

Annual Financial Report

For the year ended
30 June 2019



AUSTRALIAN
CONSERVATION
FOUNDATION

AUSTRALIAN CONSERVATION FOUNDATION INC. STATEMENT BY THE BOARD

The Board of the Australian Conservation Foundation Inc. (ACF) presents their statement together with the financial statements for the financial year ended 30 June 2019 and the Independent Auditor's Report thereon.

ACF is an incorporated association registered in 1966, in Australian Capital Territory, under the *Associations Incorporation Act 1991* (ACT). ACF is a charity registered with the Australian Charities and Not-for-profits Commission (ACNC) and operates in accordance with the legislation and regulations applied by the ACNC, including the *Australian Charities and Not-for-profits Commission Act 2012* (Cth). ACF holds tax exempt charitable status and is endorsed by the Australian Taxation Office as a Deductible Gift Recipient.

THE BOARD

The role of the Board is to oversee the governance, compliance, review and risk management of the organisation with a focus on the broader issues of organisational purpose and strategy. Importantly, this includes approving and monitoring the implementation of ten-year, three-year and annual plans and ensuring that the organisation operates efficiently and effectively.

We are grateful to have the expertise of a diverse, volunteer Board, comprising of seven ACF Councillors – ACF's President and Vice Presidents and four Councillors elected to the Board – and up to four further members appointed (co-opted) by Council.

Board members contribute a broad range of expertise, interest and involvement in environmental work, dedication to ACF's purpose, values and strategy for change, and commitment to the organisation.

Board members who served during and since the end of financial year are:

Mara Bún – President and Chair of the Board (*Appointed December 2017*)

Businesswoman, executive and activist, Mara Bún, is ACF's first female President. Mara's impressive career includes positions at CSIRO, Macquarie Bank, Canstar, CHOICE, The Allen Consulting Group, Greenpeace, Morgan Stanley, overseas development (Nepal), and most recently at Green Cross Australia. As Chair of the Board of Gold Coast Waterways Authority and a non-executive director on the Boards of Australian Ethical Investment Ltd and Enova Community Energy, Mara has extensive expertise in finance, technology, climate resilience, public policy and community sectors. She combines a passion for protecting our wildlife and beautiful places, with an innovative and strongly collaborative approach and an enormous respect for community and people power. In her private life, Mara was born in Brazil, schooled in the USA and now is a Queenslander, living in the hinterlands above the Gold Coast.

Tim Chapman – Vice President (*Appointed July 2017*)

Tim joined the Board in July 2017. He is an activist, academic and researcher. After a decade leading campaigns for a better life for working people, Tim founded a communications research consultancy in 2014 and began teaching at university. Tim is a passionate advocate for people to live in harmony with nature and each other. He has represented New South Wales on Council since 2015.

AUSTRALIAN CONSERVATION FOUNDATION INC. STATEMENT BY THE BOARD

Jimmy Cocking – Vice President (*Appointed November 2012*)

Jimmy is an environmentalist and community leader based in Alice Springs. He is the CEO of the Arid Lands Environment Centre as well as being a Director of Desert Knowledge Australia, a founding co-Director of Wide Open Space Festival and an Alice Springs Town Councillor. He has a strong connection to his local community and is keen to represent the issues facing northern and central Australia. Jimmy has represented the Northern Territory on the ACF Council since 2012.

Miles George – Treasurer (*Appointed November 2018*)

As former Managing Director of Infigen Energy Limited, and previous Chair of the Clean Energy Council, Miles has been a strong advocate for renewable energy for nearly 20 years. This has been underscored by his earlier, extensive career in investment banking, specialising in infrastructure, project finance and investment. Miles has served as Interim CEO of CleanCo Queensland Limited for the past nine months. He is also an Advisory Board member of CGN Capital Partners Infrastructure Fund III, a former Expert Panel member of the AEMO, and former Generator Representative on the AEMC Reliability Panel. Miles is a graduate member of the Australian Institute of Company Directors.

Jon Anstey - Honorary Secretary (*Appointed November 2013*)

Jon has over 15 years of executive and professional experience in strategy, law and management. Since 2010, Jon has worked on national, state and regional water and energy issues as Executive General Manager at Coliban Water Corporation in Victoria. In 2010, he facilitated the Fellowship Program for the Centre for Sustainability Leadership in Melbourne. From 2000, Jon worked with the United Nations in Geneva on natural resource aspects of conflict, disaster and development, then with Shell and NGOs in The Hague on global sustainability partnerships. He represented these organisations to ministerial and senior executive level, contributing to interdisciplinary projects in more than 20 countries. From 1995, Jon advised on energy, resource and banking/finance matters as a solicitor at Clayton Utz. Jon holds a Masters of Law from Melbourne University, as well as Masters of Social Sciences in International Relations from Seoul National University. He is a Graduate of the Australian Institute of Company Directors.

