambassadors Program

Meanwhile, in two years, the ZooX Ambassador Program has seen 1165 employees from five companies including the Commonwealth Bank, Telstra, BHP Billiton, Qantas and Energetics successfully complete the eTutorial which forms the basis of the recruitment process for Ambassadors wishing to attend the field trip to Heron Island Research Station. The program is of high quality, is highly regarded and has proved to be a compelling value-add to a ZooX investment. The fact that the ZooX Ambassadors Program is now grafted onto an investment in research through the ZooX Fund, as a desirable additional benefit, has provided a valuable buffer for investments in research during the difficult economic conditions of the last twelve months.

Philanthropy

In 2009, in view of the global financial crisis, the Foundation put its philanthropy plan on hold, continuing to focus on corporate fundraising where it has a stronger track record and long-term corporate funding relationships already in position.

However, it is important to acknowledge that the Foundation derives some of its revenues from the generous donations of a number of private donors, some of whom give without any public acknowledgement of their generosity. Their contributions all add to the ability of ZooX, and the Foundation, to make a difference to the future of the Reef.

One such donation was the bequest of \$150,000 which the Foundation received from the Estate of Sir Ian McFarlane. Sir Ian had been a long standing source of financial support of the Foundation. This bequest will fund an annual lecture, highlighting either an issue or the work of an individual with significance for the future of the Reef. Legacies of this kind are extremely valuable to the Foundation and priority will be given to seeing that Sir Ian's wishes are brought to life.

Government

While the Australian and Queensland governments continue to be the most important *public* investors in the Reef research and management sectors, the Foundation plays an important role, alongside these two investors, in attracting *private* funding to Reef based research for a strong public good outcome. The research framework, its expert working groups and the projects which flow from them, provided a substantial basis for the Foundation to engage with both State and Commonwealth governments in 2009.

Recognising this, the Foundation's primary endorsement from the Commonwealth can be said to flow from its direct funding arrangement with the Department of Environment, Water, Heritage and the Arts. In 2009 the Foundation received a grant of \$200,000 from the Australian Government to support its operations. The Foundation is grateful for this support which helps to fund the organisational infrastructure essential to the achievement of its mission.

ISAC: the Foundation and Science on the Reef

Critical to the integrity of the activity around the framework, the development of the research plan and the Foundation's investment program for research on the Reef has been the role played by its International Scientific Advisory Committee (ISAC) led by Committee Chairman, Professor Paul Greenfield AO. The Foundation is dependent on, and indebted to this eminent group of institutional leaders for the efforts they make to ensure that it can defend, with absolute confidence, the projects in which it invests on behalf of its corporate and philanthropic investors and donors.

Operations

As the Foundation has moved from being solely fundraising-driven towards being science and project based as well, it has had to develop the capability internally to manage ISAC and its processes, the implementation of the framework, commissioning and servicing the working groups and growing project management responsibilities and donor obligations. While the Foundation's annual revenue has remained healthy, managing this transition to a much larger business model without a significant detriment to business development, while constraining fundraising costs as much as possible, has been the largest internal challenge in 2009.

Pro bono services and support

The Foundation's reliance on advisors from Australia's leading professional and consulting firms has grown in 2009. All of these advisers act on a pro bono basis for the Foundation, some at considerable cost. The Australian firms and companies providing advice on this basis or services and equipment, for which the Foundation would otherwise have to pay cash, include:

- Allens Arthur Robinson (Legal)
- Booz & Co (Consulting)
- Deloitte Touche Tohmatsu (Audit)
- Energetics (ZooX Ambassador Program Faculty and Support)
- Hewlett Packard (Computer Hardware)
- KPMG (Company Secretarial & Compliance, Consulting)
- Kreab Gavin Anderson (Government Relations)
- PricewaterhouseCoopers (Accounting)
- Telstra (Telecommunications)

Each advisor, and the firm or company from which they have come, has directly improved the Foundation's capacity to achieve its mission - to protect and preserve the Great Barrier Reef.

Benchmarking

Cost of Fundraising

The community naturally expects that not for profit organisations will be transparent regarding their operations and disclose the proportion of total revenue raised from donors which is spent on administration and fundraising costs.

To meet this expectation, the Foundation is committed to adopting and, wherever possible, exceeding industry best practice in its use of all of its donors' funds.

Accordingly, the Foundation regularly monitors two key metrics

a) **The Proportion of Project Expenditure** which analyses the amount of funding which is directed to projects (i.e. those funds used directly to meeting the NFP's mission) rather than servicing the NFP's operating costs. Best practice guidance from the Fundraising Institute of Australia's Principles of Fundraising Practice suggest that this proportion should lie between 65% and 75%. For the 2009 year, the Foundation's Proportion of Project Expenditure to Total Expenditure was 74.3% (2008 71%)

b) **The Cost of Fundraising Ratio** which measures the efficiency of funds used to raise each dollar of revenue received. The ratio is a proportion of fundraising and administration costs to total revenues. The Charitable Fundraising Act 1991 (NSW) places a statutory limit on the cost of fundraising ratio of less than 40% of the funds raised for any particular appeal.

