

# **Great Barrier Reef Foundation**

ABN 82 090 616 443

## **Annual Report for the Year ended 31 December 2012**

**Great Barrier Reef Foundation** ABN 82 090 616 443  
**Annual Report - 31 December 2012**

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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 2012.

### Directors

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

John Michael Schubert AO (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 (resigned 5/12/12)

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*

Claire Louise Hanratty (Managing Director) (director since 1/12/2011)  
*BCA (First Class Hons), MBA*

Amanda Therese 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*

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, LL.M., Grad Dip Applied Fin and Invest*

Peter Francis Young AM (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 challenges facing the Great Barrier Reef continued to gain a high profile in 2012. Whilst the effects of flooding and Cyclone Yasi received significant focus in 2011, the cumulative effects of multiple threats (climate change, water quality, coastal development, shipping and fishing) to the Reef and the impact of these threats, in particular in the form of coral loss held sway in 2012.

The report of UNESCO, following its monitoring mission in March 2012, reiterated the iconic nature of the Reef and acknowledged the substantial protection and conservation effort dedicated to it. However, they concluded that the extent and combination of threats place its future at a crossroads.

The potential impact of these threats was reinforced in October when the Australian Institute of Marine Science released a study of the Long Term Monitoring Program for the Reef which showed a 50% loss of coral cover on the Great Barrier Reef over the past 27 years.

A strategic approach and engagement across government, reef management, research, community, business and philanthropy will be important in developing and implementing solutions to the challenges facing the Reef.

The Foundation seeks to play its part in these solutions by both educating and informing its network and by convening that network to assist in identifying, shaping, funding and delivering on its research vision of 'Resilient Coral Reefs Successfully Adapting to Climate Change'.

The announcement, in May 2012, of the Commonwealth Government's commitment to grant the Foundation \$12.5m in line with this research vision over four years, commencing in 2013, was a major milestone for the Foundation and reinforces the strategic importance of developing climate change responses for the Great Barrier Reef. The signing of this contract, in late 2012, formally marked the commencement of processes to prioritise and fund projects under this program.

Innovation and collaboration were the hallmarks of research investments which began or were made in 2012, including Future Reef MAP, Sea-quence and eReefs. The value of the Foundation's efforts to bring together experts from a range of fields to identify and develop solutions was again demonstrated in 2012 with the genomics and citizen science initiatives resulting in important new collaborations and investments.

The Foundation's network also continued to grow. With more than 40 members, the Foundation's Chairman's Panel now convenes a broader group of Australia's leaders across a range of sectors with an interest in the health of the Reef and the research being undertaken to build its resilience. Likewise, new companies participated in the ZooX Ambassador Program, benefiting from a hands-on experience on the Reef with scientists and business leaders.

Presentations at research forums, such as the International Coral Reef Symposium, media coverage of the launches of research investments and presentations to employees of investor companies further helped to build awareness of the Foundation and the research it is funding.

2013 will be another very busy year for the Foundation and we look forward to more major milestones towards a resilient Reef.

## Review of operations

The Foundation made an operating surplus of \$572,621 (2011: operating deficit \$85,454).

## Science Investments

### *Research Portfolio*

The Foundation's research vision "A Resilient Reef, Successfully Adapting to Climate Change" provides the framework for its research portfolio. The projects within this portfolio span three areas:

1. *Attributes:* 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:* Identifying concepts, which could be applied to help coral reefs and associated communities, and industries adapt to the effects of climate change.
3. *Integration:* Equipping reef managers, users and policy makers with knowledge and tools to assess and communicate the state of the Reef and make appropriate decisions in response.

Existing science investments and new investments made during 2012 are delivering essential outcomes across each of these three areas in the research portfolio.

### *Existing Investments*

Investments in eReefs, the Smart State Fellowship and Zooxanthellae adaptation all achieved important milestones during 2012.

The eReefs project is managed by the Bureau of Meteorology on behalf of the project partners and investors including government (Australian and Queensland), the corporate sector (BHP Billiton Mitsubishi Alliance and the Great Barrier Reef Foundation) and Australia's leading research and operational agencies (including the Bureau, CSIRO and Australian Institute of Marine Science). Work on the project commenced on 1 January 2012 and made excellent progress during the year, delivering important Phase 1 milestones, advancing deliverables in all areas of the project and actively engaging key user groups. In November, the project was formally launched by Federal Environment Minister, Tony Burke in Townsville, in the presence of project partners, investors and potential users. The citizen science component of this project received a boost in November with Microsoft committing, through the Foundation, to bringing its expertise and technology to bear on the first stage of the project.

