

Annual Report 2005

Promoting Giving



PHILANTHROPY
Australia

Corporate Information

Patron

Sir Gustav Nossal AC CBE

Council

President:	Lady Southey, AM
Vice President:	Ms Dur-e Dara, OAM
Treasurer:	Mr Tom Healy (retired April 2005)
Treasurer:	Mr David Ward
National Director:	Ms Elizabeth Cham
Chief Executive Officer	Ms Gina Anderson (wef 14 November 2005)
Council Member:	Mr Chris Arnold
Council Member:	Mr Barry Capp
Council Member:	Ms Jan Cochrane-Harry
Council Member:	Mr Terry Macdonald
Council Member:	Mr Peter McMullin (retired April 2005)
Council Member:	Ms Samantha Meers
Council Member:	Dr Noel Purcell
Council Member:	Mr Christopher Thorn

Secretariat

Chief Executive Officer:	Ms Gina Anderson (wef 14 November 2005)
National Director:	Ms Elizabeth Cham
Operations Manager:	Mr Charles Brass (until 1 November 2005)
Executive Assistant:	Ms Jackie Purdie
Accountant:	Ms Nicola Johnson
Bookkeeper:	Ms Cheryl O'Kelly
Research and Information Manager:	Ms Louise Arkles
Research and Training Coordinator:	Ms Vanessa Meachen
Resource Centre Assistant	Ms Emily Turner
Membership Services Officer:	Mr Grant Hooper
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Statement of Purpose

Philanthropy Australia promotes giving and represents those who give to the community. As the national peak body for the philanthropic sector, we offer representation, networking, services and information to our members and the general community, carrying out our mission to promote philanthropy.

At Philanthropy Australia we represent the interests of private, family, and community trusts and foundations; corporate foundations and community involvement programs; and the interests of individual donors.

We seek to support the philanthropic sector and to influence and engage in public policy, with tangible benefits to our members and to society at

Philanthropy Australia works to improve public understanding and recognition of the relationship between philanthropy and the well-being of the community.

large. We work to improve public understanding and recognition of the relationship between philanthropy and the well-being of the community through the pursuit of goals including servicing and educating members and the broader philanthropic sector, and raising the profile of philanthropy through advocacy and public policy debate.

The organisation works Australia-wide, is headquartered in Melbourne and has offices in Sydney.

Membership fees, publication sales, training workshop fees, fee-for-service research services and consultancies all contribute to funding Philanthropy Australia. We also receive funding from a number of leading trusts and foundations to support our work of promoting Australian philanthropy.

Services include:

- An annual calendar of members' seminars, presenting national and international speakers on key areas of interest
- Australia's most comprehensive Library and Resource Centre focusing on philanthropy
- *Pressing Matters* in philanthropy, a weekly media monitoring service

- *Philanthropy Review*, a monthly newsletter highlighting key news items and programs on the philanthropic agenda, recent reports and articles, and a list of forthcoming events
- *Australian Philanthropy*, a journal which documents and analyses developments in domestic philanthropy
- Publication of *The Australian Directory of Philanthropy* and *The Australian Directory of Corporate Community Involvement*
- Publication of texts designed to meet the information and management needs of the Australian philanthropic and charity sectors
- Original research on Australian philanthropy and its environment
- Advocacy – particularly taxation advocacy – on behalf of members to Federal and State Governments and other major public and private institutions
- Consultancy services to individuals, families and corporations preparing to establish a charitable trusts or foundations
- Special interest affinity groups, in key grant making areas

Highlights 2005

The most significant event of 2005 for Philanthropy Australia was the Second International Philanthropy Conference entitled 'A Wealth of Experience: Building Philanthropy, Corporate Citizenship & Community Capacity', held in Melbourne in October.

Participants came not only from Australia but from the United Kingdom, the Netherlands, the Philippines, Canada, and the USA, plus over 50 delegates attended from New Zealand. The Conference was preceded by an event where community and nonprofit groups were able to meet foundation staff, trustees and individual donors.