For the 2009 year the Foundation's Cost of Fundraising was 22.7% (2008 31%).

Notes:

1. When calculating these ratios, assumptions are made to apportion costs between "project expenditure" and "fundraising and administration" costs. The assumptions that the Foundation makes have been "pressure tested" for reasonableness. For instance, in the Foundation's case, project expenditure comprises research grants, costs associated with raising awareness and any advocacy costs. A distinction needs to be drawn between proposals and the initial "pitch" for funding and subsequent project development, research costs and project management costs. As a general rule, the Foundation characterises any costs incurred following a verbal commitment to fund as "project expenditure" rather than a 'cost of fundraising'.

2. Pro Bono services and support are excluded from all ratio calculations on the basis that this income and expenditure have a net effect (i.e. all pro bono income is also an expenditure item)

3. The Foundation is committed to maximising the funding available to achieve its core purposes and has implemented four ways to source operating overheads from outside project fundraising:

- The Chairman's Panel: Member subscriptions to the Panel program are dedicated to meeting the operating costs of the Foundation;
- The ZooX Fund: At least 85% of all funds that go into the ZooX Fund go directly to projects. The Register of Environmental Organisations accepts that environmental not-for-profits can allocate up to 15% of monies raised to meet the overheads;
- Securing development and management fees to cover the overhead costs of project partnerships: for instance, under the Project Partnerships model, wherever possible, the Foundation agrees the payment of dedicated overheads for the project funds it raises. Rio Tinto Alcan, BHP Billiton and other project partners recognise the value that the Foundation management adds to the partnership returns and support the Foundation's work through additional investments in these costs;
- Government Grants for operating and program expenses.

Matters subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and date of this report, any item, transaction or event, of a material and unusual nature, likely, in the opinion of the Directors of the Foundation, to significantly affect the operations of the Foundation in future financial years.

Likely developments and expected results of operations

In 2010, GBRF's work will continue to be driven by the impacts of climate change in particular, and the urgency and scale on which it threatens the Reef. Its primary intention is to maintain its focus on how those impacts might be alleviated. The further development of projects will continue to be a high priority in 2010. The two expert working groups will be essential to this outcome.

The Foundation has been successful in securing funding for the pilot of eReefs, an integrated system of data, models and visualisation and reporting tools that, it believes, has the potential to transform Reef management. The Foundation has invested significant resources in the development of eReefs during 2009 in collaboration with Reef managers and its research partners. It expects to maintain this investment in the project as the pilot is conducted and as it moves towards successfully securing funding for eReefs in full during 2010.

Remuneration report

No Director of the Foundation has received or become entitled to receive a benefit, by reason of a contract made by the Foundation with the Director of a related company, other than in the case of the current Managing Director, whose remuneration is determined by the Board.

**Meetings of directors
Directors**

	Full meetings of directors		Meetings of Audit & Compliance Committee Audit	
	A	B	A	B
John Michael Schubert (Chairman)	2	4	-	-
Ian Craig Buchanan	4	4	-	-
Geoffrey James Dixon	4	4	-	-
Paul Fawcett Greenfield	4	4	-	-
Isaac Alexander Fletcher (alternate for Keith Henry Tuffley)	-	-	4	4
Kerry Lee Gardner	4	4	-	-
Clayton Neil Herbert (alternate for John Francis Mulcahy)	-	-	4	4
Amanda Therese McCluskey	2	2	-	-
John Francis Mulcahy	3	4	-	-
Russell Evan Reichelt	4	4	-	-
Michael John Roux	1	4	-	-
Judith Ann Stewart (Managing Director)	4	4	4*	4*
Phillip David Strachan	4	4	-	-
Keith Henry Tuffley	4	4	-	-
David John Turner	2	4	4	4
Peter Francis Young	3	4	-	-

Meetings of directors (continued)

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = By invitation

Insurance of officers

During the financial year, the Foundation paid a premium of \$2,358 (2008: \$2,358) including stamp duty, a broker's fee and GST, to insure the Directors and Secretary and senior officers of the Foundation.

Proceedings on behalf of the Foundation

No proceedings have been brought or intervened in on behalf of the Foundation which requires the leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification of Officers and Auditor

Under section 66 of the Foundation's Constitution, the Foundation indemnifies each person who is or has been a Director or Secretary of the Foundation. The Indemnity relates to any liability (other than liability to the Foundation or related body corporate, pecuniary penalties or compensation orders and liability that did not arise out of conduct in good faith) which results directly or indirectly from facts or circumstances relating to service as a Director or Secretary of the Foundation and extends to the payment of legal costs described therein.

The Foundation has not otherwise during or since the financial year indemnified or agreed to indemnify an auditor of the Foundation or of any related body corporate against a liability incurred as such an auditor.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Environmental regulation

The Foundation's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Foundation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Foundation.