Erika Avellaneda (*Appointed December 2015*)

Erika came to Australia to study Zoology in 2005 and has called Tasmania home ever since. She learned about the power of community organising from the campaign to elect Obama in 2008 and now applies those skills to the environmental movement. She works in the space where community and technology meet to make change possible, assisting not-for-profits to use technology to facilitate community organising, including website development, campaign planning, database management and activist training. Erika is an expert on threats to marine life and passionate about habitat destruction and climate change. She has represented Tasmania on the ACF Council since 2009 and is a member of the Board's Finance, Audit and Risk Committee.

Ros Harvey (*Appointed November 2018*)

An Entrepreneur and experienced global executive in the field of technology, particularly the Internet of Things (IoT), Ros is founder, Managing Director and CEO of The Yield, a cutting-edge agricultural technology company. Her background as an economist has seen her work previously for the UN, the World Bank Group, and Better Work in Geneva. Ros is co-founder and Non-Executive Director of Food Agility CRC, an Adjunct Professor engaged in QUT's Institute of Future Environments' research

AUSTRALIAN CONSERVATION FOUNDATION INC.

STATEMENT BY THE BOARD

program, and a co-founder and strategy advisor to the Knowledge Economy Institute. Ros is a graduate of the Australian Institute of Company Directors.

David Hood (*Appointed December 2018*)

David is a civil and environmental engineer and a trained climate leader with Al Gore's Climate Reality Project. He is an Adjunct Professor at the University of Queensland, and teaches Sustainability in the Master of Engineering Management programs at Southern Cross University. David's Board level experience includes a number of professional and industry associations. He is founder and chair of the Long Future Foundation and has held chair roles on both public and private company boards. David is a Member of the Order of Australia in recognition of his contribution to engineering through industry associations, and for lifting public awareness of sustainability. David has represented Queensland on ACF Council since 2015.

Ash Peplow Ball (*Appointed December 2018*)

Ash has a strong community development background, having worked with not for profit organisations in Australia and internationally. Currently, Ash is a senior policy adviser at the Department of Premier and Cabinet, focused on community development and engagement. Within her community, Ash works to empower young people to become active and engaged citizens. Ash is a Non-Executive Director on the Boards of the Victorian Red Cross and Robogals, and is a graduate of the Australian Institute of Company Directors. Ash has represented Victoria on ACF Council since 2018.

Donna Bagnall (*Appointed December 2018*)

Donna is a lawyer of the Supreme Court of NSW, a Chartered Tax Adviser (CTA) and holds a Master of Sustainability and Climate Policy. Donna is actively involved in environmental protection, advocating for healthy tax, legal and economic systems to deliver sustainable outcomes. Donna is an Indigenous Australian, with an ancestral connection to Biripi Country (Manning River). Since 2015, she has co-researched closely with Dr Anne Poelina in protecting the priceless National Heritage 'Mardoowarra' in the Kimberley, and is passionate about advancing indigenous engagement. Donna has represented New South Wales on ACF Council since 2018 and is a member of the Board's Finance, Audit and Risk Committee.

Garry Gale (*Appointed March 2019*)

Recently retired as Head of Agribusiness Development & Asia Desk at the National Australia Bank, Garry's 40 year career with the NAB also included roles as a business capability coach and regional business executive. Garry's expertise encompasses banking, finance, and agriculture. He is considered a global leader on the protection and regeneration of nature through agricultural lending. Currently, Garry is Head of Partner Experience with the Food Agility CRC, a strategic advisor with Digital Agriculture Services and an Adjunct Professor of Innovation at RMIT University.

ACF is indebted to the following Board Members, who resigned during the year:

David Morris (*Appointed December 2015, retired November 2018*)

Anne Poelina (*Appointed May 2016, retired November 2018*)

Nadia McLaren - Vice-President (*Appointed December 2015, retired November 2018*)

Piers Verstegen - Vice-President (*Appointed November 2012, retired November 2018*)

Mary Latham – Treasurer (*Appointed November 2013, retired March 2019*)

AUSTRALIAN CONSERVATION FOUNDATION INC.

STATEMENT BY THE BOARD

Board Committees

To assist and advise the Board in fulfilling its duties the Finance, Audit and Risk Committee oversees the financial performance of ACF, the effective management of financial and operational risk, processes to ensure legal and regulatory compliance and stewardship and operation of the 60L Building and the relationship with tenants.