The Conference showcased a true wealth of international experience, as well as many inspiring examples of Australian giving. Topics addressed by international and Australian speakers included visionary philanthropy, the role of the media, the role of trustees and board members, inter-generational philanthropy, arts funding, environmental grantmaking, and innovations in corporate philanthropy.

The Conference Dinner saw delegates joining with representatives of the nonprofit sector for the announcement of the 2005 Equity Trustees Not-for-Profit CEO Awards. All the conference sessions over the four days were audio recorded and have been compiled on a three CD-ROM set available for purchase.

Another significant event of 2005 was the appointment of new Chief Executive Officer, Gina Anderson, who came on board in November. Gina has diverse experience in large and small organisations, both public and private, having held a variety of general management, human resources, corporate, community and communications roles.

Gina's appointment follows the retirement of National Director, Elizabeth Cham, after 10 years with Philanthropy Australia. Elizabeth has moved on to become Chairperson of the National Roundtable for Nonprofit Organisations.

Advocacy

Inquiry into Corporate Social Responsibility

In 2005 the Parliamentary Joint Committee on Corporations and Financial Services announced an 'Inquiry into Corporate Responsibility and Triple-Bottom-Line reporting, for incorporated entities in Australia'. Following consultation with members who manage corporate foundations and corporate community investment programs, Philanthropy Australia made a submission to the Inquiry.

That submission can be found on the Inquiry's website, at http://www.apf.gov.au/senate/committee/corporations_ctte/corporate_responsibility/submissions/sublist.htm

Affinity Groups

Affinity groups are coalitions of funders who come together on a regular basis for the purpose of peer-to-peer learning and education through dialogue with practitioners, academics and representatives of government. Again this year, Philanthropy Australia supported the activities of affinity groups who focused respectively on ageing futures, the arts, disability, early intervention, and Indigenous issues.

The Indigenous Affinity Group (IAG) in Sydney hosted a seminar on Indigenous education. Speakers representing the NSW Aboriginal Education Consultative Group, the Parents and Learning Program in Napranum, Queensland, and the Family Action Centre at the University of NSW outlined their programs and work aimed at improving educational outcomes for Indigenous Australians.

The most significant event of 2005 for Philanthropy Australia was the Second International Philanthropy Conference entitled 'A Wealth of Experience'.

The Early Intervention Affinity Groups (EIAG) in Melbourne and Sydney collaborated to organise several sessions for Philanthropy Australia's conference, of which the highlight was an address by Professor Fiona Stanley.

Members Events

A number of events were held for members throughout 2005, including:

- Update on 'Giving Australia' research (QLD)
- Presentation on the NSW jail population (NSW)
- Investing for foundations
- Presentation by Rory Tolentino of the Asia-Pacific Philanthropy Consortium
- Presentation by Christine Edwards, CEO of The Myer Foundation (NSW)
- 'After the Tsunami' – discussion with His Excellency Imron Cotan, Indonesian Ambassador to Australia (VIC)
- Climate Change discussion (VIC)

Highlights 2005 continued

Membership

In 2005, Philanthropy Australia membership grew by 10 per cent. The majority of new members were smaller trusts and foundations who have joined in the Full Member category.

Networks

A network is a group of (mainly) funders who come together through a common interest to share experience, knowledge, expertise and resources.

Two corporate networks continued to meet throughout 2005. They were the Corporate Social Responsibility (CSR) Network in Sydney, and the Melbourne Corporate Funders Group. Philanthropy Australia worked in partnership with Freehills to establish the Sydney group, and with Goldman Sachs JBWere to establish the Melbourne group.

A third network, the Maimonides Society, was established by the Asia-Pacific Centre for Philanthropy and Social Investment at Swinburne University of Technology, in conjunction with Philanthropy Australia. This year, the Society provided an opportunity for Melbourne-based grantmakers to meet informally and hear from eminent speakers including Professor Brian Costar, Professor of Parliamentary Democracy at Swinburne University; Morag Fraser AM, writer, literary critic and former editor of 'Eureka Street'; Sam Lipski AO, CEO of The Pratt Foundation; and The Rt Hon Sir Ninian Stephen KG AL GCMG GCVO KBE PC, former Governor General of Australia and Justice of the High Court.