The Foundation's investment in Professor Ove Hoegh-Guldberg's Smart State Fellowship (a co-investment with the University of Queensland, Queensland Government and the Great Barrier Reef Marine Park Authority) focused on the impacts of ocean acidification and increasing ocean temperatures on reef systems also continued to make good progress. Key findings over the past 12 months have demonstrated that key reef building branching corals are particularly sensitive to future CO<sub>2</sub> and temperature conditions, with coral bleaching and erosion of coral skeletons evident, and that under such conditions many species of harmful algae become abundant. Interestingly, these experiments have also shown that individual corals of the same coral species can respond very differently under the same conditions, providing some hope of adaptation at this individual scale.

An investment by the Foundation in zooxanthellae adaptation research concluded during 2012, establishing some important laboratory methodologies for testing the adaptability of zooxanthellae to environmental stress. This is a critical first step that will benefit broader genomics initiatives exploring the adaptability of coral reefs to climate change.

### *New Investments*

The two new investments made in 2012 are addressing particular knowledge gaps through collaboration and technology. Future Reef MAP - This innovative investment by Rio Tinto Alcan, CSIRO and the Great Barrier Reef Foundation, launched in June 2012 will, for the first time, monitor the chemistry of the Great Barrier Reef using the movements of the Rio Tinto vessel, the Wakmatha. The data will provide Reef managers with new insights into the impacts of ocean acidification among the many and varied habitats along the entire length of the Reef - data on a scale not presently available.

The first major milestone of the project, the installation of the CO<sub>2</sub> sensor, involving modifications to the vessel, was completed in October.

The ReFuGe 2020 Consortium, including leading national and international reef research and management agencies as well as experts in bioinformatics, medical, terrestrial and agricultural research, convened by GBRF in late 2011, continued to advance its work on a research roadmap that will address substantial gaps in understanding of the resilience of corals to climate change and their capacity to adapt.

The first major investment flowing from this roadmap, the Sea-quence project, was announced in November. The project, an investment by the Consortium, including GBRF, Bioplatforms Australia, and Rio Tinto, will deliver core genomic data for both the Great Barrier Reef and the Red Sea, enabling further research that will equip reef managers with vital information both about the impacts of climate change on coral reefs and the potential of adaptation strategies. In early December, work began in earnest on this project with the collection of coral, symbiodinium and macroalgae samples for sequencing in 2013.

### *Bommies Award*

The 2012 winner of the Bommies Award given by the Foundation, on behalf of its Chairman's Panel for an innovative concept to help preserve the Reef in the face of climate change was given to Dr Stephan Whalan. Dr Whalan will explore a new technology to enhance the growth of coral larvae on artificial surfaces for reef restoration purposes.

### *Principal Beneficiaries*

The principal beneficiaries of research expenditure by the Foundation in 2012 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 Chairman's Panel and ZooX Ambassador Programs run by the Foundation seek to educate and engage its wide network of stakeholders about the Reef and the Foundation's work. However, the programs achieve a great deal more than raising awareness.

The Chairman's Panel, a group of Australia's leading Chief Executives and Chairpersons support the work of the Foundation through their cash contributions which underpin the Foundation's operating costs. However, their contribution is much greater than the financial support they provide. By being a member of the foundation they 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 – lending credibility to the Foundation's work and through their understanding of our work, enabling the Foundation to communicate to a much wider audience .

In 2012 membership of the Chairman's Panel grew significantly with 14 new members joining from a wide range of industries including transport, chemicals, gas, consumer goods and science.

The ZooX Ambassador Program has been a pillar of the Foundation's engagement with its corporate partners for 5 years now. Each year, a new group of employees and stakeholders from Chairman's Panel member companies, spend three days on the Reef with leading business people and scientists, coming to experience first-hand the beauty of the Reef, its economic and cultural value, the impact of climate change on it and the research the Foundation is investing in to help preserve it. Each participant returns, inspired by their experience to deliver initiatives that will make their own organisation more sustainable. The influence of the program grew in 2012 with some companies choosing to send clients or community stakeholders in addition to employees.

