



**AUSTRALIAN
CONSERVATION
FOUNDATION**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007**

The undersigned Board members submit the financial report of the Australian Conservation Foundation Inc. for the financial year ended 30 June 2007.

COUNCIL AND BOARD MEMBERS

At the start of the financial year ended 30 June 2007, the Australian Conservation Foundation's (ACF) governing authority was the ACF Council, a 36-member body elected by ACF's membership. Subsequent to amendments to ACF's Constitution that took effect on 6 September 2006, ACF's legal governing authority is now the ACF Board, a body with between 7 and 11 members selected by the ACF Council. The current Council was elected in October 2006. The Board was appointed in March 2007.

At 30 June 2007 there were temporarily only 35 Councillors, as allowable within ACF's constitution.

The names of Council members throughout the year are set out below, with the members of the current Board indicated by an asterisk, and members who served during the year, but were no longer on the Council at 30 June 2007, marked by a #. Board members who are not also Council members are represented by a †.

President	Prof Ian Lowe *	
Vice-President	Dr Peter Christoff *	
Vice-President	Dr Rosemary Hill *	
Treasurer	Mr Kester Brown *†	
Mr Peter Barker #	Ms Helen Gee	Ms Adele Pedder #
Ms Georgina Beach #	Dr Elaine Harding	James Pilkington
Nicolette Boele	Mr Andrew Higham #	Rupert Posner
Mr Douglas Brown	Mr Angas Hopkins	Mr Jeff Richardson
Ms Irina Cattalini*	Ms Anna Hopkins #	Mr David Risstrom #
Dr Ralph Cobcroft	Ms Kristin Keane #	Charles Roche
Mr Tim Collins	Ms Caroline Le Couteur	Ms Nicola Saltman
Dr Sandy Cornell #	Dr Stephen Lightfoot	Ms Linda Selvey #
Louise Crossley	Gary Mack	Mr John Sinclair #
Dr John Coulter	Dr Phil McManus #	Mr Mark Snell #
Ms Nahrel Dallywater #	Dr Karyl Michaels	Mr Ross Tzannes
Mr Simon Divecha	Dr Geoff Mosley	Ms Lynda Wallace
Ms Tristy Fairfield	Leanne Muffet	Dr Colleen Watts
Mr Tony Flaherty #	Mr Warren Nicholls	Ms Katherine Wells*
Dr Robert Fowler *	Mr Patrick O'Leary #	Dr Geoff Wescott
Associate Prof. Don Garden	Ms Nikki Parker *	Ms Carol Williams #

PRINCIPAL ACTIVITIES

The principal activities of the Foundation during the year were -

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

SIGNIFICANT CHANGES

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

OPERATING RESULT

The surplus from ordinary activities amounted to \$4,764,952 (2006 surplus \$41,783).

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



President - Prof Ian Lowe
11 September 2007



Treasurer - Kester Brown

In the opinion of the Board,

- (a) the financial report set out on pages 1 to 21 presents a true and fair view of the financial position of the Australian Conservation Foundation Inc. as at 30 June 2007 and of its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements, and other authoritative pronouncements of the Australian Accounting Standards Board.
- (b) at the date of this statement there are reasonable grounds to believe that the Australian Conservation Foundation Inc. will be able to pay its debts as and when they fall due.

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



.....
President - Prof Ian Lowe
11 September 2007



.....
Treasurer - Kester Brown

**AUSTRALIAN CONSERVATION FOUNDATION INC.
TREASURER'S DECLARATION
FOR THE YEAR ENDED 30 JUNE 2007**



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

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

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

Handwritten signature of Kester Brown in black ink.

.....
Treasurer - Kester Brown
11 September 2007

We certify the declaration by the Treasurer.

Handwritten signature of Don Henry in black ink.

.....
Executive Director - Don Henry

Handwritten signature of Anna Molan in black ink, with a long horizontal line extending to the right.

.....
Director of People & Operations - Anna Molan

INDEPENDENT AUDITOR'S REPORT

To the members of

AUSTRALIAN CONSERVATION FOUNDATION INC.

Report on the Financial Report

We have audited the accompanying financial report, being a general purpose financial report, of the Australian Conservation Foundation Inc, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the statement by the Board.