Employee numbers

The number of full time employees at reporting date was 4 (2008: 5). Because in addition to day to day requirements, the Foundation runs initiatives which require additional resources on a regular but not full time basis, 3 part time staff are employed in media and public affairs, science and account support roles.

Two contractors are also employed to provide expertise in specialist program delivery.

Members' Guarantee

The Foundation is a public company limited by guarantee. Members are nominated and determined in accordance with the Constitution. If the Foundation is wound up, the Constitution states that each member is required to contribute a maximum of \$10.00 towards meeting any outstanding obligations of the Foundation. As at 31 December 2009, the number of members was 69 (2008: 69).

State Government fundraising legislation requirements

Several state governments in Australia have specific licensing and reporting requirements implemented to inform and protect the interests of donors and regulate fundraising operations.

The Foundation holds the following licence in Queensland, the principal place of its operations:

- *Collections Act 1966, Certificate of Sanction Number: CP5118.*

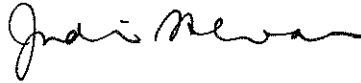
Commonwealth Regulation

Environmental organisations, including the Foundation, are required to comply with the requirements of the Commonwealth Department of Environment, Water, Heritage and the Arts and the Australian Taxation Office in order to remain on the Register of Environmental Organisations (REO). This register lists environmental organisations, like the Foundation, which are eligible to receive tax deductible donations. This register was established under item 6.1.1 subsection 30 55(1) of the Income Tax Assessment Act 1997.

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



John Michael Schubert
Chairman



Judith Ann Stewart
Managing Director

Sydney
17 March 2010

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The Board of Directors
Great Barrier Reef Foundation
1/9 Longland Street
NEWSTEAD QLD 4006

17 March 2010

Dear Board Members

Great Barrier Reef Foundation

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Great Barrier Reef Foundation.

As lead audit partner for the audit of the financial statements of Great Barrier Reef Foundation for the financial year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



M G Sheerin
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Corporate Governance Statement

Great Barrier Reef Foundation (the Foundation) is a not-for profit public company limited by guarantee, incorporated under the *Corporations Act 2001*. Ultimate responsibility for the governance of the Foundation rests with the Board of Directors. This governance statement outlines how the Board meets that responsibility.

The Board's primary role is to ensure that the Foundation's activities are directed towards achieving its mission; the raising and provision of funding to support research contributing to the environmental protection, enhancement, preservation and conservation of tropical reefs and adjoining coral coasts.

All members of the Board of Directors are appointed through the Constitution and are themselves members of the Company. Non-executive Directors serve in an honorary capacity and do not receive remuneration for their role. Directors and senior staff have formal duties under company law and are kept apprised of these, using professional advice when necessary. There are conflict-of-interest provisions in the Constitution and in company law, applicable to the directors, together with an internal protocol.

The Foundation's Constitution governs the regulations of meetings and proceedings of the Board of Directors, together with the procedures for appointment and replacement of directors. The Board regularly reviews the skills and experience necessary for its activities and currently considers it appropriate that there is the following mix: business management, ecological and scientific, financial, legal, marketing and philanthropic.

In addition to those matters required by the Constitution and company law, the Board's principal roles are to:

- approve the annual budget and audit
- receive and review regular and comprehensive financial and investment reports
- ensure risk-management analysis has been undertaken
- make final decisions with respect to research projects
- prepare and approve policy statements
- determine strategic and long-term objectives.

The Audit and Compliance Committee monitors the Foundation's financial activities and performance. The Audit and Compliance Committee may call on external advice from outside parties as required. It:

- reviews the accounts and assist in development of annual budgets and long-term projections
- provides strategic financial advice and support to management
- advises the Board on financial matters including property acquisition, the formation of policies and guidelines related to financial management and the monitoring of financial performance.

The Board delegates the day to day management of the Foundation to the Managing Director and oversees and monitors her performance in that regard.

The Board's limitation policy for the Managing Director provides that:

- the Board of Directors will provide clear directions of what is required of the Managing Director through identification of key performance indicators;
- in the fulfillment of the Managing Director's duties and responsibilities, the Managing Director will use her discretion so as to achieve the necessary outcomes in a professional, ethical, responsible and legal manner.

The process of evaluation of the Managing Director is ongoing, and a session on key performance indicators is held with the Chairman annually. The Board or its delegate conducts an annual performance review of the Managing Director. The remuneration and terms and conditions for the Managing Director are reviewed and approved by the Board after seeking professional advice. The Managing Director reviews and approves remuneration and conditions for other staff in the context of agreed parameters established by the Board.

Communication of the Foundation's affairs to members, supporters and the public is widely undertaken. There is direct communication through newsletters and the provision of the Annual Report to members. The Annual Report and full financial disclosure, together with the Foundation's Constitution, are available on the internet at www.barrierreef.org.

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This financial report covers Great Barrier Reef Foundation as an individual entity. The financial report is presented in the Australian currency.

Great Barrier Reef Foundation is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Great Barrier Reef Foundation
1/9 Longland Street
Newstead, BRISBANE, QLD 4006.