### **Government**

The investments by both the Commonwealth and Queensland governments through GBRF in the eReefs project have provided an active point of engagement with government. Regular briefings are also held with key Ministers and advisors to provide them with up-to-date information on the Foundation's work and investments.

The Foundation is involved in stakeholder reference groups for the two Strategic Assessment processes (coastal and marine) being undertaken by the Queensland Government and Great Barrier Reef Marine Park Authority (GBRMPA) respectively.

The Foundation also seeks to regularly engage with the GBRMPA to ensure that research investments are targeted towards practical management outcomes. The involvement of GBRMPA in working groups to advance research (such as the development of the research portfolio and the ReFuGe 2020 consortium) are important to ensure this practical focus and to facilitate adoption, and are highly valued by the Foundation.

Since the announcement in the May 2012 budget by the Commonwealth Government of a commitment of \$12.5m towards research in the Foundation's research portfolio, the Foundation team has been working with representatives of the Department of Sustainability, Environment, Water, Population and Communities to develop a process that will prioritise investments and ensure effective allocation and delivery.

### **Operations**

The role of the Foundation's team has grown over recent years. In support of its work to raise funds for research and education about the Reef, the Foundation now also brings to bear the resources and expertise of its network to help identify, shape, fund and deliver on its research vision. In spite of this expanded role, the Foundation's team has not significantly grown in 2012 with a total of nine staff – three full time, five part time and one casual staff member.

The capacity of this small team to achieve is enhanced by the Foundation's network of supporters and partners, in particular its pro bono partners and International Science Advisory Panel.

### **Pro Bono Partners**

The Foundation's Pro Bono partners both extend the capacity of the operational team to deliver and provide assurance to the Board and donors that the Foundation is rigorously managed.

The services and advice provided by these partners would be well beyond the ability of the Foundation to find and fund on its own. Furthermore, many of these organisations have consistently supported the Foundation over a number of years.

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)
- Kreab Gavin Anderson (Government Relations)
- 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 \$390,126.

#### *International Scientific Advisory Panel*

The International Scientific Advisory Panel, chaired by Professor Paul Greenfield AO, advises the Foundation's 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.

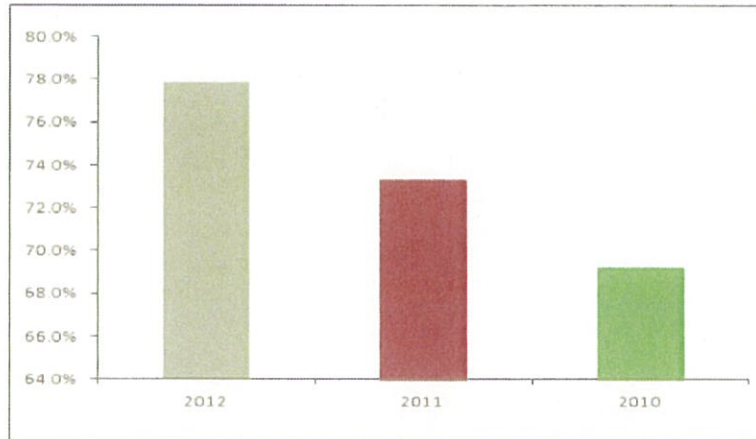
#### **Benchmarking: Cost of Fundraising**

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.

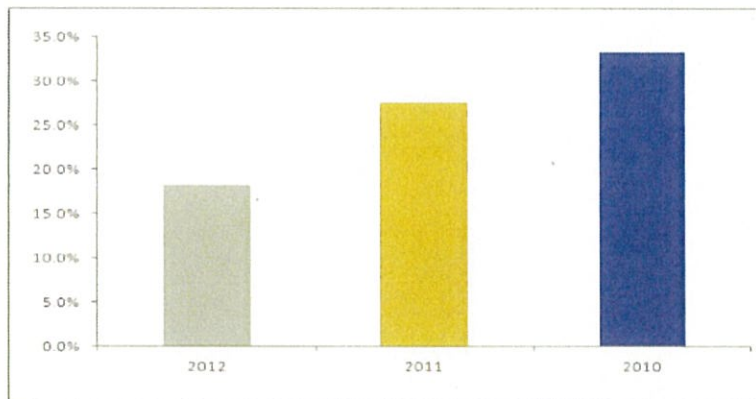
To meet this expectation, the Foundation is committed to adopting and, wherever possible, exceeding industry best practice in its use of all of its donors' funds.