The Responsibility of The Board for the Financial Report

The Board of the of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Standards Interpretations) and the Associations Incorporations Act (ACT)1991. The Board's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Independence

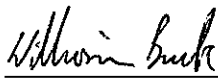
In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Qualification

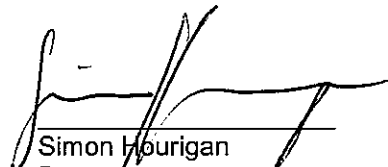
As is common for organisations of this type, it is not practicable for the Australian Conservation Foundation Inc to maintain an effective system of internal control over certain fundraising activities until their initial entry in the accounting records. Accordingly, our audit in relation to certain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

Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report presents fairly, in all material respects, (or "gives a true and fair view of") the financial position of the Australian Conservation Foundation Inc as of 30 June 2007 and of its financial performance and its cash flows for the year then ended in accordance with Associations Incorporations Act (ACT) 1991 and other mandatory professional reporting requirements.



William Buck
Chartered Accountants



Simon Hourigan
Partner

Dated this 11th day of September 2007.

Melbourne, Australia.

AUSTRALIAN CONSERVATION FOUNDATION INC.**INCOME STATEMENT****FOR THE YEAR ENDED 30 JUNE 2007**

	NOTES	2007 \$	2006 \$
Revenue from operating activities	2	14,660,329	7,969,480
Environmental programs expenses		5,391,328	4,252,967
Fundraising expenses - recruitment of new supporters		1,700,193	1,246,304
Fundraising expenses - service and communication		1,629,478	1,407,011
Administration expenses		1,174,378	1,021,415
Expenses from operating activities	2	9,895,377	7,927,697
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	2	4,764,952	41,783

The accompanying notes form part of this financial report.

	NOTES	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,943,844	2,254,089
Trade and other receivables	4	73,308	117,980
Financial assets	5	4,586,551	300,000
Other assets	6	275,819	125,956
TOTAL CURRENT ASSETS		7,879,521	2,798,025
NON-CURRENT ASSETS			
Financial assets	5	1,711,122	1,547,165
Property, plant and equipment	7	368,876	338,778
Intangible assets	8	169,545	233,911
TOTAL NON-CURRENT ASSETS		2,249,543	2,119,854
TOTAL ASSETS		10,129,064	4,917,879
CURRENT LIABILITIES			
Trade and other payables	9	1,071,067	723,792
Financial liabilities	10	-	26,618
Provisions	11	323,916	267,794
TOTAL CURRENT LIABILITIES		1,394,983	1,018,204
NON-CURRENT LIABILITIES			
Provisions	11	388,629	319,174
TOTAL NON-CURRENT LIABILITIES		388,629	319,174
TOTAL LIABILITIES		1,783,612	1,337,378
NET ASSETS		8,345,452	3,580,501
EQUITY			
Reserves		4,833,911	3,393,900
Retained surplus / (deficit)		3,511,541	186,601
TOTAL EQUITY		8,345,452	3,580,501

The accompanying notes form part of this financial report.

AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007



	Restricted Environment Program Fund Reserve \$	Endowment Fund Reserve \$	Unrestricted Operating Reserve \$	Retained Surplus (Deficit) \$	Total \$
Balance 1 July 2006	1,401,900	1,342,000	650,000	186,601	3,580,501
Transfers from reserves	(860,585)			860,585	-
Transfers to reserves	1,000,597	650,000	650,000	(2,300,597)	-
Surplus / (deficit)		-	-	4,764,952	4,764,952
Balance 30 June 2007	1,541,911	1,992,000	1,300,000	3,511,541	8,345,452

Purposes of Reserves

Environment program fund reserve - represents unexpended grants, sponsorships, memberships and donations received to fund specific environmental programs.

Endowment fund reserve - represents reserves set aside to fund the future growth and development needs of ACF.

Operational reserve - represents reserves set aside to provide the working capital needed to met the cash flow requirements of ACF.

The accompanying notes form part of this financial report.

AUSTRALIAN CONSERVATION FOUNDATION INC.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**



	NOTE	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, supporters and customers		7,407,197	6,591,490
Receipts from grants		1,598,393	844,157
Receipts from bequests		1,001,848	519,692
Borrowing costs paid		(95,512)	(80,767)
Payments to suppliers, contractors and employees		(9,138,422)	(7,843,505)
Interest received		128,727	130,686
Other investment income received		143,358	90,107
NET CASH USED BY OPERATING ACTIVITIES	13	1,045,590	251,860
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant & equipment		-	200
Payment for property, plant & equipment		(160,752)	(68,672)
Payment for intangible assets		(8,619)	(76,721)
Proceeds on sale of financial assets		602,800	881,333
Payment for financial assets		(762,646)	(370,930)
NET CASH USED BY INVESTING ACTIVITIES		(329,217)	365,210
NET CASH USED IN FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		(26,618)	(16,290)
NET CASH FROM FINANCING ACTIVITIES		(26,618)	(16,290)
Net increase/(decrease) in cash held		689,755	600,780
Cash at the beginning of the financial year	13	2,254,089	1,653,309
CASH AT THE END OF THE FINANCIAL YEAR	13	2,943,844	2,254,089

The accompanying notes form part of this financial report.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act 1991.