The financial report was authorised for issue by the directors on 17 March 2010. The directors' have the power to amend and reissue the financial report.

Great Barrier Reef Foundation
Statement of comprehensive income
For the year ended 31 December 2009

	Notes	2009 \$	2008 \$
Revenue	4	3,740,285	2,856,759
Science investments		(1,531,405)	(1,631,775)
Employee benefits expense and consultant expenses		(629,175)	(713,906)
Program marketing and delivery		(358,970)	(266,391)
Occupancy and administration expenses		(555,588)	(218,556)
Business development costs		(178,666)	(100,800)
Depreciation and amortisation expense		(25,653)	(22,920)
Superannuation		(56,564)	(36,741)
Loss on disposal of fixed assets		(3,652)	-
Finance costs		(6,380)	(10,515)
Operating surplus / (deficit) before income tax		394,232	(144,845)
Income tax expense		-	-
Profit for the year		<u>394,232</u>	<u>(144,845)</u>
Other comprehensive income		-	-
Operating surplus / (deficit) attributable to members of Great Barrier Reef Foundation		<u>394,232</u>	<u>(144,845)</u>

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

**Great Barrier Reef Foundation
Statement of financial position
As at 31 December 2009**

	Notes	2009 \$	2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,069,693	554,578
Trade and other receivables	7	78,596	157,222
Other current assets	8	<u>25,072</u>	<u>28,563</u>
Total current assets		<u>1,173,361</u>	<u>740,363</u>
Non-current assets			
Property, plant and equipment	10	117,540	88,248
Intangible assets	11	21,462	5,740
Receivables	9	<u>-</u>	<u>22,800</u>
Total non-current assets		<u>139,002</u>	<u>116,788</u>
Total assets		<u>1,312,363</u>	<u>857,151</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	170,049	85,259
Borrowings	13	19,941	31,357
Provisions	14	<u>97,385</u>	<u>92,329</u>
Total current liabilities		<u>287,375</u>	<u>208,945</u>
Non-current liabilities			
Borrowings	15	<u>-</u>	<u>17,450</u>
Total non-current liabilities		<u>-</u>	<u>17,450</u>
Total liabilities		<u>287,375</u>	<u>226,395</u>
Net assets		<u>1,024,988</u>	<u>630,756</u>
FUNDS			
Restricted reserves	17(a)	538,201	414,722
Retained operating surplus	17(b)	<u>486,787</u>	<u>216,034</u>
Total funds		<u>1,024,988</u>	<u>630,756</u>

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

**Great Barrier Reef Foundation
Statement of cash flows
For the year ended 31 December 2009**

	2009	2008
Notes	\$	\$
Cash flows from operating activities		
Grants and donations received	3,393,350	2,948,650
Employment costs	(730,170)	(743,318)
Grants paid (inclusive of goods and services tax)	(1,404,468)	(2,502,540)
Payments to suppliers (inclusive of goods and services tax)	<u>(693,593)</u>	<u>(653,393)</u>
Interest received	22,004	68,974
Net cash inflow (outflow) from operating activities	21 <u>587,123</u>	<u>(881,627)</u>
Cash flows from investing activities		
Payments for property, plant and equipment (exclusive of goods and services tax)	<u>(46,812)</u>	<u>(7,009)</u>
Net cash (outflow) inflow from investing activities	<u>(46,812)</u>	<u>(7,009)</u>
Cash flows from financing activities		
Repayment of borrowings	<u>(25,196)</u>	<u>(29,667)</u>
Net cash inflow (outflow) from financing activities	<u>(25,196)</u>	<u>(29,667)</u>
Net increase (decrease) in cash and cash equivalents	515,115	(918,303)
Cash and cash equivalents at the beginning of the financial year	<u>554,578</u>	<u>1,472,881</u>
Cash and cash equivalents at end of year	5 <u>1,069,693</u>	<u>554,578</u>

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

Contents of the notes to the financial statements

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Accounting Standards and Interpretations, the Corporations Act 2001, and complies with other requirements of the law.

The adoption of the new and revised Standards and Interpretations have resulted in changes to the company's presentation of, or disclosure in, its financial statements in the presentation of the financial statements. Previously, in addition to the statement of financial position (formerly termed the "balance sheet"), the income statement and cash flow statement, the company presented a statement of recognised income and expenses. As a consequence of the adoption of AASB 101 Presentation of Financial Statements (2007) and its associated amending standards, the company no longer presents a statement of recognised income and expenses, but presents in addition to the statements listed above, a statement of comprehensive income and a statement of changes in equity

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and duties and taxes paid. Revenue is recognised for the Foundation as follows:

(i) Interest

Interest revenue is recognised when the interest entitlement has been earned.

(ii) Donations

Income from donations is recognised at the earlier of when the donation is received or entitled to be received by the Foundation.

(iii) Corporate grants

Income from corporate grants is recognised when the grant is entitled to be received by the Foundation.

(iv) Royalties

Revenue from royalties is recognised when the royalty is earned.