Board Meetings Held and Attended During the Year

		Board Meetings Attended *
Mara Bún	Ex-Officio	6 of 6
Tim Chapman	Ex-Officio	6 of 6
Jimmy Cocking	Ex-Officio	5 of 6
Miles George	Co-opted	3 of 3
Jon Anstey	Co-opted	5 of 6
Erika Avellaneda	Councillor	4 of 6
Ros Harvey	Co-opted	2 of 3
David Hood	Councillor	3 of 3
Ash Peplow Ball	Councillor	3 of 3
Donna Bagnall	Councillor	3 of 3
Garry Gale	Co-opted	2 of 2
David Morris	Councillor	3 of 3
Anne Poelina	Co-opted & Councillor	2 of 3
Nadia McLaren	Ex-Officio	3 of 3
Piers Verstegen	Ex-Officio	3 of 3
Mary Latham	Co-opted	4 of 4

* Represents the number of meetings attended during the period the board member was in office.

Corporate Governance Standards

The Board of ACF is a strong advocate of good corporate governance, high ethical standards and the importance of a strong and positive organisational culture. The Board is committed to fulfilling its governance obligations as a charity and an incorporated association for the best interests of members, staff, supporters and stakeholders.

The Board is governed by the Constitution, Regulations and Policies including the Board Accountability Statement and is committed to ensuring all statutory, regulatory and compliance duties are adhered to.

Conflicts of Interest

ACF's Conflicts of Interest Guideline provides a comprehensive and practical process for identifying and managing conflicts of interest for Board, Council and staff. Board members' declared standing and potential perceived conflicts, and the Board's management of them, are recorded in the Minutes of Board meetings and on the Board's Register of Interests.

AUSTRALIAN CONSERVATION FOUNDATION INC. STATEMENT BY THE BOARD

Performance

The Board's Accountability Statement includes a set of key performance indicators for the effective conduct of its role and responsibilities. During each three-year term, the Board reviews its Accountability Statement and ACF Council conducts a review of the Board's performance, meeting process and reporting. The Board's skills matrix is reviewed annually by the Hon. Secretary, the Board and Council, or more frequently as required.

Delegations

Effective oversight is achieved through delegation to the CEO and her team who report on activity and performance. In particular, the CEO is accountable to the Board for implementation of the three-year and annual plans, and for operational outcomes within the framework of policy and systems determined by the Board. The CEO reports to the Board on activities and progress against well-defined performance targets.

Auditors Independence Declaration

The Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in the Independent Auditor's Report on page 9 of this financial report and forms part of the Statement by the Board.

AUSTRALIAN CONSERVATION FOUNDATION INC.**STATEMENT BY THE BOARD**

In the opinion of the Board:

- a. the financial report set out on pages 12 to 29 presents a true and fair view of the financial position of the Australian Conservation Foundation Inc. as at 30 June 2019 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; and
- 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.



Mara Bún

President

3 October 2019



Miles George

Treasurer

3 October 2019

STATEMENT BY MANAGEMENT

The Chief Executive Officer and Director of Finance & Operations have made the following certifications:

- a. We acknowledge our responsibility for ensuring that the financial report is in accordance with Accounting Standards (including Australian Accounting Interpretations) as disclosed in the financial report, and confirm that the financial report is free of material misstatement, including omissions and that we have approved the financial report;
- b. That ACF's financial report is complete and presents a true and fair view, in all material respects, of the financial conditions and operational results of ACF; and
- c. That the above statement is founded on a system of risk management and internal controls and compliance which implements the policies adopted by the Board and that they are operating efficiently and effectively in all material respects in relation to financial reporting risks.



Kelly O'Shanassy

Chief Executive Officer

3 October 2019



Anthony Moore

Director of Finance & Operations

3 October 2019

AUSTRALIAN CONSERVATION FOUNDATION INC.
FUNDRAISING DECLARATION FOR THE YEAR ENDED 30 JUNE 2019

This declaration is made in accordance with Authority Condition 7(3) issued by the Minister under Section 19 of the NSW Charitable Fundraising Act 1991 ("the Act").

I, Miles George, Treasurer of the Australian Conservation Foundation Inc. ("ACF") declare on behalf of the Board, that in my opinion:

- a. the statement of profit or loss gives a true and fair view of all income and expenditure of ACF with respect to fundraising appeals;
- b. the statement of financial position gives a true and fair view of the state of affairs of ACF with respect to fundraising appeals conducted by ACF;
- c. the provisions of the Act, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by ACF; and
- d. the internal controls exercised by ACF are appropriate and effective in accounting for income received and applied by ACF from any of its fundraising appeals.



Miles George
Treasurer
3 October 2019

State and Territory Government Fundraising Legislation Requirements

As a national organisation, ACF conducts fundraising activities in all States and Territories. Several State and Territory Governments have specific licensing and reporting requirements aimed at informing and protecting the interests of donors.