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% (or above). For the 2012 year, the Foundation's Proportion of Project Expenditure to Total Expenditure was 77.9% (2011 73.3%).



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 2012 year the Foundation's Cost of Fundraising was 18.2% (2011 27.6%).



**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 three 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 recommends 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 investment of people and resources by the Foundation for major project partnerships



**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 31 December 2012 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 2012. 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.

Directors	Full meetings of directors		Meetings of Audit & Compliance Committee Audit	
	A	B	A	B
John Michael Schubert AO (Chairman)	4	4		
Ian Craig Buchanan	2	4		
Michael Andrew Cameron	2	4	3	3
Geoffrey James Dixon	1	4		
Stephen Charles Fitzgerald	4	4		
Paul Fawcett Greenfield AO	2	4		
Isaac Alexander Fletcher (alternate for Keith Henry Tuffley)			3	3
Kerry Lee Gardner	2	4		
Clayton Neil Herbert (alternate for John Francis Mulcahy)			1	3
Amanda Therese McCluskey	3	4		
John Francis Mulcahy	3	4		
Russell Evan Reichelt	3	4		
Claire Louise Hanratty (Managing Director)	4	4		
Phillip David Strachan	4	4		
Keith Henry Tuffley	4	4		
David John Turner	4	4		
Peter Francis Young AM	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 \$5,338 (2011: \$5,139) 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 3 (2011: 3). 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, engagement program delivery and accounting with one casual staff member in a support role. In addition, one contractor is employed to provide science expertise.

### 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 2012, the number of members was 95 (2011: 86).

### 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

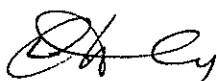
Environmental organisations, including the Foundation, are required to comply with the requirements of the Commonwealth Department of Environment, Water, Heritage and the Arts and the Australian Taxation Office in order to remain on the Register of Environmental Organisations (REO). This register lists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



7 March 2013

John Michael Schubert  
Chairman



7 March 2013

Claire Louise Hanratty  
Managing Director

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

7 March 2013

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 2012, 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*  
DELOITTE TOUCHE TOHMATSU



Tendai Mkwanzani  
Partner  
Chartered Accountants

## 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](http://www.barrierreef.org).

**Great Barrier Reef Foundation** ABN 82 090 616 443  
**Annual Report - 31 December 2012**

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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 7 March 2013. 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 2012**

	Notes	2012 \$	2011 \$
<b>Revenue</b>	3	3,650,688	3,205,712
Science investments		(1,520,761)	(1,278,500)
Employee benefits expense		(627,876)	(844,297)
Program marketing and delivery	4	(285,471)	(283,877)
Occupancy and administration expenses	4	(351,018)	(416,190)
Business development costs	4	(275,565)	(443,888)
Depreciation and amortisation expense		(13,377)	(22,114)
Loss on disposal of fixed assets		(1,185)	(599)
Finance costs		(2,814)	(1,701)
<b>Operating surplus/(deficit) before income tax</b>		<u>572,621</u>	<u>(85,454)</u>
Income tax expense		<u>-</u>	<u>-</u>
<b>Profit/(loss) for the year</b>		<u>572,621</u>	<u>(85,454)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>572,621</u>	<u>(85,454)</u>
<b>Operating surplus/(deficit) for the year is:</b>		<u>572,621</u>	<u>(85,454)</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 2012**