In 2005 Philanthropy Australia established a further three national networks for members. The first was a network for those who have set

up, or who manage, a Prescribed Private Fund (PPF). The network was launched in both Sydney and Melbourne, where the majority of PPFs are currently registered. Members of the network gathered at the Philanthropy Australia conference in October for their own session with guest speaker Lucy Bernholz. The network is supported by an electronic listserv which is used to distribute relevant resources and to share information. Membership of the network is available to any PPF in Australia.

The second network established in 2005 was an evaluation network. This network is open to staff working for any member of Philanthropy Australia and similarly, is supported by an electronic listserv. The listserv allows Philanthropy Australia to post information and resources that are of relevance to this group of members. It is also a vehicle for members of the network to post their own questions, problems and links to useful resources that they want to share.

The third network established was the GIFTS Users Group. It is open to members who are using the GIFTS grants management software. Users of this software come together on a regular basis to share tips for using the program most effectively, discuss common training needs and other relevant issues. Once again, the network is supported by an email listserv that can be used by members to raise questions, propose solutions and generally share knowledge about how to get the most out of the program for their needs.

Publications

Our journal, *Australian Philanthropy*, received a refresher, with the move to full colour and a new design. Three editions of the journal were published in 2005.

Edition 57 – 'Corporate Social Responsibility: Profits, People and Passion' featured corporate giving programs, corporate foundations, professional volunteering, and partnerships between for-profit and not-for-profit organisations.

Edition 58 – 'Philanthropy and the Arts' featured a range of partnerships between foundations and arts organisations and projects at the elite as well as the community level, as well as the bodies who help bring these partnerships together.

Edition 59 was a special New South Wales edition, following on from the Western Australian edition published at the end of 2004. This was made possible with a grant from the Communities Division of the NSW Department of Community Services (DOCS), and a steering committee was formed with representatives from Philanthropy Australia and staff from DOCS. The journal profiled the many different forms of philanthropy in NSW, including community foundations, Prescribed Private Funds, family foundations, trustee companies and corporate community programs. Feature articles included an article on the economics of hope, by James Arvanitakis from the University of Technology, and a profile of former Australian cricket captain and philanthropist, Steve Waugh AO. The journal was launched in November 2005 by the Director General of DOCS, Dr Neil Shepherd.

Research

The Giving Australia Report was launched at our conference in October, and is the most comprehensive survey ever undertaken in Australia of the contributions made in money and time by Australian individuals and businesses. Commissioned by the Department of Family and Community Services on behalf of the Prime

Minister's Community Business Partnership, the report, which encompassed both qualitative and quantitative research, shows the value of individual giving at \$5.7 billion in 2004, an 88 per cent increase since 1997.

Research and Information Services

The specialist media monitoring service 'PRESSing Matters in Philanthropy' continued throughout the year. This regular electronic digest alerts members to news and feature articles in major daily newspapers and other publications on issues of central interest to grantmakers.

Plans were reviewed and progressed for KnowledgeBank – a new website which will provide access to our valuable collection of local and international resources on philanthropy. Members were consulted about their information needs, the design was refined, a quotation was obtained, and resources earmarked for the project.

Website

Philanthropy Australia's website was selected by the National Library of Australia for archiving in Pandora. This is Australia's official web archive which identifies online publications of national significance and archives them in perpetuity as an historical record.

In 2005 we undertook an upgrade of our IT infrastructure, installing a new server and moving to a new internet service provider to improve our website access and email efficiency. We also undertook a major website review, with a new website due for launch in 2006.

Workshops

A record number of workshops were conducted by Philanthropy Australia throughout the country in 2005. As well as our regular program of workshops for grantseekers in Melbourne and Sydney, The New South Wales Department of Community Services commissioned four, and the Office for Women requested a second round of workshops in a range of locations. In total, 21 workshops were held for grantseekers, and four customized sessions were provided on request for funders.

Community Foundation Developments

In partnership with FRRR, Philanthropy Australia organised and hosted three regional Forums in 2005: at Tanunda in South Australia (for people involved with the Community Foundation movement in Western Australia, South Australia and the Northern Territory); in Geelong (Victoria and Tasmania); and at Bowral (New South Wales and Queensland). Community Foundation representatives from New Zealand also attended the Geelong and Bowral forums.

