

Great Barrier Reef Foundation

ABN 82 090 616 443

Annual Report for the Year ended 31 December 2011

Great Barrier Reef Foundation ABN 82 090 616 443
Annual Report - 31 December 2011

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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 2011.

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

Michael Andrew Cameron (Chairman Audit and Compliance Committee since 15/11/2010) (director since 09/09/2010)
BBus, FCPA, FCA, FAICD

Geoffrey James Dixon (director since 11/3/2009)

Stephen Charles Fitzgerald (director since 25/11/2010)
BEcon

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

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

Amanda Therese McCluskey (director since 31/8/2009)
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

Judith Ann Stewart (resigned 30/11/2011)
LLB, Grad Dip Bus Mgt

Claire Louise Hanratty (Managing Director) (director since 24/11/2011)
BCA (Hons), MBA

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

David John Turner (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

Kerri Suzanne Ryan became the Foundation's Company Secretary on 24 November 2011.

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.

Overview

The Great Barrier Reef, and the coastal communities associated with it, began 2011 facing two significant challenges. Large scale flooding of Queensland rivers caused by an intense wet season resulted in huge volumes of run-off being carried into southern and central areas of the Reef between late 2010 and early 2011. This was followed in March by the largest cyclone to cross the Queensland coast in 100 years – Cyclone Yasi. Approximately 13% of the Reef from Cairns to Townsville was exposed to the cyclone's destructive winds. It is important to note that while these events did indeed leave their mark by damaging parts of the Reef, the sheer scale of the Reef (2300km from north to south and 2900 reefs) does mean that many areas were unaffected, allowing communities and industry to continue to operate as usual.

Nonetheless, events such as these are a reminder of climate change risks including more intense flood and cyclone events and more frequent episodes of coral bleaching may diminish available recovery periods and the Reef's resilience, making it more vulnerable.

It is this challenge that drove the Foundation to define its research vision as "Resilient Coral Reefs Successfully Adapting to Climate Change" and develop the Research Portfolio released in late 2010 which seeks to fund and deliver important research towards this vision.

The Research Vision set by the Foundation's International Scientific Advisory Panel and the Research Portfolio which was developed to deliver on that Vision, has provided a framework for investment by the Foundation. This work has also crystallised the Foundation's role. It is more than simply a funder of research. The Foundation's capacity to manage and grow its network and to convene that network to identify, shape, fund and deliver on the Research Vision.

The Foundation continued making significant progress in 2011, funding and delivery of the Research Portfolio alongside its programs and network engagement activity.

New research was funded in each of the key areas of the research portfolio (Attributes, Solutions & Adaptation and Integration), valuable progress was also made in developing genomics concepts as a means of identifying ways to assist organisms to adapt. Ongoing research investments made prior to 2011 continued to deliver outcomes which will contribute towards the research vision.

Of particular note is the milestone achieved in late 2011, when GBRF and its partners signed contracts to fund and deliver a significant proportion of the eReefs project. The largest project in the Foundation's research portfolio, worth more than \$25m, eReefs will provide Reef users, managers and policy makers with the tools and information they need to make and communicate decisions about the Reef. The eReefs Project is a collaboration between Government, leading Australian corporations and the top Australian research institutions including the Great Barrier Reef Foundation, Bureau of Meteorology, Commonwealth Scientific and Industrial Research Organisation, Australian Institute of Marine Science and the Queensland Government, supported by funding from the Australian Government's Caring for our Country, the Queensland Government, the BHP Billiton Mitsubishi Alliance, and the Science Industry Endowment Fund.

From a network perspective, engagement with government (State and Commonwealth) increased and the spectrum of industries represented on the Chairman's Panel grew and the ZooX Ambassador Program now in its 4th year, celebrated reaching the milestone of 100 employees having attended the Program.

These achievements in 2011 will no doubt pave the way for another successful year in 2012.

Review of operations

The Foundation made an operating deficit of \$85,454 (2010: \$227,380 operating deficit).