Australian Conservation Foundation holds the following licences:

Australian Capital Territory	Licence No 19000043
New South Wales	Licence No 14379
Queensland	Licence No CP4888
South Australia	Collections for Charitable Purposes Act 1939, licence not required
Tasmania	Collections for Charities Act 2001, Approval 17/09/2001
Victoria	Licence No 10416
Western Australia	Licence No CC 22011

There are no applicable fundraising licensing requirements in the Northern Territory.

Auditor's Independence Declaration

To the Directors of Australian Conservation Foundation Inc.

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor for the audit of Australian Conservation Foundation Inc. for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Crystel Gangemi
Partner – Audit & Assurance

Melbourne, 3 October 2019

Independent Auditor's Report

To the Members of Australian Conservation Foundation Inc.

Report on the audit of the financial report

Opinion

We have audited the financial report of Australian Conservation Foundation Inc. (the Foundation), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Foundation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Foundation's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities – Reduced Disclosure Requirements* and the *Not-for-profits Commission Regulations 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Foundation's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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 ACNC Act. The Directors' responsibility also includes 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.

In preparing the financial report, the Directors are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



C S Gangemi
Partner – Audit & Assurance

Melbourne, 3 October 2019

AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Revenue			
Operating activities		14,080,874	12,581,025
Non-operating activities		1,814,135	1,455,563
Total revenue	2(a)	15,895,009	14,036,588
Expenses			
Environmental impact initiatives			
Nature and places		966,016	1,033,710
Climate		923,849	984,750
Environmental economics and democracy		604,637	482,576
Community organising		1,092,209	1,149,117
Community mobilising and engagement		4,299,769	3,019,472
		7,886,480	6,669,625
Fundraising		4,618,219	4,613,734
Management and operations		1,488,664	1,357,689
Non-operating activities		588,699	502,174
Total expenses	2(b)	14,582,062	13,143,222
Net surplus for the year		1,312,947	893,366
Surplus generated from current year revenues		2,439,748	1,091,316
Expenses funded from reserves		(1,126,801)	(197,950)
Net surplus for the year		1,312,947	893,366

Refer to Note 1b for an explanation of the expense categories.

This statement should be read in conjunction with the notes to the financial statements.

AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	3	6,379,293	6,680,792
Trade and other receivables	4	148,978	114,931
Investments	5	5,180,917	4,282,872
Other assets	6	155,019	157,856
Total current assets		11,864,207	11,236,451
Non-current assets			
Property, plant and equipment	7	8,957,452	8,927,028
Intangible assets	8	1,121,971	477,851
Total non-current assets		10,079,423	9,404,879
Total assets		21,943,630	20,641,330
Current liabilities			
Trade and other payables	9	645,063	712,994
Provisions	10	837,776	772,797
Other liabilities	11	60,106	74,341
Total current liabilities		1,542,945	1,560,132
Non-current liabilities			
Provisions	10	97,818	91,278
Total non-current liabilities		97,818	91,278
Total liabilities		1,640,763	1,651,410
Net assets		20,302,867	18,989,920
Equity			
Reserves		18,989,920	18,096,554
Net surplus for the year		1,312,947	893,366
Total equity		20,302,867	18,989,920

This statement should be read in conjunction with the notes to the financial statements.

AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Operating activities			
Receipts from members, donors and supporters		12,148,331	11,156,848
Receipts from bequests		2,116,197	1,451,059
Receipts from investments and tenants		1,197,472	1,323,984
Payments to staff and suppliers		(14,213,929)	(12,877,392)
Net cash provided by operating activities		1,248,071	1,054,499
Investing activities			
Purchase of property, plant & equipment		(235,912)	(253,778)
Payments for capitalised software		(703,815)	(477,851)
Net purchase of investments		(609,843)	(627,303)
Net cash used in investing activities		(1,549,570)	(1,358,932)
Net change in cash and cash equivalents		(301,499)	(304,433)
Cash and cash equivalents at the beginning of the year		6,680,792	6,985,225
Cash and cash equivalents at the end of the year	3	6,379,293	6,680,792

This statement should be read in conjunction with the notes to the financial statements.

AUSTRALIAN CONSERVATION FOUNDATION INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