(c) Government grants

Grants received from the government are recognised as revenue to the extent they have been received into the Foundation's bank account or are entitled to be received by the Foundation at year end.

(d) In kind donations

In kind donations are recognised as revenue when services have been provided to the Foundation on a pro-bono basis.

This is the first year that the Foundation has adopted a policy of recording pro bono contributions and accordingly, no comparative information is shown.

(e) Income tax

The Foundation is a tax exempt entity and is therefore not liable for income tax.

1 Summary of significant accounting policies (continued)

(f) Leases

Leases of property, plant and equipment where the Foundation, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 13). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Foundation as lessee are classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Lease income from operating leases where the Foundation is a lessor is recognised in income on a straight-line basis over the lease term.

(g) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade and other receivables

Trade and other receivables are recognised at cost, less provision for impairment.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade and other receivables) is used when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

1 Summary of significant accounting policies (continued)

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation.

Depreciation on assets is calculated using the straight line or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Leasehold improvements are depreciated over the period of the estimated useful life using the straight-line method.

- Furniture and fittings	2-20 years
- Plant and equipment	2-10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Intangible assets

(i) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 3 to 5 years.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables and other accounts payable are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Provisions

Provisions for legal claims and make good obligations are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(o) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave will be recognised when an employee has been in employment at the Foundation for 7 or more years. For the year ended 31 December 2009, no employees had completed 7 or more years of service.

(iii) Sick leave

Liabilities for non-accumulating sick leave are not recognised by the Foundation in its Annual Report.

(iv) Superannuation

The Foundation makes compulsory superannuation contributions in accordance with the Superannuation Guarantee Charge. Any superannuation accrued and not paid at balance date is recognised as a liability.

1 Summary of significant accounting policies (continued)

(p) Goods and services tax

Revenues, 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"). In these circumstances, the GST recognised is part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, and payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) New accounting standards and interpretations

The Foundation has not adopted any new accounting standards and interpretations published for the 31 December 2009 reporting period as they do not apply.

2 Financial risk management

The Foundations's financial instruments comprise cash and cash equivalents, term deposits, credit cards, chattel mortgages and finance lease liabilities. In addition the Foundation has various financial assets and liabilities including amounts receivable from donors and other contributors and amounts payable to trade and other creditors.

The main risks arising from the Foundation's financial instruments are market risk, credit risk and liquidity risk. The Foundation does not hold financial instruments denominated in foreign currencies and does not use derivative instruments to manage risks associated with its financial instruments.

The Foundation's policies for managing each of these risks are summarised below. The policies are subject to Board approval and are reviewed regularly.

The Foundation holds the following financial instruments:

	2009 \$	2008 \$
Financial assets		
Cash and cash equivalents	1,069,693	554,578
Trade and other receivables	53,912	157,222
Loans and receivables	24,684	22,800
Other financial assets	16,694	13,529
	<u>1,164,983</u>	<u>748,129</u>
Financial liabilities		
Trade and other payable	170,049	85,259
Borrowings	19,941	48,807
	<u>189,990</u>	<u>134,066</u>

(a) Market risk

(i) Foreign exchange risk

The Foundation does not have any exposure to movements in foreign exchange rates that would affect the fair value of future cash flows.

(ii) Price risk

The Foundation does not have any exposure to price risk.

(iii) Interest rate risk

The Foundation's financial instruments will not vary with changes in market interest rates. Changes in market interest rates are not expected to have a material impact on the Foundation's future cash flows.

2 Financial risk management (continued)

(b) Credit risk

The Foundation's credit risk is minimised by the Foundation having adopted a policy of dealing with only credit worthy individuals and entities. Receivable balances are monitored on a monthly basis to identify any potential delinquencies and if any delinquencies exist, the Foundation will actively move to mitigate this credit risk. Through adoption of this policy, the Foundation believes it will successfully mitigate any material credit risk.

(c) Liquidity risk

The Foundation has adopted a rigorous policy of monitoring and forecasting projected cash inflows and outflows. Given the economic uncertainty existing at balance date, the current policy will remain under continuous review and will be further enhanced if required. Sensitivity analysis and stress testing is used to identify any potential liquidity risk in advance. The Foundation believes this policy coupled with the advice of its independent panel of advisors is sufficient to ensure any material liquidity risk is mitigated.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4 Revenue

	2009 \$	2008 \$
Project partnership grants received	1,119,040	1,214,040
ZooX™ funds received	642,640	301,176
Pro-bono services	522,922	-
Donations - Chairman's Panel	537,500	510,000
Non Zoox donations	236,984	237,572
Royalties - Cause Related Marketing	41,789	47,930
Research partner contributions	210,000	210,000
Project overheads received	139,202	145,702
Government contributions	200,000	70,000
Sub lease rental income	38,562	51,360
Interest income	21,315	64,217
Other revenue	30,331	4,762
	<u>3,740,285</u>	<u>2,856,759</u>

This is the first year that the Foundation has adopted a policy of recording pro bono contributions and accordingly, no comparative information is shown.