Science Investments

Research Portfolio

The Foundation's research portfolio features projects from three distinct but interrelated areas –

1. *Attributes: Evaluating and communicating the Ecosystem at Risk.* Recognising that you cannot manage what you cannot measure, these projects focus on measuring the impacts of climate change on the key attributes of coral reefs, the ecosystem in which they live and the socio-economic environment of Reef-dependent communities.
2. *Solutions & Adaptation: Helping the Reef Ecosystem to Adapt.* This research identifies concepts, which could be applied to help coral reefs and associated communities, and industries adapt to the effects of climate change.
3. *Integration: Bridging Understanding, Decision Making and Action.* These projects bring together the outcomes of Attributes and Solutions & Adaptation research to develop tools to assist managers, users and policy makers to assess and communicate the state of the Reef and make appropriate decisions in response.

eReefs, core to the "Bridging Understanding, Decision Making and Action" component of the portfolio, will provide the general public, Reef managers, policy makers, researchers, industry and Reef communities the kind of information products that the Bureau of Meteorology provides for weather (observations, forecast, imagery etc). The signing of the eReefs contracts is the culmination of three years work by the Foundation to bring this important project to life. The range and caliber of partners involved in this project again demonstrates the important role the Foundation plays in bringing together business, science, and management for the benefit of the Reef and its dependent communities.

The Foundation also continued its work in bringing together experts from a range of fields in order to identify and progress pathways to coral reef adaptation in the face of climate change. An important example of this role was the convening of experts from the biomedical, terrestrial and coral reef domains in October 2011 to advance the knowledge and tools available to researchers and management seeking to apply genomics to assist the Reef to adapt to climate change. The progress made at this workshop has encouraged participants to continue working together in 2012 to deliver on the roadmap they have developed.

Alongside the significant milestones achieved with the eReefs project and the substantial progress made in developing a genomics roadmap, new investments under this portfolio included the establishment of a long term social and economic monitoring programme for the industries and communities of the Great Barrier Reef and ship based monitoring of key climate change impacts. Further investment was required to replace experiments relating to the migration of corals between the northern and southern areas of the Reef lost due to flooding around the Keppel Islands in early 2011.

These investments, in the 3 areas of the portfolio described above, complement existing investments such as the Foundation's five year commitment to Professor Ove Hoegh-Guldberg's Smart State Premier's Fellowship. This covers research into the impacts of climate change and ocean acidification on non-coral invertebrates, macroalgae and habitat structure, an exploration of the risks to coral health from rapidly warming and acidifying oceans and the development of remote sensing tools to assess shallow water clarity on the Great Barrier Reef.

2011 also delivered the most significant project in the Foundation's history. The CReefs project was funded by the Foundation and BHP Billiton in partnership with the Australian Institute of Marine Science, concluded having collected almost 30,000 samples, discovered more than 1,200 new species, involved 60 scientists from 25 institutions around the world and 18 BHP Billiton employees. The project leaves a lasting legacy for the Reef, significantly expanding our knowledge of its biodiversity and processes and paving the way for important new research.

Bommies Award

The Bommies award is a prize recognising innovative concepts by postgraduates to preserve the Great Barrier Reef in the face of climate change. Dr Pim Bongaerts won the award for 'Deep coral reefs - a lifeline to shallow reefs'. This award will fund the project to explore the concept that deep reefs may act as refuges for corals from shallower environments as sea surface temperatures continue to rise.

Principal Beneficiaries

The principal beneficiaries of research expenditure by the Foundation in 2011 were:

- The Australian Institute of Marine Science (CReefs)
- CSIRO
- The University of Queensland
- James Cook University

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

The Foundation's two engagement programs, the Chairman's Panel and ZooX Ambassador Program, now in their sixth and fourth years respectively are an essential part of the Foundation's story.

By providing members of the Chairman's Panel and participants in the ZooX Ambassador Program the opportunity to experience the Reef personally, accompanied by expert coral reef and climate change scientists, the Foundation is able to build awareness among the business community of the value of the Reef, its vulnerability in the face of climate change and the Foundation's work to invest in research which builds the resilience of the Reef to this threat.

However, the programs achieve a great deal more than raising awareness:

Through their membership of the Chairman's Panel, the 32 Chief Executives and Chairpersons of the Panel demonstrate to their colleagues in business, government and research, domestically and internationally, the economic, social, environment and cultural value they place on a healthy Reef and their commitment to supporting the Foundation to achieve its vision of a resilient Reef successfully adapting to climate change. This public commitment is a central frame in the Foundation's 'front window', lending visibility and credibility to its work. The cash contributions made by Panel members also underpin the Foundation's operating costs, enabling it to focus its efforts.