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

The financial report of the Australian Conservation Foundation Inc. as a consolidated entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

Basis of preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

Taxes

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

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

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

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

GST - Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the cost of the item. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on a cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Board members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ACF and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

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

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

Class of fixed asset	Depreciation rate
Office furniture and fittings	10 - 50%
Communications and information technology equipment	10 - 50%
Leasehold improvements	20-25%
Motor vehicles and accessories	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Intangible Assets

Computer Software

Computer software costs are capitalised only when the application delivers future economic benefits and these benefits can be measured reliably. Computer software costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the application.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

Financial assets held for trading incorporate investments in mortgages, property and equity trusts, equities, property and artwork. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Impairment of Assets

At each reporting date, ACF reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, ACF estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee benefits

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Comparative Figures

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

Critical Accounting Estimates and Judgments

The Board members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within ACF.

Key Estimates — Impairment

ACF assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Restricted / Unrestricted Funds

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

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

All other funds are unrestricted in that the Board has the discretion to spend them on purposes for which ACF was established.

Revenue

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

Fundraising Activities

NSW Charitable Fundraising Act 1991: this Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising activities are conducted, controlled and reported in NSW. The amounts shown in the Income Statement on page 6 are in accordance with Section 23 (3) of the Act and Part 2 Sections 5,7 and 8 of the Regulations, unless otherwise indicated.

Donations and Bequests: are returned as income when ACF establishes that it has a right to receive the Donation or Bequest. As specified in the Act, unsolicited donations are not treated as fundraising income when determining information required under the Act. They are treated as gifts under the tax legislation.

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

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

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

New Accounting Standard and AASB Interpretations

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 30 June 2007 reporting periods but contain an option for early adoption.

The Foundation has reviewed each of these new standards and interpretations and is satisfied that they have no impact on the reported financial position and performance of the Foundation for the year ended 30 June 2007 and therefore there has been no early adoption of these standards.

International Aid and Development Programs

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

Detailed disclosures and information is outlined in Note 14. No single appeal or other form of fundraising for an international aid and development program designated purpose generated 10% or more of total income for the year under review. Gifts in kind of goods and services have been valued and included in the statement of financial performance of the program for the year as allowed by the Code of Conduct.

	2007 \$	2006 \$
2 OPERATING SURPLUS / (DEFICIT)		
Surplus / (deficit) from ordinary activities has been determined after:		
(a) Revenue		
<i>Operating activities</i>		
Donations	6,380,135	5,244,122
Legacies and bequests	5,178,399	527,853
Subscriptions	813,516	693,904
Grants	1,682,143	854,157
Merchandise and licensing	145,565	268,437
Other income	99,662	72,152
	14,299,420	7,660,625
<i>Non-operating activities</i>		
Investment income	246,800	239,423
Unrealised gains on financial assets	87,380	64,260
Net profit on disposal of financial assets	26,729	5,172
	360,909	308,855
	14,660,329	7,969,480
(b) Expenses		
Cost of sales	40,001	31,381
Finance costs - banking transaction expenses	103,364	78,248
Finance costs - interest expenses	(114)	2,519
Depreciation of property, plant and equipment	126,917	125,805
Amortisation of intangible assets	72,985	65,442
Net loss on disposal of property, plant and equipment	3,737	8,933
Net loss on disposal of intangible assets	-	119
Doubtful debts expense (write back)	28,000	(2,426)
Remuneration of auditor		
- audit or review services	30,110	27,560
- other services	-	-
Total remuneration	30,110	27,560
Rental expenses		
- minimum lease payments on operating leases	223,174	53,305
- other rental expenses	85,837	227,389
Total rental expenses	309,012	280,694
Investment Property		
Rental income from investment property - included investment income note 2(a)	10,662	22,751
Net increase / (decrease) in fair value of investment property	-	-
Direct operating expenses from investment property	9,778	17,911
Net surplus / (deficit) on investment property	883	4,840
Significant Events		
Included in the above figures for Legacies and Bequests is a single extraordinary Bequest of shares to a market value of \$4,176,550		
3 CURRENT CASH AND CASH EQUIVALENTS		
Cash on hand	11,184	2,500
Cash at bank	1,179,310	347,563
Cash on deposit	1,753,350	1,904,026
	2,943,844	2,254,089
The effective interest rate on short-term bank deposits was 5.82% (2006: 5.45%); these deposits are currently available at call. The Commonwealth Bank of Australia holds a letter of set off over the Foundation's cash deposit account to the value of \$200,000 as security for the Foundation's direct credit facility. The Bendigo Bank holds a Bank Guarantee over a Term Deposit account of \$55,000 as security for Merchant Services liabilities.		
4 CURRENT TRADE AND OTHER RECEIVABLES		
Debtors - trade	84,746	109,131
Provision for doubtful debts	(28,000)	(9,612)
Debtors - non-trade	16,562	18,461
	73,308	117,980