During September, Philanthropy Australia hosted two visitors from the Philippines for a WINGS CF sponsored 'One 2 One' study tour. The study tour was to allow the visitors from the Philippines Community Foundation Committee to visit Australia and gain a thorough understanding of the way in which community foundations have been supported and developed in Australia prior to them being introduced in the Philippines. This is part of an international peer support strategy supported by WINGS-CF, the community foundation arm of the international grantmaker support body.

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In May, Lady Southey officially launched the community foundation for the Albury Wodonga Region. It covers the shires of Greater Hume, Albury, Wodonga, Towong, Indigo, Corowa and Alpine.

The Sidney Myer Fund made a grant to Philanthropy Australia to begin the process of expanding the use of DIGITS software in community foundations. DIGITS is a software package that has been especially developed for community foundations by the UK Community Foundation Network. Preparation work has been carried out in 2005 and the latest version of the software will be installed in four community foundations early in 2006 (Geelong, Wyndham at Werribee, Albury/Wodonga and Stand Like Stone in South East South Australia).

Alice Macdougall of Freehills and Catherine Brown have continued to work on tax reform for community foundations in consultation with the Prime Minister's Community Business Partnership.

President's Report



The end of 2005 marked a significant change at Philanthropy Australia, with the retirement of our National Director of the past 10 years, Elizabeth Cham, and the appointment of a new Chief Executive Officer, Gina Anderson.

Elizabeth has overseen the transformation of Philanthropy Australia (known as the Association of Australian Philanthropy when she first took office), from a small, Melbourne-focused association serviced by one and a half full-time staff members, to a truly national organisation with a highly professional secretariat, an extensive range of membership and advocacy services, and a full time presence in New South Wales as well as Victoria. Her work in the advocacy and media fields has been inspiring, and has done much to help recruit not only members to the organisation, but general public awareness and support for the growth of philanthropy in this country.

On behalf of the Council and members of Philanthropy Australia, I wish to thank Elizabeth for her outstanding contribution, and wish her well in her future endeavours in the not-for-profit sector, to which I am sure she will remain passionate and committed.

I would like to warmly welcome Gina Anderson to the organisation. We are delighted to have the benefit of her energy, fresh perspective, and diverse experience in the private, community and international sectors.

No overview of Philanthropy Australia's activities in 2005 would be complete without mention of the Conference we held in October, 'A Wealth of Experience.' This conference brought together a diverse range of grantmaking practitioners – including trustees, professional staff, advisers, private donors – from across Australia and indeed the region. This conference lived up to its name by enabling a productive sharing of 'a wealth of experience.' The atmosphere of friendship and shared purpose was encapsulated on the final day of the conference, when a gathering of delegates from New Zealand performed a moving and delightful waiata, a Maori song of thanks.

Philanthropy Australia sincerely thanks all our colleagues from around the nation and the globe, who helped us make the conference such a rich and rewarding experience.

We are pleased to note that again this year, there has been an increase of around 10 per cent in membership growth. We are constantly working to increase the quality and range of services we offer, and to ensure that these match the requirements of members. As effective philanthropy increasingly requires a greater professionalism and range of skills, Philanthropy Australia is committed to supporting its members in meeting these challenges. We remain firm in the view however, that professionalism

must never be at the expense of the passion to give and to improve our world.

As always, we are indebted to our leading members, our sponsors and supporters for their financial and in-kind support. The ANZ Banking Group continues to provide office accommodation in Melbourne, and Mr Brian Sherman AM has again this year most generously housed our Sydney office. Sincere thanks go to John Emerson of Freehills for his invaluable pro bono legal advice and support.

I wish to thank once again my fellow Council members. There have been many demands on their time over this period of transition in the secretariat, but I believe the effort will be rewarded with an exciting and productive year for the organisation, its members, and philanthropy in Australia.

A handwritten signature in blue ink that reads "Lady Southey". The signature is written in a cursive, flowing style.