The ZooX Ambassador Program has also become central to the Foundation's engagement with its investing partners in the ZooX Fund. Over the past four years 116 employees from 7 companies have participated in the Program. These employees have had the benefit of a tremendous Reef experience with leading scientists and climate change experts. Importantly for their companies, they have also delivered 46 workplace sustainability projects back into their organisations. Including initiatives in the technological changes, management systems and processes, improved control systems/processes, efficiency and waste minimisation. We also note with pleasure, the cross fertilization of ideas and experiences that occurs among participating companies in the Program.

Government

The Foundation's research portfolio, the eReefs project and initiatives to fund the portfolio, have provided an excellent basis for increasing the awareness of, and engagement with both State and Commonwealth governments. This engagement is important to the Foundation's profile, its capacity to fund raise. Given the importance the Foundation places on delivering practical research outcomes that can be adopted by Reef managers, users and policy makers, the Foundation welcomes the investment by government and their involvement in user reference groups and technical working groups associated with portfolio projects.

Operations

After 8 years of dedicated service, Judy Stewart, the Foundation's Managing Director elected to retire on 30 November 2011. The Foundation, its Board, investment and research partners are indebted to Judy for the commitment and innovation which were hallmarks of her tenure as Managing Director. Claire Hanratty, formerly the Foundation's General Manager, succeeded Judy on 1 December 2011.

Despite the small size of the Foundation team – four full time, three part time and one casual staff member in 2011 – its achievements are substantial – raising new funds, convening partners in the substantial eReefs project and genomics initiatives, building and maintaining the Foundation's network, developing and managing the science portfolio and delivering the Chairman's Panel and ZooX Ambassador Programs.

The Foundation's capacity to achieve is very closely tied to the network of supporters and partners around it, in particular its pro bono partners and International Scientific Advisory Panel.

Pro Bono Partners

Pro Bono partners in particular, are essential to the Foundation's capacity to operate, providing services and advice that would be well beyond the ability of the Foundation to find and fund on its own. The dedication of the organisations which support the Foundation in this way, many of whom have been with the Foundation for a number of years, cannot be understated.

The Foundation recognises that it is very fortunate to have assembled such a prestigious group of partners and greatly appreciates the value and quality of service provided by these organisations.

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)
- Goldman Sachs & Partners (Portfolio Funding)
- KPMG (Company Secretarial & Compliance, Consulting)
- PricewaterhouseCoopers (Accounting)
- Telstra (Telecommunications support)

In the last twelve months, these firms and businesses have together provided pro bono services and support services valued at \$569,947.

International Scientific Advisory Panel

The International Scientific Advisory Panel, chaired by Professor Paul Greenfield AO, too provides valuable advice to the Board and management on the direction of the science and the progress of science investments. The Foundation is grateful to the eminent group of leaders from Reef management and research institutions under whose leadership and governance the research program is developed, delivered and quality assured.

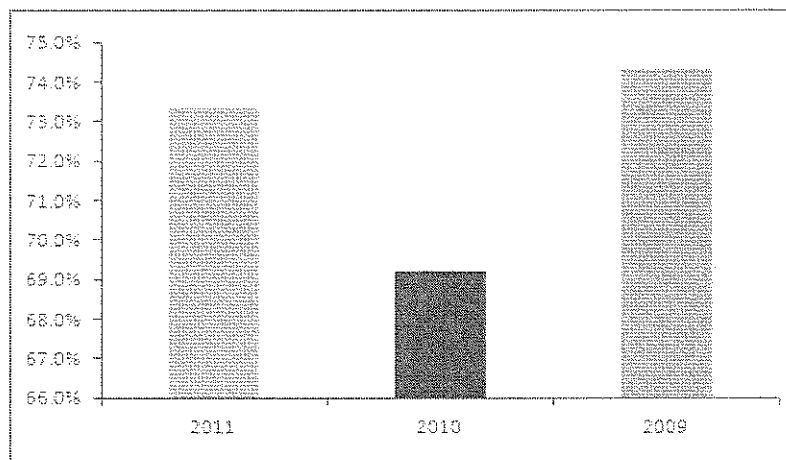
Benchmarking: Cost of Fundraising

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.