5 Current assets - Cash and cash equivalents

	2009 \$	2008 \$
Operating account	99,286	86,338
Public fund account	244,203	366,781
Project account	<u>726,204</u>	<u>101,459</u>
	<u>1,069,693</u>	<u>554,578</u>

Public fund monies

The Foundation is registered as an Environmental Organisation under legislative requirements in the *Income Tax Assessment Act*.

One of the mandatory constitutional requirements of environmental organisations includes the establishment and maintenance of a public fund:

- to which gifts of money or property for its principal purpose are to be made; and
- to which any money received because of such gifts is to be credited; and
- that does not receive any other money or property.

The release of monies from the public fund account and the management of, and sale of, public fund assets must be authorised by the fund's management committee.

The bequeathed monies received during the year are restricted for use of specific expenditure.

Project account

The project account is restricted for use of specific project income and expenditure. This includes monies received and relating to Project Partnership grants, non donation ZooX Patronage funds and ZooX Ambassador Program fees.

6 Assets subject to a Restriction

ZooX Fund

The Foundation has a policy of setting aside at least 85% of all ZooX™ funds received to be directly invested into coral reef research projects, specifically to address the climate change threat. As a result the Board and management consider the following cash assets to be restricted for application towards future research projects:

6 Assets subject to a Restriction (continued)

	2009 \$	2008 \$
Committed ZooX™ project funds recognised as liabilities	1,100	35,508
Committed ZooX™ project funds not recognised as liabilities	387,201	417,436
Less Goods and Service Tax (GST) recoverable	<u>(100)</u>	<u>(38,222)</u>
Total restricted funds	<u>388,201</u>	<u>414,722</u>

Project Partnership

Funds received by project partnerships that are matched by expenditure to be incurred are considered to be restricted amounts to the extent that the amounts have not been expended.

	2009 \$	2008 \$
Committed project partnership grants recognised as liabilities	<u>135,000</u>	<u>-</u>
Total project partnership funds	<u>135,000</u>	<u>-</u>

Bequests

During the year the Foundation received a bequest from Sir Ian McFarlane. The board has resolved to separately invest these funds with the earnings to be used to fund an annual lecture. Accordingly, these funds have been allocated to a separate reserve and are considered to be restricted.

	2009 \$	2008 \$
Committed bequests recognised as reserves	<u>150,000</u>	<u>-</u>
Total bequested funds	<u>150,000</u>	<u>-</u>

Government Grants

Government grants that have been received that have specific conditions associated with them are considered to be restricted funds.

	2009 \$	2008 \$
Committed Government grants not recognised as a liability	<u>200,000</u>	<u>70,000</u>
Total government grant funds	<u>200,000</u>	<u>70,000</u>
Total assets subject to restriction	<u>873,201</u>	<u>484,722</u>

7 Current assets - Trade and other receivables

	2009 \$	2008 \$
Donations and royalties receivable	51,153	99,696
Interest receivable	2,759	3,449
Other receivables	-	8,000
Goods and services tax (GST) receivable	-	46,077
Term deposit held as security	<u>24,684</u>	<u>-</u>
	<u>78,596</u>	<u>157,222</u>

(a) Past due but not impaired

As of 31 December 2009, donations and royalty/receivables of \$18,000 (2008: \$38,500) were past due but not impaired. These relate to a number of independent donors for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009 \$	2008 \$
Up to 3 months	15,250	23,250
3 to 6 months	<u>2,750</u>	<u>15,250</u>
	<u>18,000</u>	<u>38,500</u>

8 Current assets - Other current assets

	2009 \$	2008 \$
Deposits paid	16,694	13,529
Prepayments	<u>8,378</u>	<u>15,034</u>
	<u>25,072</u>	<u>28,563</u>

9 Non-current assets - Receivables

	2009 \$	2008 \$
Term deposit - held as security for bank guarantee	<u>-</u>	<u>22,800</u>
	<u>-</u>	<u>22,800</u>

This term deposit is held as security for a bank guarantee over the lease of the head office premises.

10 Non-current assets - Property, plant and equipment

	Plant and equipment \$	Leased plant & equipment \$	Total \$
At 1 January 2008			
Cost	119,041	35,498	154,539
Accumulated depreciation	<u>(30,056)</u>	<u>(16,823)</u>	<u>(46,879)</u>
Net book amount	<u>88,985</u>	<u>18,675</u>	<u>107,660</u>
Year ended 31 December 2008			
Opening net book amount	88,985	18,675	107,660
Additions	3,508	-	3,508
Depreciation charge	<u>(19,767)</u>	<u>(3,153)</u>	<u>(22,920)</u>
Closing net book amount	<u>72,726</u>	<u>15,522</u>	<u>88,248</u>
At 31 December 2008			
Cost	122,549	35,498	158,047
Accumulated depreciation	<u>(49,823)</u>	<u>(19,976)</u>	<u>(69,799)</u>
Net book amount	<u>72,726</u>	<u>15,522</u>	<u>88,248</u>