Lady Southey AM
President

National Director's Report

The year 2005 was a significant one for Philanthropy Australia, as it marked the end of the first decade of this organisation in its current professional format, and the culmination of 10 year's work. It also marked the final year of my time as National Director, and the beginning of a new period under different executive leadership. It is worthwhile then, to take stock not just of the previous 12 months, but the past 10 years.

In 1995 we embarked upon a campaign to grow Australian philanthropy. This campaign involved twin goals – to achieve structural change, and to bring about cultural change.

By 2001, the Taxation Act had been amended, to both remove disincentives and create incentives to greater philanthropy. Five years later, nearly 400 new foundations (Prescribed Private Funds) have been created as a direct result of this legislative change. The launch of the payroll giving program, details of which have been sent to 80,000 businesses around Australia, will take another five to 10 years to bear even more fruit.

Our aim of cultural change was directed not just at people of wealth, but at the broader Australian community. We wanted Australians to understand that while philanthropy has been largely invisible in our social and economic history, it has been there for a long time. Largely through the efforts of Philanthropy Australia, there has been an increase in the media profile of philanthropy and philanthropists, and publication of a number of biographies, including that of William Buckland.

There has not just been a growth in general awareness of philanthropy, but also in giving itself. The 'Giving Australia' report, commissioned by the Prime Minister's Community Business Partnership and launched at Philanthropy Australia's conference in October, showed that individual monetary giving in Australia had risen 88 per cent since 1997, and volunteering had increased by

16 per cent since 2000. Business contributions had more than doubled since an ABS survey of 2000-2001.

The conference, 'A Wealth of Experience' brought a large number of international speakers to Australia. From our evaluation, we learned that the vast majority of participants found the intellectual quality of the conference was exceptional, and all of them went away reviewing and reflecting on the way they made grants. It stimulated debate and generated ideas for delegates across the board. This germination process will bear fruit in years to come, and for that reason, the resources put into planning and holding conferences such as this must be seen as an important investment, rather than a cost. The returns will be evident perhaps not immediately, but over time. The results, I believe, will be that Australian philanthropic practice will become very sophisticated, and possibly amongst the best in the world.

This understanding of long term investment is one that the Council of Philanthropy Australia has demonstrated to the great benefit of the organisation and the sector. The Council has had the wisdom and patience to remain committed to the goals of structural and cultural change, even when results were not guaranteed.

Visionary philanthropy needs time – if the Council had backed away from its plans after three or five years, we wouldn't have what we have today. They were prepared to take the risk and back a strategy for at least a decade in order to achieve tangible results. In particular, our President, Lady Southey, was prepared to believe in that vision and to commit substantial organisational resources to fulfil it.

Of equal vision have been all the member foundations, trustees and advisers who have supported and sustained the organisation. Particular thanks are due to The William Buckland Foundation, including the late Ian Roach, Chairman of the Buckland Foundation, and his



successor, Barry Capp; Miss Pat Feilman and the governors of The Ian Potter Foundation; The Myer Foundation and all generations of the Myer family; Dame Elisabeth Murdoch; Charles Goode, Chair of the ANZ Bank and the ANZ Bank for providing pro bono accommodation over the last five years; Gene and Brian Sherman for their support of the Sydney office; and John Emerson, for his unrivalled expertise in charitable law and the 10 years of pro bono advice we have received from him and Freehills.

Finally, thanks to the extraordinarily talented, dedicated and hardworking staff, who work as a team and support each other constantly to meet the many demanding deadlines. My personal thanks go in particular to Jackie Purdie, whose invaluable assistance and good judgement enabled me to do my job. I also wish to make special mention of Cheryl O'Kelly, who has worked with me for the past 10 years, who has outlasted me as a staff member of the organisation, and continues to be the 'glue' that helps keep the organisation together.

I wish the new CEO, Gina Anderson, every success in the coming years, and the Council, members and staff of Philanthropy Australia a positive and productive new decade.

A handwritten signature in blue ink that reads "Elizabeth Cham".

Elizabeth Cham
National Director

Chief Executive Officer's Report



Philanthropy Australia's Council has decided to widen the focus of our role from representing 'grantmakers' to promoting 'giving' and representing those who give to the community.