	Notes	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,040,262	1,879,264
Trade and other receivables	7	1,463,218	178,003
Other current assets	8	<u>15,067</u>	<u>13,344</u>
<b>Total current assets</b>		<u><b>2,518,547</b></u>	<u><b>2,070,611</b></u>
<b>Non-current assets</b>			
Property, plant and equipment	9	74,926	76,548
Intangible assets	10	<u>14,519</u>	<u>16,707</u>
<b>Total non-current assets</b>		<u><b>89,445</b></u>	<u><b>93,255</b></u>
<b>Total assets</b>		<u><b>2,607,992</b></u>	<u><b>2,163,866</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	1,225,573	1,390,280
Borrowings	12	487	2,603
Provisions	13	<u>97,160</u>	<u>58,830</u>
<b>Total current liabilities</b>		<u><b>1,323,220</b></u>	<u><b>1,451,713</b></u>
<b>Net assets</b>		<u><b>1,284,772</b></u>	<u><b>712,153</b></u>
<b>FUNDS</b>			
Restricted reserves	14(a)	866,692	312,896
Retained operating surplus	14(b)	<u>418,080</u>	<u>399,257</u>
<b>Total funds</b>		<u><b>1,284,772</b></u>	<u><b>712,153</b></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 2012

	Notes	Restricted reserves \$	Retained operating surplus/deficit \$	Total equity \$
Balance at 1 January 2011		363,599	434,008	797,607
Profit for the year		-	(85,454)	(85,454)
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>(85,454)</u>	<u>(85,454)</u>
Transfer to / (from) retained opening surplus/(deficit) to / (from) restricted reserves	14	<u>(50,703)</u>	<u>50,703</u>	<u>-</u>
<b>Balance at 31 December 2011</b>		<u>312,896</u>	<u>399,257</u>	<u>712,153</u>
Balance at 1 January 2012		312,896	399,257	712,153
Profit for the year		-	572,621	572,621
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>572,621</u>	<u>572,621</u>
Transfer to / (from) retained opening surplus/(deficit) to / (from) restricted reserves	14	<u>553,796</u>	<u>(553,798)</u>	<u>(2)</u>
<b>Balance at 31 December 2012</b>		<u>866,692</u>	<u>418,080</u>	<u>1,284,772</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 2012

	2012	2011
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Grants and donations received	1,972,468	3,039,193
Employment costs	(589,547)	(941,731)
Payments to suppliers and researchers (inclusive of goods and services tax)	<u>(2,243,523)</u>	<u>(685,886)</u>
<b>Net cash inflow (outflow) from operating activities</b>	<u>(860,602)</u>	<u>1,411,576</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment (exclusive of goods and services tax)	450	-
Payments for property, plant and equipment (exclusive of goods and services tax)	(9,222)	(432)
Term deposit held as security for bank guarantee	-	(1,536)
Interest received	<u>31,815</u>	<u>29,291</u>
<b>Net cash (outflow) inflow from investing activities</b>	<u>23,043</u>	<u>27,323</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(487)
Proceeds from borrowings	<u>(1,443)</u>	<u>-</u>
<b>Net cash inflow (outflow) from financing activities</b>	<u>(1,443)</u>	<u>(487)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(839,002)</b>	<b>1,438,412</b>
Cash and cash equivalents at the beginning of the financial year	<u>1,879,264</u>	<u>440,852</u>
Cash and cash equivalents at end of year	5 <u>1,040,262</u>	<u>1,879,264</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 2012:

- 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, such as the provision of goods and services from pro bono partners, are recognised as revenue when provided to the Foundation. These in kind donations are also recorded as a matching asset or expense depending on the nature of the service provided.

## 1 Summary of significant accounting policies (continued)

### (e) Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the statement of comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

### (f) Income tax

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

### (g) 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.

### (h) 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, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

### (i) Impairment of assets

Intangibles and 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.

### (j) 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.

### (k) 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.

### (l) 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.

## 1 Summary of significant accounting policies (continued)

- 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.

### (m) 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.

### (n) 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.

### (o) 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.

### (p) 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 2012, 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.

### (q) 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.

### (r) New accounting standards and Interpretations

The Foundation has not adopted any new accounting standards and interpretations published for the 31 December 2012 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

	2012 \$	2011 \$
Project grants received	1,022,500	715,000
ZooX funds received	882,746	637,563
Government research contributions	500,273	122,273
Pro-bono services	390,127	569,947
Donations - Chairman's Panel	614,000	490,600
Non ZooX donations	15,090	118,979
Royalties - Cause Related Marketing	30,910	32,890
Research partner contributions	-	50,000
Grants received - Project Fees	123,136	400,455
Interest income	31,752	22,890
Other revenue	40,154	45,115
	<u>3,650,688</u>	<u>3,205,712</u>