	Plant and equipment \$	Leased plant & equipment \$	Artwork \$	Total \$
Year ended 31 December 2009				
Opening net book amount	72,726	15,522	-	88,248
Additions	48,197	-	10,400	58,597
Disposals	(1,616)	(2,036)	-	(3,652)
Depreciation charge	<u>(23,022)</u>	<u>(1,933)</u>	<u>(698)</u>	<u>(25,653)</u>
Closing net book amount	<u>96,285</u>	<u>11,553</u>	<u>9,702</u>	<u>117,540</u>
At 31 December 2009				
Cost	158,901	21,342	10,400	190,643
Accumulated depreciation	<u>(62,616)</u>	<u>(9,789)</u>	<u>(698)</u>	<u>(73,103)</u>
Net book amount	<u>96,285</u>	<u>11,553</u>	<u>9,702</u>	<u>117,540</u>

11 Non-current assets - Intangible assets

	Trademarks at cost \$	Total \$
At 1 January 2008		
Cost	2,240	2,240
Accumulated amortisation and impairment	<u>-</u>	<u>-</u>
Net book amount	<u>2,240</u>	<u>2,240</u>
Year ended 31 December 2008		
Opening net book amount	2,240	2,240
Additions	<u>3,500</u>	<u>3,500</u>
Closing net book amount	<u>5,740</u>	<u>5,740</u>

11 Non-current assets - Intangible assets (continued)

At 31 December 2008

Cost	5,740	5,740
Net book amount	5,740	5,740

	Trademarks at cost	Total
	\$	\$

Year ended 31 December 2009

Opening net book amount	5,740	5,740
Additions	15,722	15,722
Closing net book amount	21,462	21,462

At 31 December 2009

Cost	21,462	21,462
Net book amount	21,462	21,462

12 Current liabilities - Trade and other payables

	2009 \$	2008 \$
Account payables	28,566	43,290
Income received in advance	-	40,258
Accrued expenses	-	1,711
Grants payable	135,000	-
Goods and services tax (GST) payable	6,483	-
	170,049	85,259

13 Current liabilities - Borrowings

	2009 \$	2008 \$
Credit card liabilities	2,491	10,554
Lease liabilities (note 20)	-	3,339
Chattel mortgage liabilities (note 20)	17,450	17,464
Total secured current borrowings	19,941	31,357
Total current borrowings	19,941	31,357

14 Current liabilities - Provisions

	2009 \$	2008 \$
Provision for employee benefits	<u>97,385</u>	<u>92,329</u>
	<u>97,385</u>	<u>92,329</u>

Employee numbers

The number of full time employees at reporting date was 4 (2008: 5). In addition to day-to-day requirements, the Foundation runs initiatives which require additional resources on a regular but not full time basis, 3 part time staff are employed in media and public affairs, science and marketing support roles.

Three contractors are also employed to provide expertise in marketing and specialist program delivery.

15 Non-current liabilities - Borrowings

	2009 \$	2008 \$
Secured		
Chattel mortgage liabilities (note 20)	-	17,450
Total non-current borrowings	<u>-</u>	<u>17,450</u>

16 Contributed equity

Capital risk management

The Foundation's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Foundation manages its capital principally by limiting the distribution from the retained operating surplus and reserves. The Foundation will maintain sufficient retained operating surplus balances to ensure it can continue as a going concern. It does not put any reliance on its members in achieving its capital management objectives. When appropriate, the Foundation may borrow money to fund the purchase of fixed assets but does not have a policy of borrowing to meet operating costs.

17 Funds

	2009 \$	2008 \$
(a) Reserves		
Sir Ian McFarlane Reserve	150,000	-
Restricted ZooX™ Funds reserve	<u>388,201</u>	<u>414,722</u>
	<u>538,201</u>	<u>414,722</u>

17 Funds (continued)

	2009 \$	2008 \$
Movements in Sir Ian McFarlane reserve		
Balance 1 January	-	-
Transfer from retained operating surplus	<u>150,000</u>	<u>-</u>
Balance 31 December	<u>150,000</u>	<u>-</u>
	2009 \$	2008 \$
Movements in Restricted ZooX™ Funds reserve:		
Balance 1 January	414,722	576,458
Transfer to retained operating surplus	(407,865)	(360,000)
Transfer from retained operating surplus	<u>381,344</u>	<u>198,264</u>
Balance 31 December	<u>388,201</u>	<u>414,722</u>

(b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2009 \$	2008 \$
Balance 1 January	216,034	199,143
Net operating surplus / (deficit) for the year	394,232	(144,845)
Transfer from retained operating surplus to Restricted ZooX™ Funds reserve (note 17(a))	26,521	161,736
Transfer to Sir Ian McFarlane reserve from retained operating surplus (note 17(a))	<u>(150,000)</u>	<u>-</u>
Balance 31 December	<u>486,787</u>	<u>216,034</u>

18 Key management personnel disclosures

(a) Directors

The following persons were directors of Great Barrier Reef Foundation during the financial year:

(i) *Chairman - non-executive*
John Michael Schubert

(ii) *Executive director*
Judith Ann Stewart, Managing Director

(iii) *Non-executive directors*
Ian Buchanan

Geoffrey James Dixon

Kerry Lee Gardner

Paul Fawcett Greenfield

John Francis Mulcahy

Amanda Therese McCluskey

18 Key management personnel disclosures (continued)

Russell Evan Reichelt
Michael John Roux
Phillip David Strachan
Keith Henry Tuffley
David John Turner
Peter Francis Young

The non-executive Chairman and non-executive directors do not receive any remuneration.