	2007 \$	2006 \$
5 FINANCIAL ASSETS		
CURRENT		
Direct mortgage - at market value	410,000	300,000
Shareholdings - at market value	4,176,551	-
	4,586,551	300,000
NON-CURRENT		
Direct mortgage - at market value	264,000	-
Equity trusts - at market value	497,050	686,698
Property trusts - at market value	355,942	280,467
Property held for investment purposes - at market value	544,130	530,000
Artwork held for investment purposes - at market value	50,000	50,000
	1,711,122	1,547,165
	6,297,673	1,847,165

6 CURRENT OTHER ASSETS		
Prepayments	110,100	48,491
Accrued investment income	165,718	77,465
	275,819	125,956

7 PROPERTY, PLANT & EQUIPMENT		
NON-CURRENT		
Office furniture and fittings - at cost	179,420	168,030
Accumulated depreciation	(82,971)	(70,417)
	96,449	97,613
Communications & information technology equipment - at cost	411,592	347,078
Accumulated depreciation	(215,599)	(177,180)
	195,993	169,898
Leasehold improvements - at cost	211,467	165,482
Accumulated depreciation	(159,525)	(130,854)
	51,942	34,628
Motor vehicles and accessories - at cost	60,732	60,732
Accumulated depreciation	(36,240)	(24,093)
	24,492	36,639
	368,876	338,778

Movements in carrying amounts

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

	Balance 1/07/2006 \$	Additions \$	Disposals / Adjustments \$	Depreciation expenses \$	Balance 30/06/2007 \$
Office furniture and fittings	97,613	16,196	(838)	(16,522)	96,449
Comm. & information technology	169,898	98,571	(2,899)	(69,577)	195,993
Leasehold improvements	34,628	45,985	-	(28,671)	51,942
Motor vehicles and accessories	36,639	-	-	(12,147)	24,492
	338,778	160,752	(3,737)	(126,917)	368,876

8 INTANGIBLE ASSETS		
NON-CURRENT		
Computer software - at cost	424,432	415,813
Accumulated amortisation	(254,887)	(181,902)
	169,545	233,911

8 INTANGIBLE ASSETS

Movements in carrying amounts

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

	2007	2006
	\$	\$
	Balance 1/07/2006	Balance 30/06/2007
	\$	\$
Computer software	233,911	169,545
	Additions	Amortisation expenses
	\$	\$
	8,619	(72,985)
	Disposals / Adjustments	Balance 30/06/2007
	\$	\$
	-	169,545
	233,911	169,545

9 CURRENT TRADE AND OTHER PAYABLES

Trade creditors and accruals	655,776	328,561
Deferred membership income	415,291	395,231
Deferred investment income	-	-
	1,071,067	723,792

10 FINANCIAL LIABILITIES

CURRENT

Hire purchase liability	-	26,618
	-	26,618

11 PROVISIONS

CURRENT

Provision for employee benefits	323,916	267,794
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NON-CURRENT

Provision for employee benefits	388,629	319,174
	712,545	586,968

Movements in carrying amounts

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

	Balance 1/07/2006	Additional Provisions	Provisions Used	Balance 30/06/2007
	\$	\$	\$	\$
Provision for employee benefits	586,968	337,328	(211,751)	712,545
	586,968	337,328	(211,751)	712,545

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to accrued salaries, annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave and long term annual leave, the probability of leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

12 LEASE COMMITMENTS

NOTES

	2007	2006
	\$	\$
Operating lease commitments for rent of the Melbourne, Sydney, Cairns and Canberra offices.		
Payable within 1 year	125,565	189,309
Payable later than 1 but within 2 years	32,931	86,431
Payable later than 2 years but within 5 years	17,637	13,139
	20	288,879

2007 2006
\$ \$

12 LEASE COMMITMENTS

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

13 NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flow, cash includes cash on hand, cash at bank and cash on deposit as per Note 3.