## 4 Expenses

	2012 \$	2011 \$
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Program marketing and delivery</i>		
Pro-bono services	95,006	77,856
Expenses other than pro-bono services	190,465	206,021
	<u>285,471</u>	<u>283,877</u>
<i>Occupancy and administration expenses</i>		
Pro-bono services	170,122	242,091
Expenses other than pro-bono services	180,896	174,099
	<u>351,018</u>	<u>416,190</u>
<i>Business development costs</i>		
Pro-bono services	125,000	250,000
Expenses other than pro-bono services	150,565	193,888
	<u>275,565</u>	<u>443,888</u>

## 5 Current assets - Cash and cash equivalents

	2012	2011
	\$	\$
Operating accounts	168,187	342,251
Public fund accounts	575,618	302,004
Project accounts	<u>296,457</u>	<u>1,235,009</u>
	<u>1,040,262</u>	<u>1,879,264</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:

	2012	2011
	\$	\$
ZooX™ project funds recognised as restricted reserves	<u>268,057</u>	<u>125,624</u>
	<u>268,057</u>	<u>125,624</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:

	2012 \$	2011 \$
Project grants recognised as restricted reserves	<u>429,285</u>	<u>23,772</u>
	<u>429,285</u>	<u>23,772</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 lectures/training. Accordingly, these funds have been allocated to the restricted reserve and are considered to be restricted.

	2012 \$	2011 \$
Bequests recognised as restricted reserves	<u>169,350</u>	<u>163,500</u>
	<u>169,350</u>	<u>163,500</u>

	2012 \$	2011 \$
<b>Total assets subject to restriction</b>	<u><b>866,692</b></u>	<u><b>312,896</b></u>

## 7 Current assets - Trade and other receivables

	2012 \$	2011 \$
Donations and royalties receivable	1,434,348	150,512
Interest receivable	<u>298</u>	<u>361</u>
	<u>1,434,646</u>	<u>150,873</u>
Term deposit held as security	<u>28,572</u>	<u>27,130</u>
	<u>1,463,218</u>	<u>178,003</u>



**8 Current assets - Other current assets**

	2012	2011
	\$	\$
Deposits paid	4,961	2,680
Prepayments	<u>10,106</u>	<u>10,664</u>
	<u>15,067</u>	<u>13,344</u>

**9 Non-current assets - Property, plant and equipment**

	Plant and equipment	Leased plant & equipment	Artwork	Total
	\$	\$	\$	\$
<b>At 1 January 2011</b>				
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>
<b>Opening net book amount</b>				
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>
<b>At 31 December 2011</b>				
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>
<b>Year ended 31 December 2012</b>				
Opening net book amount	59,589	9,100	7,859	76,548
Additions	11,208	-	-	11,208
Disposals	(1,641)	-	-	(1,641)
Depreciation charge	<u>(9,380)</u>	<u>(1,023)</u>	<u>(786)</u>	<u>(11,189)</u>
Closing net book amount	<u>59,776</u>	<u>8,077</u>	<u>7,073</u>	<u>74,926</u>
<b>At 31 December 2012</b>				
Cost	125,511	21,342	10,400	157,253
Accumulated depreciation	<u>(65,735)</u>	<u>(13,265)</u>	<u>(3,327)</u>	<u>(82,327)</u>
Net book amount	<u>59,776</u>	<u>8,077</u>	<u>7,073</u>	<u>74,926</u>

**10 Non-current assets - Intangible assets**

	Trademarks at cost \$	Total \$
<b>At 1 January 2011</b>		
Cost	<u>21,883</u>	<u>21,883</u>
Net book amount	<u>21,883</u>	<u>21,883</u>
<b>Year ended 31 December 2011</b>		
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>
<b>At 31 December 2011</b>		
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>
<b>Year ended 31 December 2012</b>		
Opening net book amount	16,707	16,707
Amortisation charge **	<u>(2,188)</u>	<u>(2,188)</u>
Closing net book amount	<u>14,519</u>	<u>14,519</u>
<b>At 31 December 2012</b>		
Cost	<u>14,519</u>	<u>14,519</u>
Net book amount	<u>14,519</u>	<u>14,519</u>

\*\* Amortisation of \$2,188 (2011 - \$5,176) is included in depreciation and amortisation expense in profit or loss.