Having commenced work with the organisation in November 2005, I am pleased to report on developments at the end of that year that take us forward into 2006 and beyond.

As a result of a series of Membership Forums and meetings with individual members, the Council has decided to widen the focus of Philanthropy Australia's role from representing 'grantmakers' to promoting 'giving' and representing those who give to the community.

As part of this process, and with the very positive support of our members, we will be updating our website in early March 2006 and providing most of our information freely, rather than locked away in the 'members' only' section. In addition to making access easier for our members, this will allow others such as researchers, policy officers, the media and general public, to be directed to our site from search engines, and to make use of the large amount of information and research we have available.

Our Resource Centre Assistant, Emily Turner, has developed an exciting and improved website design, which will be easier to navigate and search, and will make more information available. This is the cornerstone of our new approach to information dissemination, which will impact on our whole publications and communications strategy.

Council has determined to set up a Program Committee, to oversee the quality and range of services offered by Philanthropy Australia. The Committee will review proposed programs and projects, monitor evaluation, and recommend policy regarding future program directions. This will help meet high standards of accountability for performance expected by our members, staff and the community, and is part of our commitment to improved governance and operations.

An Audit Committee has also been established to augment governance standards.

I am grateful for the wonderful opportunity to join Philanthropy Australia, and to work with the Council and the members to build on the valuable work of Elizabeth Cham. It is a privilege to represent the membership of the organisation.

A handwritten signature in blue ink, which appears to read "Gina Anderson". The signature is fluid and cursive.

Gina Anderson
Chief Executive Officer

Council Members

President

Lady Southey AM

Lady Southey is a Director of The Myer Foundation and President of St Catherine's School Foundation. A patron of Orchestra Victoria and supporter and Honorary Life Member of the Australian Ballet, Life Member of the Nuffield Farming Scholars Association, and a major supporter of Birds Australia. Lady Southey was awarded an AM in 1999 for her service to the community in the support of health care, medical research and the arts. In January 2001, she was appointed Lieutenant Governor of Victoria.

Vice President

Ms Dur-e Dara OAM

Dur-e Dara is a Melbourne restaurateur, businesswoman and musician. For some 20 years she was well known as Manager and co-owner of the award-winning Stephanie's Restaurant. She is the founding partner in The Nudel Bar and the proprietor of EQ Cafebar at the Victorian Arts Centre. Dur-e Dara is currently President of the Restaurant and Catering Association of Victoria, and Convenor of the Victorian Women's Trust. In 1997, she was awarded the Medal of the Order of Australia for services to the community and promotional fundraising activities for women's groups.

Treasurer

Mr David Ward

David is Managing Director of ANZ Trustees with responsibilities including acting as sole or co-trustee for several of Australia's leading Foundations including The Alfred Felton Bequest, The Charles and Sylvia Viertel Charitable Foundation, The William Buckland Foundation, Alexander Wright Wales Trust, and The J.O & J. R. Wicking Trust.

He has 17 years' service with ANZ Banking Group, including positions of Chief Economist (NZ); General Manager Investor Relations; General Manager Office of the Chief Executive; General Manager

Wealth Management. Previously he had seven years' service as a diplomat with the New Zealand Ministry of Foreign Affairs, dealing with Economic, Trade, Defence and Aid issues and serving in Wellington, Canberra and Fiji.

National Director

Ms Elizabeth Cham

Elizabeth Cham has been our National Director for 10 years. Elizabeth is now Chair of the National Roundtable of Nonprofit Organisations. She is currently a member of the Prime Ministers Business Community Partnership, is founding member of the International Association of serving grantmakers (WINGS) and is a member of the ANZ Trustees Advisory Panel. Elizabeth plans to take up a research fellowship in philanthropy at Melbourne University next year.

Elizabeth has worked as an academic at the ANU and University of Canberra. She has been a researcher in history, has worked in parliament for a Prime Minister and a Premier. For six years she was Manager of Research at ANZ Trustees where she worked for a number of prominent Australian Foundations namely The Felton Bequest, The William Buckland Foundation and The Hugh Williamson Foundation.