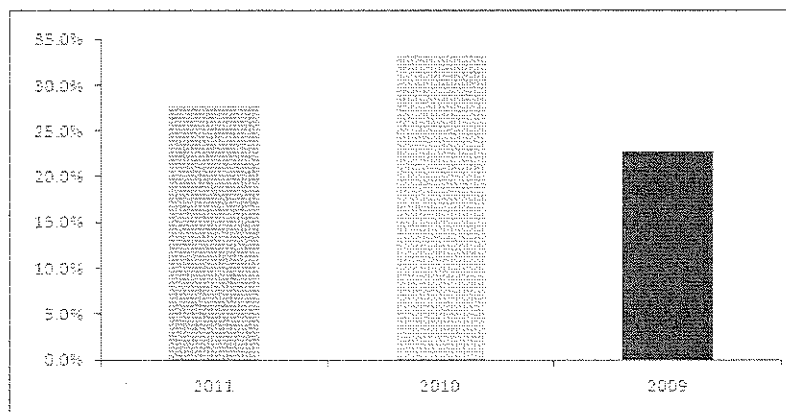
Accordingly, the Foundation regularly monitors two key metrics:

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 suggests that this proportion should lie between 65% and 75%. For the 2011 year, the Foundation's Proportion of Project Expenditure to Total Expenditure was 73.3% (2010 69.2%).



b) **The Cost of Fundraising Ratio** 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 2011 year the Foundation's Cost of Fundraising was 27.6% (2010 33.3%).



Notes:

1. When calculating these ratios, assumptions are made to apportion costs between 'project expenditure' and 'fundraising and administration' costs.
2. Pro Bono services and support have been excluded from all ratio calculations.
3. At least 85% of all funds that go into the ZooX Fund go directly to projects.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect:

- (a) the Foundation's operations in future financial year, or
- (b) the results of those operations in future financial year, or
- (c) the Foundation's state of affairs in future financial year.

Likely developments and expected results of operations

Having published its first portfolio of new research projects in 2010, the Foundation's primary focus must be on funding this important work as a matter of urgency.

Two primary projects within the portfolio, eReefs, and the Reef Resilience Index project are the first projects for which the Foundation is currently prospecting for funding, both here and overseas.

Sharing the lessons learned in developing the portfolio could become a further area of focus in 2011. The Foundation is already committed to reaching out to other coral dependent communities once the research plan is implemented. Beyond this, there is also scope to begin work on developing a second cache of concepts for refinement into a second portfolio of prioritised research questions.

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)	4	4		
Ian Craig Buchanan	2	4		
Michael Andrew Cameron	4	4	3	3
Geoffrey James Dixon	2	4		
Stephen Charles Fitzgerald	3	4		
Paul Fawcett Greenfield	2	4		
Isaac Alexander Fletcher (alternate for Keith Henry Tuffley)			3	3
Kerry Lee Gardner	3	4		
Clayton Neil Herbert (alternate for John Francis Mulcahy)			2	3
Amanda Therese McCluskey	4	4		
John Francis Mulcahy	3	4		
Russell Evan Reichelt	3	4		
Judith Ann Stewart (Managing Director)	4	4		
Phillip David Strachan	3	4		
Keith Henry Tuffley	4	4		
David John Turner	4	4		
Peter Francis Young	2	4		

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

Insurance of officers

During the financial year, the Foundation paid a premium of \$5,139 (2010: \$5,102) 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 8.

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 3 (2010: 4). In addition to day to day requirements, the Foundation also runs initiatives which require additional resources on a regular but not full time basis. Three part time staff are employed in roles relating to science, accounting and project delivery with one casual staff member in a support role.

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 2011, the number of members was 86 (2010: 79).

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

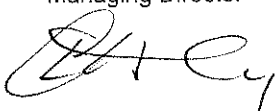
Environmental organisations, including the Foundation, are required to comply with the requirements of the Commonwealth Department of Environment, Water, Heritage and the Arts and the Australian Taxation Office in order to remain on the Register of Environmental Organisations (REO). This register lists 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



Claire Louise Hanratty
Managing Director



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

8 March 2012

Dear Board Members

Great Barrier Reef Foundation

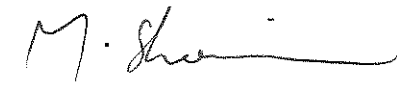
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Great Barrier Reef Foundation.

As lead audit partner for the audit of the financial statements of Great Barrier Reef Foundation for the financial year ended 31 December 2011, 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.

Member of Deloitte Touche Tohmatsu Limited

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
- receive and review regular and comprehensive financial and investment reports
- oversee risk-management analysis
- 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 assists 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.

Great Barrier Reef Foundation ABN 82 090 616 443
Annual Report - 31 December 2011

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These financial statements of Great Barrier Reef Foundation as an individual entity. The financial statements are presented in the Australian currency.