2019	<u>Unrestricted Reserves</u>					<u>Restricted</u>	Accumulated Surplus	Total
	Operating	Environ- mental Impact	Designated Purpose	Endowment Fund	60L Building	Environ- mental Programs		
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	4,925,841	1,745,850	36,184	3,182,045	9,100,000	-	-	18,989,920
Net surplus for the year	-	-	-	-	-	-	1,312,947	1,312,947
Expenses funded from reserves	-	(1,030,922)	(36,184)	(59,695)	-	-	1,126,801	-
	4,925,841	714,928	-	3,122,350	9,100,000	-	2,439,748	20,302,867
Reserve allocations	439,748	2,000,000	-	-	-	-	(2,439,748)	-
Balance at 30 June 2019	5,365,589	2,714,928	-	3,122,350	9,100,000	-	-	20,302,867
2018	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	4,584,525	1,000,000	115,034	3,182,045	9,100,000	114,950	-	18,096,554
Net surplus for the year	-	-	-	-	-	-	893,366	893,366
Expenses funded from reserves	-	(4,150)	(78,850)	-	-	(114,950)	197,950	-
	4,584,525	995,850	36,184	3,182,045	9,100,000	-	1,091,316	18,989,920
Reserve allocations	341,316	750,000	-	-	-	-	(1,091,316)	-
Balance at 30 June 2018	4,925,841	1,745,850	36,184	3,182,045	9,100,000	-	-	18,989,920

Refer to Note 1j for an explanation of the purpose of each reserve.

This statement should be read in conjunction with the notes to the financial statements.

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General information and statement of compliance

Australian Conservation Foundation Inc. (ACF) is an association incorporated in the Australian Capital Territory under the *Associations Incorporation Act 1991* (ACT). These financial statements cover ACF, its state offices, its unincorporated branches and its wholly owned, non-trading subsidiary ACF Enterprises Pty Ltd as a consolidated entity. The address of its registered office is Suite 12, Floor 1, Bailey's Corner, 143 London Circuit, Canberra, ACT 2601 and its principal place of business is Level 1, 60 Leicester Street, Carlton, Victoria 3053. ACF registered with the ACNC in 2012 and has complied with its obligations to submit Annual Information Statements. The financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board on 3 October 2019.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. ACF is a not-for-profit entity for the purpose of preparing the financial statements. Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial year and this has been disclosed.

Accounting policies

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense and are more fully described below.

a. Revenue

Revenue comprises fundraising activities, investment income and rent from tenants located in ACF's building in Carlton. Revenue is measured by reference to the fair value of consideration received or receivable by ACF and is stated net of the amount of goods and services tax (GST). Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of ACF's different activities have been met. Details of the activity-specific recognition criteria are described below:

- Membership subscription revenue is initially recognised as deferred income, then recognised in the profit or loss account over the period to which the membership relates.
- Donation revenue is recognised when the funds are transferred into ACF's bank account.

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

- Monetary bequests are recognised as revenue when the funds are transferred into ACF's bank account. Bequests of shares or other property are recognised at market value on the date ACF becomes legally entitled to the asset.
- Rental income is recognised on a straight-line basis over the period of the lease term to reflect a constant periodic rate of return.
- Revenue from the sale of goods or provision of services is recognised upon the delivery of goods or services to the recipient.
- Interest income is recognised on an accrual basis using the effective interest method. Dividend and other investment income is recognised at the time the right to receive payment is established.

b. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. The statement of profit or loss categorises operating expenses according to activity under the following headings:

Nature and places:	Campaigning to create strong laws to protect the air we breathe, the water we drink and the places and wildlife we love
Climate:	Campaigning to cut pollution and to power Australia with clean energy from the sun and wind
Environmental economics and democracy:	Campaigning to make economic decisions that support life, not damage it
Community organising:	Growing an active community of volunteers who are prepared to show up and speak out for nature
Community mobilising and engagement:	Building people power through our more than half a million supporters. Includes activities (such as organising community events and advertising) related to making the 2019 Federal Election the "Climate Election".
Fundraising:	Caring for our existing donors and acquiring new donors
Management and operations:	Providing the critical organisational resources that underpin our work

c. Intangible assets

Acquired software is capitalised based on the costs incurred to acquire and install the intangible asset. Capitalised costs are amortised on a straight-line basis over their estimated useful lives (typically 3 to 5 years), as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date and are subject to impairment testing. Subsequent expenditure on the maintenance of software is expensed in the period it is incurred.

d. Property, plant and equipment

Plant and equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable

AUSTRALIAN CONSERVATION FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

of operating in the manner intended by ACF. Plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not more than its recoverable amount. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's use 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 costs are expensed during the period in which they are incurred.

Property, plant and equipment assets are depreciated on a straight-line basis over their useful lives, commencing from the time an asset is held ready for use. The following useful lives are applied:

- Buildings 50 years
- Office furniture 2 - 10 years
- Office fit-out 2 - 10 years
- ICT equipment 2 - 5 years

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Individual assets or cash-generating units are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if it is greater than that recoverable amount.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

e. Leases

Where ACF is a lessee of office space, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

f. Financial instruments

ACF classifies financial assets into the three measurement categories, at initial recognition:

- those measured at fair value through the profit and loss,
- those measured at amortised cost, and
- those measured at fair value through other comprehensive income.

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In accordance with the standard, the classification depends upon the business objective for holding the financial asset and the characteristics of the cash flows that will be derived from the asset.