(b) Reconciliation of net cash provided by operating activities to surplus from ordinary activities

Surplus / (deficit) from ordinary activities	4,764,952	41,783
<i>Non-cash flows from ordinary activities</i>		
Depreciation of property, plant and equipment	126,917	125,805
Amortisation of intangible assets	72,985	65,442
Provision for doubtful debts	18,387	(2,426)
Net loss on disposal of property, plant and equipment	3,737	8,932
Net loss on disposal of intangible assets	-	119
Net profit on disposal financial assets	(26,731)	(5,172)
Unrealised capital gains on financial assets	(87,380)	(64,260)
Bequest Of Financial Assets	(4,176,551)	-
In-kind bequest of financial assets	-	(8,161)
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	26,285	(81,537)
(Increase) / decrease in other assets	(149,864)	40,731
Increase / (decrease) in payables	347,275	30,290
Increase / (decrease) in provisions	125,578	100,314
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,045,590	251,860

(c) ACF has no credit stand-by or financing facilities in place.

(d) There were no non-cash financing or investing activities during the period.

14 INTERNATIONAL AID AND DEVELOPMENT ACTIVITIES

Revenue

Donated funds	108,642	85,383
Grants	118,000	92,462
Other income	801	46,597
Total revenue	227,443	224,442

Disbursements

Overseas domestic projects	180,331	234,430
Community education	6,139	17,535
Fundraising	4,711	3,913
Administration	165,938	17,220
Total disbursements	357,119	273,098

Excess of disbursements over revenue (129,676) (48,656)

In-kind volunteer services contribution 66,622 25,753

2007 2006
\$ \$

15 RELATED PARTIES

Councillors

The names of Councillors who have held office during the financial year are listed on page 1 of this report. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Details of transactions between ACF and Councillors and their related entities are as follows:

(a) Elaine Harding provided consultancy services to our Northern Australia program	10,804	10,525
	10,804	10,525

Key Management Personnel

Key management personnel are made up of ACF's Executive Management Team (EMT) who are responsible for planning, directing and controlling ACF activities. Personnel who were members of EMT during the year, and their respective positions and appointment dates to those positions were:

Don Henry	Executive Director	Appointed: May 1998
Lucy Farmer	Communications Director	Appointed: April 2004
Denise Boyd	Campaigns Director	Appointed: February 2006
Charles Berger	Acting Strategies Director	Appointed: April 2007
Michael Fogarty	Marketing Director	Appointed: April 2007
Anna Molan	People and Operations Director	Appointed: April 2007
Alex Gordon	Strategies Director	Appointed: July 2006, Resigned: April 2007

Salary & fees	477,186	357,886
Superannuation	134,802	72,526
Bonus	-	-
Short-term benefits	611,988	430,412
Other long-term benefits - long service leave	14,806	13,804
Total Compensation	626,795	444,217

Denise Boyd was first employed by ACF in late 2006. As a result, only a portion of her annual salary appears in the 2006 figures. Additionally, Alex Gordon was not employed with ACF prior to her appointment date above.

Details of transactions between ACF and key management personnel and their related entities are as follows:

(a) Anna Molan provided copywriting services to our supporter communications program	68	225
	68	225

16 ASSOCIATION INFORMATION

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

17 SEGMENT INFORMATION

The ACF operates predominantly in one business and geographical area segment to achieve a healthy environment for all Australians.

18 FINANCIAL INSTRUMENTS

(a) Financial risk management

ACF's financial instruments consist of deposits with banks, local money market instruments, investments, accounts receivable and payable. ACF does not have any derivative instruments at 30 June 2007.

i. Treasury Risk Management

A finance committee consisting of Board members and external experts meet on a regular basis to analyse and advise the Board on currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks ACF is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk- Interest rate risk is managed through minimising the use of debt financing.

Foreign currency risk - ACF is not exposed to fluctuations in foreign currencies.

Liquidity risk - ACF manages liquidity risk by monitoring forecast cash flows and ensuring that adequate at call funds are maintained.

Credit risk - The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. ACF does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by ACF.

Price risk- ACF is not exposed to any material commodity price risk.