The financial report was authorised for issue by the directors on xx March 2012. 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 2011

	Notes	2011 \$	2010 \$
Revenue	3	3,205,712	3,592,627
Science investments		(1,278,500)	(1,383,940)
Employee benefits expense		(779,084)	(829,038)
Program marketing and delivery	4	(283,877)	(386,861)
Occupancy and administration expenses	4	(416,190)	(399,358)
Business development costs	4	(443,888)	(732,779)
Depreciation and amortisation expense		(22,114)	(28,414)
Superannuation		(65,213)	(56,401)
Loss on disposal of fixed assets		(599)	-
Finance costs		(1,701)	(3,216)
Operating surplus/(deficit) before income tax		<u>(85,454)</u>	<u>(227,380)</u>
Income tax expense		<u>-</u>	<u>-</u>
(Loss) for the year		<u>(85,454)</u>	<u>(227,380)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Operating surplus/(deficit) for the year		<u>(85,454)</u>	<u>(227,380)</u>
Operating surplus/(deficit) for the year is attributable to:			
Members of Great Barrier Reef Foundation		<u>(85,454)</u>	<u>(227,380)</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 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,879,264	440,852
Trade and other receivables	7	178,003	408,092
Other current assets	8	<u>13,344</u>	<u>29,183</u>
Total current assets		<u>2,070,611</u>	<u>878,127</u>
Non-current assets			
Property, plant and equipment	9	76,548	93,653
Intangible assets	10	<u>16,707</u>	<u>21,883</u>
Total non-current assets		<u>93,255</u>	<u>115,536</u>
Total assets		<u>2,163,866</u>	<u>993,663</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,390,280	36,702
Borrowings	12	2,603	3,090
Provisions	13	<u>58,830</u>	<u>156,264</u>
Total current liabilities		<u>1,451,713</u>	<u>196,056</u>
Non-current liabilities			
Total non-current liabilities		<u>-</u>	<u>-</u>
Net assets		<u>712,153</u>	<u>797,607</u>
FUNDS			
Restricted reserves	14(a)	312,896	363,599
Retained operating surplus	14(b)	<u>399,257</u>	<u>434,008</u>
Total funds		<u>712,153</u>	<u>797,607</u>

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

Great Barrier Reef Foundation
Statement of changes in equity
For the year ended 31 December 2011

	Notes	Restricted reserves \$	Retained operating surplus/deficit \$	Total equity \$
Balance at 1 January 2010		538,201	486,786	1,024,987
Loss for the year		-	(227,380)	(227,380)
Other comprehensive income		-	-	-
Total comprehensive income for the year		<u>-</u>	<u>(227,380)</u>	<u>(227,380)</u>
Transfer to / (from) retained operating surplus/(deficit) to / (from) restricted reserves	14	<u>(174,602)</u>	<u>174,602</u>	<u>-</u>
Balance at 31 December 2010		<u>363,599</u>	<u>434,008</u>	<u>797,607</u>
Balance at 1 January 2011		363,599	434,008	797,607
Loss for the year		-	(85,454)	(85,454)
Other comprehensive income		-	-	-
Total comprehensive income for the year		<u>-</u>	<u>(85,454)</u>	<u>(85,454)</u>
Transfer to / (from) retained operating surplus/(deficit) to / (from) restricted reserves	14	<u>(50,703)</u>	<u>50,703</u>	<u>-</u>
Balance at 31 December 2011		<u>312,896</u>	<u>399,257</u>	<u>712,153</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of cash flows
For the year ended 31 December 2011

	2011	2010
Notes	\$	\$
Cash flows from operating activities		
Grants and donations received	3,039,193	2,547,007
Employment costs	(941,731)	(753,056)
Grants paid (inclusive of goods and services tax)	-	(1,514,004)
Payments to suppliers (inclusive of goods and services tax)	(685,886)	(911,739)
Interest received	<u>29,291</u>	<u>26,632</u>
Net cash inflow (outflow) from operating activities	<u>1,440,867</u>	<u>(605,160)</u>
Cash flows from investing activities		
Payments for property, plant and equipment (exclusive of goods and services tax)	(432)	(4,527)
Term deposit held as security for bank guarantee	<u>(1,536)</u>	<u>(910)</u>
Net cash (outflow) inflow from investing activities	<u>(1,968)</u>	<u>(5,437)</u>
Cash flows from financing activities		
Repayment of borrowings	<u>(487)</u>	<u>(18,244)</u>
Net cash inflow (outflow) from financing activities	<u>(487)</u>	<u>(18,244)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,438,412</u>	<u>(628,841)</u>
Cash and cash equivalents at the beginning of the financial year	<u>440,852</u>	<u>1,069,693</u>
Cash and cash equivalents at end of year	5 <u>1,879,264</u>	<u>440,852</u>