**11 Current liabilities - Trade and other payables**

	2012 \$	2011 \$
Account payables	735,010	568,461
Project accrued expenses	432,035	745,000
Goods and services tax (GST) payable	<u>58,528</u>	<u>76,819</u>
	<u>1,225,573</u>	<u>1,390,280</u>

\*In terms of monetary value the Foundation's average period on purchases (of services and goods) is 30 days. Its existing contracts for these goods and services do not allow for interest to be charged on outstanding balances. The Foundation has risk management processes in place to ensure all payables are made within agreed terms. For science investment payables, payment is subject to the committed revenue being received in a timely manner.

## 12 Current liabilities - Borrowings

	2012 \$	2011 \$
Credit card liabilities	<u>487</u>	<u>2,603</u>
Total current borrowings	<u>487</u>	<u>2,603</u>

## 13 Current liabilities - Provisions

	2012 \$	2011 \$
Provision for employee benefits	<u>97,160</u>	<u>58,830</u>
	<u>97,160</u>	<u>58,830</u>

## 14 Funds

	2012 \$	2011 \$
<b>(a) Reserves</b>		
Restricted Fund reserve	<u>866,692</u>	<u>312,896</u>
	<u>866,692</u>	<u>312,896</u>

### Movements:

<i>Restricted ZooX</i>		
Balance 1 January	312,896	363,599
Transfer to retained operating surplus	(1,543,421)	(1,278,500)
Transfer from retained operating surplus	<u>2,097,217</u>	<u>1,227,797</u>
Balance 31 December	<u>866,692</u>	<u>312,896</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	268,057	125,624
eReefs	429,285	23,772
Ian MacFarlane Bequest	<u>169,350</u>	<u>163,500</u>
Balance 31 December	<u>866,692</u>	<u>312,896</u>

### (b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2012 \$	2011 \$
Balance 1 January	399,257	434,008
Net operating (deficit) for the year	572,621	(85,454)
Transfer to retained operating surplus from restricted fund reserves	<u>(553,798)</u>	<u>50,703</u>
Balance 31 December	<u>418,080</u>	<u>399,257</u>

## 15 Commitments

### (a) Capital and other commitments

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

	2012	2011
	\$	\$
<i>ZooX Fund Projects</i>		
Payable:		
Within one year	3,580,646	728,937
Later than one year but not later than five years	<u>9,956,972</u>	<u>414,472</u>
	<u>13,537,618</u>	<u>1,143,409</u>
	2012	2011
	\$	\$
<i>eReefs Project</i>		
Payable:		
Within one year	1,674,000	1,556,045
Later than one year but not later than five years (refer note 1)	<u>2,028,000</u>	<u>3,702,000</u>
	<u>3,702,000</u>	<u>5,258,045</u>

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

(1) Amount previously disclosed has been updated to correct clerical error.

### (b) Lease commitments: Foundation as lessee

	2012	2011
	\$	\$
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:		
Within one year	84,794	101,674
Later than one year but not later than five years	<u>4,929</u>	<u>76,256</u>
	<u>89,723</u>	<u>177,930</u>
Representing:		
Non-cancellable operating leases	<u>89,723</u>	<u>177,930</u>
	<u>89,723</u>	<u>177,930</u>

## 16 Related party transactions

### (a) Key management personnel

	2012	2011
	\$	\$
Key management personnel compensation	<u>227,000</u>	<u>533,582</u>

### (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.

**16 Related party transactions (continued)**

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

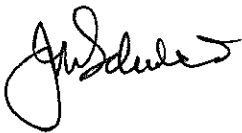
	2012 \$	2011 \$
<b>Amounts recognised as revenue</b>		
Grants and donations received	<u>860,639</u>	<u>700,154</u>
<b>Amounts recognised as expense</b>		
Grants and donations paid	<u>-</u>	<u>106,500</u>

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 27 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

7 March 2013



Claire Louise Hanratty  
Managing Director

7 March 2013

## **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 2012, 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 of the Foundation as set out on pages 12 to 28.

### *Directors' Responsibility for the Financial Report*

The directors of the Foundation 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 gives a true and fair view and 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.

## *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 foundation's financial position as at 31 December 2012 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*

DELOITTE TOUCHE TOHMATSU



Tendai Mkwanzani  
Partner  
Chartered Accountants  
Brisbane, 7 March 2013