(b) Interest risk

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

2006/2007	Weighted ave. int. rate	Floating interest rate \$	Fixed < 1 year \$	Fixed > 1 year \$	Non-int bearing \$	Totals \$
Financial assets						
Cash on hand or at bank	5.31%	1,179,310	-	-	11,184	1,190,494
Cash on deposit	6.16%	1,696,064	57,286	-	-	1,753,350
Receivables	-	-	-	-	73,308	73,308
Financial assets	11.14%	1,447,121	410,000	264,000	-	2,121,121
Total financial assets		4,322,495	467,286	264,000	84,492	5,138,273
Financial liabilities						
Payables	-	-	-	-	1,071,067	1,071,067
Interest bearing liabilities	-	-	-	-	-	-
Total financial liabilities		-	-	-	1,071,067	1,071,067
2005/2006						
Financial assets						
Cash on hand or at bank	3.77%	347,563	-	-	2,500	350,063
Cash on deposit	5.75%	1,904,026	-	-	-	1,904,026
Receivables	-	-	-	-	117,980	117,980
Financial assets	12.14%	1,547,165	300,000	-	-	1,847,165
Total financial assets		3,798,754	300,000	-	120,480	4,219,234
Financial liabilities						
Payables	-	-	-	-	723,792	723,792
Interest bearing liabilities	7.55%	-	26,618	-	-	26,618
Total financial liabilities		-	26,618	-	723,792	750,410

18 FINANCIAL INSTRUMENTS

(c) Net fair values

The net fair values of listed investments have been valued at the quoted market bid price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

19 FUNDRAISING ACTIVITIES AS CLASSIFIED BY THE NSW CHARITABLE FUNDRAISING ACT

ACF produced fundraising income of \$14,296,007 (2006: \$7,649,173).

However, for the purposes of the NSW Charitable Fundraising Act only certain classes of income are included under the definition of 'fundraising income' (and income from bequests, membership and unsolicited donations is specifically excluded). The following figures are those applicable under the NSW Act's classification.

Details of total income and expenditure from fundraising activities

(As classified by the NSW Charitable Fundraising Act)

	2007 \$	2006 \$
Total income from fundraising activities	5,605,934	5,233,122
Less total expenditure on fundraising activities	2,765,631	2,156,553
Net surplus from fundraising activities	2,840,303	3,076,569

Information on material matters

All fundraising activities achieved the targeted returns under the NSW Charitable Fundraising Act, with the exception of the calendar and diary program. The calendar and diary program operated at a small deficit for the year, while delivering significant promotional and educative benefits.

For more information on revenue and costs of fundraising see the Statement of Financial Performance on page 6 and the significant accounting policies in Note 1 on pages 10-13.

Application of funds for charitable purposes

During the year ACF achieved a net surplus of \$2,840,303 (2006 \$3,076,569) from fundraising activities defined under the NSW Charitable Fundraising Act. Of this surplus \$1,820,729 (2006 \$2,118,462) was used to fund environmental programs, \$400,000 (2006 \$400,000) was allocated to the endowment fund and operating reserves for future development and cash flow needs and \$619,574 (2006 \$558,107) was allocated to organisational support.

Fundraising conducted jointly with external service providers

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

Gross income from fundraising activities involving external service providers	4,269,936	3,760,195
Gross expenditure on fundraising activities involving external service providers	2,010,839	1,531,470
Gross Contribution	2,259,097	2,228,725

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

Diary and calendar program

EarthVoice monthly giving program

Mail appeals - August, November, February and May

Major donor program

Corporate partnerships program

(Note: Income from programs such as bequests, membership and unsolicited donations are not included under this classification).

Fundraising performance comparisons

A divided by B

	A \$	B \$	2007 %	2006 %
Total cost fundraising/Gross proceeds of fundraising	2,765,631	5,605,934	49.3%	41.2%
Net surplus from fundraising/Gross proceeds of fundraising	2,840,303	5,605,934	50.7%	58.8%
Environmental programs expenditure/Expenditure	5,394,768	9,895,377	54.5%	53.6%
Environmental programs expenditure/Income	5,394,768	14,660,329	36.8%	53.4%

As noted above ACF has made a significant investment in the EarthVoice monthly giving program. The return on this investment, as is usual for this type of program, is made over a number of years.

20 SUBSEQUENT EVENTS

Operating Leases

Since the Balance Sheet date, ACF has taken the option on the Cairns operating lease for an extra 3 years. This is reflected in the Operating Lease commitments in Note 12.