Recognition and initial measurement and derecognition

Financial instruments, incorporating financial assets and financial liabilities, are recognised when ACF becomes a party to the contractual provisions of the financial instrument.

Financial instruments are initially measured at fair value adjusted by transaction costs, except instruments classified as at fair value through profit or loss where transaction costs are expensed to profit or loss immediately.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(ii) Payables

Payables are non-derivative financial liabilities, measured at amortised cost using the effective interest rate method. If applicable, interest-related charges are reported in profit or loss and included within finance costs.

(iii) Investments

ACF's investments are held with the business objective of both collecting the cash flows (interest, dividends, distributions and principal) and to profit from the sale of investments that have increased in value. ACF's investments are all exposed to the risk of volatility in value and in the cashflows that are derived from the investment. Accordingly, ACF's investments are classified as "financial assets at fair value through profit or loss (FVTPL)." Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

g. Taxes

Income Taxes - No provision for income tax has been raised as ACF is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

Fringe Benefits Tax (FBT) - ACF is a rebatable employer for FBT purposes, which entitles ACF to a rebate on gross FBT payable subject to a capping threshold per employee.

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Good and Services Tax (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 Taxation Office. In these circumstances the GST is recognised as part of the cost of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows. The net amount of GST recoverable from the ATO is included as part of receivables.

h. Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave, that are expected to be settled within 12 months of the reporting date, represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that ACF expects to pay as at reporting date including related salary on-costs.

Long-term service entitlements

ACF's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates determined by reference to market yields at the reporting date which have maturity dates approximating to the terms of ACF's obligations.

Superannuation

ACF provides post-employment benefits to employees through defined contribution superannuation plans. Contributions are expensed to the profit or loss account as they are incurred.

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call and other short-term highly liquid investments that are readily converted into known amounts of cash and which are subject to an insignificant risk of changes in value.

j. Reserves

The purpose of each of the reserves is as follows:

Operating Reserve - The purpose of this reserve is to stabilise short term fluctuations in cashflows to ensure ACF is financially resilient and can continue its environmental activities uninterrupted.

Environmental Impact Reserve - This reserve has been established to fund short-term, high impact environmental initiatives.

Endowment Fund Reserve - The purpose of this reserve is to provide for initiatives which develop the capability and capacity of ACF to undertake environmental activities.

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60L Building Reserve - A reserve representing the 2009 donated value of the 60L Green Building in Carlton, Victoria, recognising ACF's long-term intention to maintain it as its home.

Designated Purpose Reserve - This reserve comprises specific purpose funds allocated by the Board in 2015 to expand ACF's fundraising capacity.

Environment Program Reserve - A restricted reserve representing unexpended grants, sponsorships and donations for specific environmental initiatives.

Reserves are backed by cash deposits, investments and land & buildings.

k. 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 that must be spent in accordance with the terms of the funding agreement and donations, sponsorships and bequests where the donor 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.

l. Critical accounting estimates and judgements

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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2. NET SURPLUS FOR THE YEAR

	2019	2018
	\$	\$
Net surplus for the year has been determined after:		
a) Revenue		
Operating activities		
Donations	11,723,772	10,957,221
Bequests	2,186,197	1,451,059
Membership subscriptions	137,501	135,104
Sponsorship, events, royalties and other revenue	33,404	37,641
	<u>14,080,874</u>	<u>12,581,025</u>
Non-operating activities		
Rent and outgoings income from tenants	1,059,291	1,012,971
Investment income:		
Interest income	124,864	129,197
Dividend income	293,104	184,641
Net gain on change in value of FVTPL investments	336,876	128,754
	<u>1,814,135</u>	<u>1,455,563</u>
Total revenue	<u>15,895,009</u>	<u>14,036,588</u>
b) Expenses		
Salaries, superannuation and other staff costs	7,494,341	6,838,890
Events and community activities	616,042	526,438
External service provider donor acquisition costs	2,295,071	2,349,998
Marketing and communication expenses	1,368,237	959,341
Technology and operational expenses	757,539	669,486
Building expenses	329,891	317,462
Office lease expenses	134,637	65,974
Professional fees and consultants	672,812	574,084
Travel costs	386,680	355,881
Finance costs	142,955	124,800
Net loss on disposal of investments	48,674	3,563
Depreciation & amortisation	325,556	279,994
Net loss on disposal of equipment and software	9,627	77,311
Total expenses	<u>14,582,062</u>	<u>13,143,222</u>

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3. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash on hand	1,000	1,000
Cash at bank	2,317,566	2,120,059
Short-term deposits	4,060,727	4,559,733
	<u>6,379,293</u>	<u>6,680,792</u>

4. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Trade receivables	5,921	1,042
Other receivables	66,339	36,074
GST recoverable from Australian Taxation Office	76,718	77,815
Provision for impairment of receivables	-	-
	<u>148,978</u>	<u>114,931</u>

All receivables have been reviewed for indicators of impairment and no provision for impairment has been recognised in the current or prior financial years.