She is married and the parent of three boys.

CEO

Ms Gina Anderson

Gina Anderson joined Philanthropy Australia as CEO in November 2005. For the past couple of years Gina was General Manager Human Resources for St Hilliers, an integrated property development and construction company. Prior to this, she had seven years at Westpac Banking Corporation in a variety of management roles including Head of Community Involvement. This was a national role with responsibility for the Westpac Group's

corporate community involvement strategy, sponsorships and relationships with community, not-for-profit organisations and charities, and for the oversight of staff matching gifts and volunteering programs. Gina published a booklet detailing the guidelines for a 'Mentoring in the Community' program she created, which has been used as a basis for mentoring programs across Australia.

From 1992 to 1995 Gina lived and worked in Jordan, a moderate Islamic, developing country. She was the personal assistant to HRH Prince El Hassan Bin Talal, and gained valuable experience of the creation of political and policy responses to issues of refugees, human rights and interfaith dialogue.

Gina is a Director of Father Chris Riley's Youth Off the Streets.

Mr Christopher Arnold

Chris Arnold (B.Com. MBA) is currently the Melbourne Chief Executive and Deputy Chairman of the National Board of Dibbs Abbott Stillman Lawyers.

Since 2002, Chris has been a board member and Chair of the Audit and Risk Management Committee of Melbourne Community Foundation, and a previous Council Member and Chair of the Alumni of Leadership Victoria. He also chairs an international fundraising committee for the Florey Institute's (Genomic Disorders Research Centre) Gene Mutation Database Project.

Chris has a background in finance, management consulting and executive management in government, not for profit and corporate sectors. He has a strong interest in corporate governance in all sectors and is joint author of an effectiveness guide to corporate governance, published in Victoria, and adapted with local laws in Hong Kong. Chris also chairs RMIT University's MBA program, Community of Practice on Ethics, Social Responsibility and Governance.

Council Members continued

Mr Barry Capp

Barry Capp BE (Civil), BCom, BA is Chairman of Delhi Holdings Limited and a Director of Australian Infrastructure Fund Limited. He is currently Chairman of Trustees of The William Buckland Foundation and the Westpac Foundation.

Ms Jan Cochrane-Harry

Ms Cochrane-Harry MBA (Melb) is Director of Development and Constituent Relations at Melbourne Business School and was previously Head of Philanthropic Foundations at Perpetual Trustees Australia Ltd for five years. She is a trustee of the Margaret Lawrence Foundation and the Greenlight Foundation, and a member of the Transurban Corporate Social Responsibility Committee. She has extensive experience in management in the community, public and private sectors over a 30 year period. As well, Ms Cochrane-Harry has held numerous honorary positions with community based groups.

Mr Terry Macdonald

Terry Macdonald (FIEAust., CPEng., FIPAA) is the Principal of Macdonald Technical Services, consulting in Engineering and Business Management.

His initiation to the Community sector was as a Councillor in the City of Nunawading. He was President of the Reach Out for Kids Foundation 1996 to 2003 and still holds office in several Community organisations in the Eastern suburbs of Melbourne. He joined the Board of the Lord Mayor's Charitable Fund in 1999 and became Chairman of the Grants Committee and a member of the Executive Committee of the Fund in 2003. He was elected to the Board of United Way Australia in 2005 and is a member of the Hosting Committee of UWA preparing for the United Way World Congress in Melbourne in 2006.

Terry's career as a senior Engineering and Management executive was in the Federal Departments of Civil Aviation, Transport and Defence as well as three of Melbourne's Universities. He is National President of a Defence/Industry Association and a Member of the Advisory Committee for the Defence Industry Study Course.

Ms Sam Meers

Sam Meers (BA, LLB, M Litt) is the Executive Director of the Nelson Meers Foundation, an arts foundation established in July 2001 with her father, Nelson Meers, a former Lord Mayor of Sydney. The Nelson Meers Foundation was the first 'prescribed private fund' to commence operation in Australia, and in May 2005, was the winner of the Goldman Sachs JBWere Artsupport Australia Philanthropy Leadership Award.