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

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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the Great Barrier Reef Foundation also comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Early adoption of standards

The Foundation has elected to apply the following pronouncements to the annual reporting period beginning 1 January 2011:

- AASB 2010 - 4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

(iii) Historical cost convention

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

(iv) Financial statement presentation

The Foundation has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009.

(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. These in kind donations are also recorded as a matching asset or expense depending on the nature of the services provided.

(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 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 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss 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. The respective leased assets are included in the statement of financial position based on their nature.

(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 statement of financial position.

(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.

(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 statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(l) Intangible assets

(i) Trademarks and licences

Trademarks and licences that have a finite useful life 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 5 to 10 years.

Trademarks that do not have a finite useful life are carried at cost less accumulated impairment.

(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) Other long-term employee benefit obligations

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 2011, 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.

(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 2011 reporting period as they do not apply.

2 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.

3 Revenue

	2011 \$	2010 \$
Project grants received	715,000	648,024
ZooX funds received	637,563	801,899
Government research contributions	122,273	-
Pro-bono services	569,947	841,644
Donations - Chairman's Panel	490,600	431,950
Non ZooX donations	118,979	412,616
Royalties - Cause Related Marketing	32,890	49,833
Research partner contributions	50,000	350,000
Grants received - Project Fees	400,455	32,401
Interest income	22,890	24,260
Other revenue	45,115	-
	<u>3,205,712</u>	<u>3,592,627</u>

4 Expenses

	2011 \$	2010 \$
Profit before income tax includes the following specific expenses:		
<i>Program marketing and delivery</i>		
Pro-bono services	77,856	148,315
Expenses other than pro-bono services	<u>206,021</u>	<u>238,546</u>
	<u>283,877</u>	<u>386,861</u>
<i>Occupancy and administration expenses</i>		
Pro-bono services	242,091	212,752
Expenses other than pro-bono services	<u>174,099</u>	<u>186,606</u>
	<u>416,190</u>	<u>399,358</u>
<i>Business development costs</i>		
Pro-bono services	250,000	479,112
Expenses other than pro-bono services	<u>193,888</u>	<u>253,667</u>
	<u>443,888</u>	<u>732,779</u>

5 Current assets - Cash and cash equivalents

	2011	2010
	\$	\$
Operating account	342,251	111,843
Public fund account	302,004	226,019
Project account	<u>1,235,009</u>	<u>102,990</u>
	<u>1,879,264</u>	<u>440,852</u>

(a) 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.

Project account

The project account is restricted for use of specific project income and expenditure. This includes monies received and relating to Project grants.

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. There is generally a timing difference between ZooX fund income being earned, and ZooX fund matching expenditure. Income earned from ZooX fund projects is considered to be restricted income to the extent that it is to be matched by expenditure. When ZooX fund income is earned in a year and the matched expenditure is less than the income earned, the surplus amount is moved from retained earnings to the Restricted Funds Reserve. Conversely, where the matched expenditure in any given year is greater than the income earned, the shortfall amount is moved from the Restricted Funds Reserve to retained earnings.

In the years when the portion of the ZooX fund balance of the Restricted Fund Reserve increases, there will be a negative effect on retained earnings for the year. Conversely, in the years when the portion of the ZooX fund balance of the Restricted Fund Reserve decreases, there will be a positive effect on retained earnings for the year. Over the long term, the position is neutral on the basis that all restricted ZooX funds received are fully expended. As a result the Board and management consider the following net assets to be restricted for application towards future research projects:

	2011	2010
	\$	\$
ZooX™ project funds recognised as restricted reserves	<u>125,624</u>	<u>213,599</u>
Total ZooX project funds	<u>125,624</u>	<u>213,599</u>

6 Assets subject to a Restriction (continued)

eReefs

eReef funds received generally consist of two components. The first component being a management fee that can be used by the Foundation to manage the eReef's project and meet operating and administrative costs. The second component is to be directed in its entirety towards future research projects.