5. INVESTMENTS

	2019	2018
	\$	\$
Fixed interest	964,886	748,559
Australian property	506,211	415,878
Australian equities	2,748,067	2,199,222
International equities	860,183	818,123
Alternatives	101,570	101,090
	<u>5,180,917</u>	<u>4,282,872</u>

6. OTHER ASSETS

	2019	2018
	\$	\$
Prepayments	136,172	132,993
Accrued income	18,847	24,863
	<u>155,019</u>	<u>157,856</u>

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7. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
Land and buildings	9,557,662	9,379,880
Accumulated depreciation	(831,855)	(722,919)
Written down value	8,725,807	8,656,961
Office fit-out - at cost	143,916	143,916
Accumulated depreciation	(122,714)	(94,555)
Written down value	21,202	49,361
Office furniture - at cost	246,437	235,443
Accumulated depreciation	(176,254)	(154,873)
Written down value	70,183	80,570
ICT equipment - at cost	589,908	513,877
Accumulated depreciation	(459,898)	(384,516)
Written down value	130,010	129,361
Artwork - at fair value	10,250	10,775
	8,957,452	8,927,028

The amount disclosed as land and buildings represents ACF's head office located in Carlton, Victoria. 69% of the building is rented out under operating lease agreements issued on commercial terms. The remaining portion of the building is occupied by ACF.

Movements in carrying amounts

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

	Balance at 1 Jul 2018	Additions	Disposals	Depreci- -ation	Balance at 30 Jun 2019
	\$	\$	\$	\$	\$
Land and buildings	8,656,961	215,034	(9,074)	(137,114)	8,725,807
Office fit-out	49,361	-	-	(28,159)	21,202
Office furniture	80,570	13,562	(28)	(23,921)	70,183
ICT equipment	129,361	77,316	-	(76,667)	130,010
Artwork	10,775	-	(525)	-	10,250
	8,927,028	305,912	(9,627)	(265,861)	8,957,452

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8. INTANGIBLE ASSETS

	2019	2018
	\$	\$
Acquired software	1,184,052	2,386
Accumulated amortisation	(62,081)	(2,386)
Written down value	1,121,971	-
Acquired software – work in progress	-	477,851
	1,121,971	477,851

Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets for the current financial year are as follows:

	Balance at 1 Jul 2018	Additions	Transfer	Amorti- sation	Balance at 30 Jun 2019
	\$	\$	\$	\$	\$
Acquired software	-	-	1,181,666	(59,695)	1,121,971
Acquired software – work in progress	477,851	703,815	(1,181,666)	-	-
	477,851	703,815	-	(59,695)	1,121,971

During the prior financial year, the Board approved the acquisition of a new fundraising software platform to replace ageing legacy systems. The project budget was \$1.2 million and it was completed in April 2019, on time and within budget. During the financial year, costs amounting to \$703,815 (2018: \$477,851) had been capitalised as an intangible asset comprising part of the project budget plus attributable internal costs directed to the implementation of the software. The capitalised software entered service in April 2019 and is being amortised over 5 years.

9. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade payables	455,251	516,718
Other creditors and accruals	189,812	196,276
	645,063	712,994

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10. PROVISIONS

	2019	2018
	\$	\$
Current		
Carmichael mine court case costs	-	111,628
Provision for employee benefits (annual and long-service leave)	837,776	661,169
	837,776	772,797

Between 2015 and 2019 ACF initiated three Federal court proceedings against the Minister for the Environment and Adani Pty Ltd. These were QUD1017/2015 (Adani case #1), QUD726/2016 (Adani case #2) and NSD2268/2018 (Adani case #3). Adani case #1 and #2 were unsuccessful, and ACF was liable to pay the costs of the Minister and Adani in each instance. These payments were made in August 2018 and no liability remains. Adani case #3 was initiated and settled in ACF's favour in the current financial year, therefore ACF has no remaining liability for costs in that matter.

	2019	2018
	\$	\$
Non-current		
Provision for employee benefits (long-service leave)	97,818	91,278
	97,818	91,278

As at 30 June 2019, there were 67 full-time equivalent staff (2018: 66) and total head count was 71 (2018: 71).

11. OTHER LIABILITIES

	2019	2018
	\$	\$
Deferred income	60,106	74,341
	60,106	74,341

Deferred income consists of membership subscriptions received in advance and is amortised over the relevant membership period.