(b) Other key management personnel

General Manager

Claire Hanratty

(c) Key management personnel compensation

	2009 \$	2008 \$
Short-term employee benefits	<u>441,140</u>	<u>310,587</u>

(d) Other transactions with key management personnel

(i) Directors of Great Barrier Reef Foundation

Some of the directors are donors in their own right or are directors of companies which have donated monies to the Foundation or have received donated monies from the Foundation during the year.

Aggregate amounts of donations received from related parties of Great Barrier Reef Foundation:

	2009 \$	2008 \$
Amounts recognised as revenue		
Grants and donations received	<u>2,063,028</u>	<u>1,777,515</u>
Amounts recognised as expense		
Grants and donations paid	<u>188,007</u>	<u>300,000</u>

19 Remuneration of auditors

During the year the following fees were incurred as an in kind donation for services provided by the auditor of the Foundation, its related practices and non-related audit firms:

(a) Deloitte Touche Tohmatsu

Audit and other assurance services
Audit and review of financial reports

	<u>38,750</u>	<u>-</u>
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Audit services in relation to the 2009 and 2008 financial years were provided on a pro bono basis.

20 Commitments

(a) Capital and other commitments

Grant expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2009 \$	2008 \$
<i>ZooX™ Fund Projects</i>		
Payable:		
Within one year	594,967	471,265
Later than one year but not later than five years	160,000	750,000
Later than five years	-	-
	754,967	1,221,265

	2009 \$	2008 \$
<i>Census of Coral Reefs Project - BHP Billiton</i>		
Payable:		
Within one year	648,024	984,040
Later than one year but not later than five years	-	648,024
Later than five years	-	-
	648,024	1,632,064

<i>Future Reef Project - Rio Tinto Alcan</i>		
Payable:		
Within one year	-	135,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	135,000

<i>Coral Futures Project - Commonwealth Bank of Australia</i>		
Payable:		
Within one year	-	110,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	110,000

The above commitments for *BHP Billiton (BHPB) Census of Coral Reefs Project* will be matched with grants receivable from BHPB.

	2009 \$	2008 \$
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	80,371	155,282
Later than one year but not later than five years	-	80,371
Later than five years	-	-
	80,371	235,653

Representing:		
Non-cancellable operating leases	80,371	235,653
	80,371	235,653

20 Commitments (continued)

	2009 \$	2008 \$
Commitments in relation to finance leases and chattel mortgages are payable as follows:		
Within one year	17,450	20,803
Later than one year but not later than five years	-	17,450
Later than five years	-	-
Minimum lease payments	17,450	38,253
Representing lease liabilities and chattel mortgages:		
Current (note 13)	17,450	20,803
Non-current (note 15)	-	17,450
	17,450	38,253

The weighted average interest rate implicit in the leases is 9.0% (2008: 8.4%).

21 Reconciliation of operating surplus after income tax to net cash inflow from operating activities

	2009 \$	2008 \$
Operating surplus/(deficit) for the year	394,232	(144,845)
Depreciation and amortisation	25,653	22,920
In kind donations (net)	(27,507)	-
Write off of assets	3,652	-
Expenditure incurred on assets financed under lease/hire purchase	4,393	6,837
Change in operating assets and liabilities:		
Decrease (increase) in receivables	101,426	(57,631)
Decrease (increase) in other current assets	3,491	(14,001)
Increase (decrease) in payables	84,790	(708,142)
Increase (decrease) in borrowings	(8,063)	5,906
Increase (decrease) in provisions	5,056	7,329
Net cash inflow (outflow) from operating activities	587,123	(881,627)

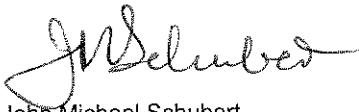
Great Barrier Reef Foundation
Directors' Declaration
31 December 2009

In the directors' opinion:

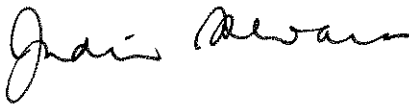
- (a) the financial statements and notes set out on pages 11 to 31 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable; and

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

On behalf of the Directors



John Michael Schubert
Chairman



Judith Ann Stewart
Managing Director

Sydney
17 March 2010

Independent Auditor's Report to the members of Great Barrier Reef Foundation

We have audited the accompanying financial report of Great Barrier Reef Foundation, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 11 to 32.

Directors' Responsibility 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration


In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial report of Great Barrier Reef Foundation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU


M G Sheerin
Partner
Chartered Accountants
Brisbane, 17 March 2010