There is generally a timing difference between earning eReefs income and the matching expenditure. Income earned from the eReefs project is considered to be restricted income to extent that it is to be matched by expenditure. When eReefs income is earned in a year and the matched expenditure is less than the income earned, the surplus amount is moved from retained earnings to the Restricted Funds Reserve. Conversely, where the matched expenditure in any given year is greater than the income earned, the shortfall amount is moved from the Restricted Funds Reserve to retained earnings.

In the years when the portion of the eReefs balance of the Restricted Fund Reserve increases, there will be a negative effect on retained earnings for the year. Conversely, in the years when the portion of the eReefs balance of the Restricted Fund Reserve decreases, there will be a positive effect on retained earnings for the year. Over the long term, the position is neutral on the basis that all restricted eReef's funds received are fully expended. As a result the Board and management consider the following net assets to be restricted for application towards future research projects:

	2011 \$	2010 \$
Project grants recognised as restricted reserves	<u>23,772</u>	<u>-</u>
Total eReefs project funds	<u>23,772</u>	<u>-</u>

Bequests

During the 2009 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 the restricted reserve and are considered to be restricted.

	2011 \$	2010 \$
Bequests recognised as restricted reserves	<u>163,500</u>	<u>150,000</u>
Total bequests	<u>163,500</u>	<u>150,000</u>

	2011 \$	2010 \$
Total assets subject to restriction	<u>312,896</u>	<u>363,599</u>

7 Current assets - Trade and other receivables

	2011 \$	2010 \$
Donations and royalties receivable	150,512	371,036
Interest receivable	<u>361</u>	<u>387</u>
	<u>150,873</u>	<u>371,423</u>
Goods and services tax (GST) receivable	-	11,075
Term deposit held as security	<u>27,130</u>	<u>25,594</u>
	<u>27,130</u>	<u>36,669</u>
	<u>178,003</u>	<u>408,092</u>

8 Current assets - Other current assets

	2011 \$	2010 \$
Deposits paid	2,680	17,960
Prepayments	<u>10,664</u>	<u>11,223</u>
	<u>13,344</u>	<u>29,183</u>

9 Non-current assets - Property, plant and equipment

	Plant and equipment \$	Leased plant & equipment \$	Artwork \$	Total \$
At 1 January 2010				
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>
Opening net book amount	96,285	11,553	9,702	117,540
Additions	4,527	-	-	4,527
Depreciation charge	<u>(26,145)</u>	<u>(1,299)</u>	<u>(970)</u>	<u>(28,414)</u>
Closing net book amount	<u>74,667</u>	<u>10,254</u>	<u>8,732</u>	<u>93,653</u>
At 31 December 2010				
Cost	163,428	21,342	10,400	195,170
Accumulated depreciation	<u>(88,761)</u>	<u>(11,088)</u>	<u>(1,668)</u>	<u>(101,517)</u>
Net book amount	<u>74,667</u>	<u>10,254</u>	<u>8,732</u>	<u>93,653</u>
	Plant and equipment \$	Leased plant & equipment \$	Artwork \$	Total \$
Year ended 31 December 2011				
Opening net book amount	74,667	10,254	8,732	93,653
Additions	432	-	-	432
Disposals	(599)	-	-	(599)
Depreciation charge	<u>(14,911)</u>	<u>(1,154)</u>	<u>(873)</u>	<u>(16,938)</u>
Closing net book amount	<u>59,589</u>	<u>9,100</u>	<u>7,859</u>	<u>76,548</u>
At 31 December 2011				
Cost	128,626	21,342	10,400	160,368
Accumulated depreciation	<u>(69,037)</u>	<u>(12,242)</u>	<u>(2,541)</u>	<u>(83,820)</u>
Net book amount	<u>59,589</u>	<u>9,100</u>	<u>7,859</u>	<u>76,548</u>

10 Non-current assets - Intangible assets

	Trademarks at cost \$	Total \$
At 1 January 2010		
Cost	<u>21,462</u>	<u>21,462</u>
Net book amount	<u>21,462</u>	<u>21,462</u>
Year ended 31 December 2010		
Opening net book amount	21,462	21,462
Additions	<u>421</u>	<u>421</u>
Closing net book amount	<u>21,883</u>	<u>21,883</u>
At 31 December 2010		
Cost	<u>21,883</u>	<u>21,883</u>
Net book amount	<u>21,883</u>	<u>21,883</u>
Year ended 31 December 2011		
Opening net book amount	21,883	21,883
Amortisation charge **	<u>(5,176)</u>	<u>(5,176)</u>
Closing net book amount	<u>16,707</u>	<u>16,707</u>
At 31 December 2011		
Cost	21,883	21,883
Accumulated amortisation and impairment	<u>(5,176)</u>	<u>(5,176)</u>
Net book amount	<u>16,707</u>	<u>16,707</u>