12. COMMITMENTS

Lease commitments

	2019	2018
	\$	\$
Operating lease commitments for rent of office space:		
Payable within 1 year	43,345	52,089
Payable later than 1 year but within 5 years	-	-
Payable later than 5 years	-	-
	43,345	52,089

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ACF has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

Financial commitments

ACF has an unsecured \$350,000 corporate credit card facility for the purpose of general business expenses. Any liabilities owing under this facility are fully repaid by ACF each month.

Capital commitments

ACF had no capital commitments at the end of the financial year.

13.CONTINGENT LIABILITIES

There are no contingent liabilities that have been incurred by ACF as at 30 June 2019 (2018: \$nil).

14.AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
Audit of financial statements - Grant Thornton	<u>38,500</u>	<u>38,000</u>

15.RELATED PARTIES

Board members

The names of Board members who have held office during the financial year are listed on pages 2 to 4 of this report. Board members receive no remuneration or other benefit as a direct result of their holding office, however they may be reimbursed for travel expenses incurred relating to ACF business.

Key management personnel

Executive management are responsible for planning, directing and managing ACF activities. Members of the executive during the financial year were as follows:

Kelly O'Shanassy	Chief Executive Officer	Appointed: April 2014
Paul Sinclair	Director of Campaigns	Appointed: April 2013
Paul Sheridan	Director of Engagement	Appointed: February 2018
Cheryl Pultz	Director of Fundraising	Appointed: February 2015
Anthony Moore	Director Finance and Operations	Appointed: September 2016

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	2019	2018
	\$	\$
Key management personnel compensation		
Short-term benefits - Remuneration paid	824,981	791,919
Post-employment benefits - Superannuation contributions	79,009	71,668
	<u>903,990</u>	<u>863,587</u>

16. EVENTS AFTER THE REPORTING DATE

No adjusting or significant non-adjusting events have occurred between the reporting date and the signing date.

17. FINANCIAL INSTRUMENTS

a) Types of financial instruments

ACF's financial instruments consist of cash and term deposits with banks, equity and other investments, accounts receivable and accounts payable. ACF does not have any derivative instruments at 30 June 2019.

	Notes	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents	3	6,379,293	6,680,792
Trade and other receivables	4	148,978	114,931
Investments	5	5,180,917	4,282,872
		<u>11,709,188</u>	<u>11,078,595</u>
Financial liabilities			
Trade and other payables	9	645,063	712,994
		<u>645,063</u>	<u>712,994</u>

b) Financial instrument risk management

The Finance, Audit & Risk Committee, comprising Board members and independent subject matter experts, meets six times per year to oversee (amongst other things) ACF's strategies for managing financial risk. The committee provides advice to the Board on changes to ACF's risk management strategy and processes.

The main risks ACF is exposed to through its financial instruments are interest rate risk, liquidity risk and price risk. ACF is not materially exposed to foreign currency risk as virtually all transactions are conducted within Australia. ACF's exposure to credit risk from outstanding trade and other receivables is not material and is not concentrated in any single receivable or group of receivables.

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18. FUNDRAISING APPEALS

The provisions of the NSW Charitable Fundraising Act 1991 ("the Act"), the regulations under the Act and the conditions attached to the fundraising authority require disclosure of additional information in respect of ACF's fundraising appeals conducted during the year. The following information relates to ACF's fundraising appeals conducted across Australia.

	2019	2018
	\$	\$
Total income from fundraising appeals	11,723,772	10,957,221
Total expenditure on fundraising appeals	(3,352,956)	(3,380,779)
Net cash raised from fundraising appeals	<u>8,370,816</u>	<u>7,576,442</u>

The net cash raised from fundraising appeals is deposited into ACF's bank account and subsequently applied in the conduct of environmental initiatives. Environmental initiatives include campaigns for nature and a clean energy future. Funds are also used to communicate with and mobilise ACF's supporters and to cover the costs of managing and operating the programs. Any unexpended funds are allocated to reserves and will be expended on ACF's charitable purpose in later financial years.

ACF conducts a range of appeals including:

- EarthVoice regular giving program
- 4-5 periodic direct marketing appeals per annum
- Online and social media fundraising program
- Major donor program
- Business partnerships program

ACF engages external service providers to assist in face-to-face and telemarketing recruitment of new donors in return for a fee-for-service. It is the Board's opinion that engaging service providers increases the funds received by ACF over the long-term, when compared with the cost of establishing and maintaining its own infrastructure and staff. ACF has processes to ensure that service providers meet legislative requirements for employment, payment processing and data security.

	2019	2018
	\$	\$
Gross income from fundraising appeals involving external service providers	7,169,508	6,999,801
Gross expenditure on fundraising appeals involving external service providers (includes ACF, service provider and other related costs)	<u>(2,575,812)</u>	<u>(2,730,915)</u>