** Amortisation of \$5,176 (2010 - Nil) is included in depreciation and amortisation expense in profit or loss.

11 Current liabilities - Trade and other payables

	2011 \$	2010 \$
Account payables	568,461	35,993
Project accrued expenses	745,000	709
Goods and services tax (GST) payable	<u>76,819</u>	<u>-</u>
	<u>1,390,280</u>	<u>36,702</u>

12 Current liabilities - Borrowings

	2011 \$	2010 \$
Credit card liabilities	<u>2,603</u>	<u>3,090</u>
Total current borrowings	<u>2,603</u>	<u>3,090</u>

13 Current liabilities - Provisions

	2011 \$	2010 \$
Provision for employee benefits	<u>58,830</u>	<u>156,264</u>
	<u>58,830</u>	<u>156,264</u>

14 Funds

	2011 \$	2010 \$
(a) Reserves		
Restricted Fund reserve	<u>312,896</u>	<u>363,599</u>
	<u>312,896</u>	<u>363,599</u>

Movements:

<i>Restricted Fund</i>		
Balance 1 January	363,599	538,201
Transfer to retained operating surplus	(1,278,500)	(730,516)
Transfer from retained operating surplus	<u>1,227,797</u>	<u>555,914</u>
Balance 31 December	<u>312,896</u>	<u>363,599</u>

The following table shows the balances in the restricted funds reserve in relation to each fund/project:

<i>Restricted fund/project</i>		
ZooX Fund	125,624	213,599
eReefs	23,772	-
Ian MacFarlane Bequest	<u>163,500</u>	<u>150,000</u>
Total Restricted Fund:	<u>312,896</u>	<u>363,599</u>

(b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2011 \$	2010 \$
Balance 1 January	434,008	486,786
Net operating (deficit) for the year	(85,454)	(227,380)
Transfer to retained operating surplus from restricted fund reserves	<u>50,703</u>	<u>174,602</u>
Balance 31 December	<u>399,257</u>	<u>434,008</u>

15 Commitments

(a) Capital and other commitments

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

	2011 \$	2010 \$
<i>ZooX™ Fund Projects</i>		
Payable:		
Within one year	728,937	358,831
Later than one year but not later than five years	<u>414,472</u>	<u>580,000</u>
	<u>1,143,409</u>	<u>938,831</u>
	2011 \$	2010 \$
<i>eReefs Project</i>		
Payable:		
Within one year	1,556,045	-
Later than one year but not later than five years	<u>3,110,318</u>	<u>-</u>
	<u>4,666,363</u>	<u>-</u>

Contracts for revenue are committed and in place to cover the above listed commitments over the 5 year period.

(b) Lease commitments: Foundation as lessee

	2011 \$	2010 \$
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	101,674	91,200
Later than one year but not later than five years	<u>76,256</u>	<u>159,600</u>
	<u>177,930</u>	<u>250,800</u>
Representing:		
Non-cancellable operating leases	<u>177,930</u>	<u>250,800</u>
	<u>177,930</u>	<u>250,800</u>

16 Related party transactions

(a) Key management personnel

	2011 \$	2010 \$
Key management personnel compensation	533,582	438,557

(b) Other transactions with key management personnel or entities related to them

(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. In the case of directors who head research institutions, their organisations may have received funding for research throughout the year.

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

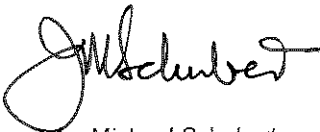
	2011 \$	2010 \$
Amounts recognised as revenue		
Grants and donations received	700,154	2,124,118
Amounts recognised as expense		
Grants and donations paid	106,500	487,908

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 26 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 2011 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 company 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



Claire Louise Hanratty
Managing Director

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 2011, 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 27.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 of the financial report that gives a true and fair view, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Great Barrier Reef Foundation, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



M G Sheerin
Partner
Chartered Accountants
Brisbane, 8 March 2012