Before establishing the Nelson Meers Foundation, Sam practised as a media lawyer in two of Sydney's leading law firms, and as in-house counsel with Grundy Television. Sam then spent six years as a director with SHOWTIME (a joint venture between Twentieth Century Fox, Universal Studios, Columbia Tri-Star, Paramount Pictures and Liberty Media), during which time she was a founding board member and deputy Chair of the Australian Subscription Television and Radio Association (ASTRA), the peak industry body representing the pay television industry in Australia.

Dr Noel Purcell

Noel Purcell has served as a senior executive of Westpac since February 1986 in a variety of roles. He is currently the Group General Manager, Stakeholder Communications, with responsibility for all media, government, investor and community relations, as well as the Westpac Group corporate sustainability and internal communication. Prior to joining Westpac, Noel served at senior executive level within the Federal Public Service including:

Assistant Secretary, Fiscal Policy Branch, Department of Prime Minister and Cabinet, 1984 to 1985; Senior Economic Analyst of the Office of National Assessments, 1983 to 1984; and Director, Statistical Services Branch and other senior positions at the Australian Bureau of Statistics, 1972 to 1983.

Noel recently joined the Global Governing Board of the CAUX Round Table.

Mr Christopher Thorn

Christopher Thorn is a Principal of Goldman Sachs JBWere. He is currently the Manager of the firm's Philanthropic Services group, where his primary responsibilities include raising awareness of philanthropic issues; providing advice on investment and capital management to individuals and organisations wishing to implement a philanthropic strategy; and fostering relationships between interested parties in order to facilitate the giving process.

He joined JBWere in 1984 and worked in Melbourne as a Retail and Institutional Adviser. In 1993 Christopher moved to New York as Vice President Institutional Sales. Upon returning to Australia in 1996 he was appointed Manager of Goldman Sachs JBWere Queensland business, until returning to Melbourne in 2001.

Christopher has held a variety of senior management roles within the retail business, including business integration and strategy. In 2002, Christopher established the Goldman Sachs JBWere Philanthropic Services division.

Christopher is also Chairman of StreetSmart Australia, a campaign established to provide financial support to the homeless in Victoria.

Council Report

Financial Plan and Operating Results

While the Conference 'A Wealth of Experience' was very successful, unfortunately it did not yield the surplus budgeted. The final result for 2005 was a deficit of \$39,157 (2004: surplus \$14,967), a disappointing year financially. All other income and expenses were as expected for the 12 months. A concerted effort was made to control costs wherever possible.

Income

Total income for the year was \$1,737,636 up \$626,190 (56.3 per cent) on last year.

The Philanthropy Conference 'A Wealth of Experience' held in Melbourne in October 2005 accounts for income of \$636,565 not earned in 2004. The conference was very successful in spreading the word of Philanthropy. This was acknowledged by all from the very favourable feedback we received.

Members' fees increased (by 13.9 per cent, up from \$362,422 to \$412,792) as a consequence of increased membership numbers from 259 in December 2004 to 285 in December 2005 showing a 10 per cent increase in actual numbers.

Leading membership fees decreased by \$50,000 due to the loss of two leading members.

Workshop fees decreased (by 50.3 per cent, down from \$36,923 to \$18,350) as a result of the deliberate strategy not to hold Grantmaker workshops unless requested to do so by Foundations. It was decided that the Grantmaker workshops would not be pursued in 2005, concentrating instead on the conference.

Publication sales decreased (by 31.59 per cent, down from \$158,552 to \$108,458) resulting from the slow down in sales for The Australian Directory of

Corporate Community Involvement. This publication has now been incorporated into the The Australian Directory of Philanthropy which was released in October 2005.

Grants brought to account during the year amounted to \$379,894, an increase from \$250,402 (51.71 per cent). Of the grants brought to account during the year, \$130,794 (34.4 per cent) was specifically for work undertaken in the Community Foundations area, \$46,850 (12.3 per cent) was for work undertaken in the resource centre area (including specialised workshops, and knowledge bank design); the remainder of \$202,250 (53.3 per cent) was spread over areas including memberships, Journal publication, advocacy and the National Roundtable of Nonprofit Organisations.

Consulting fees decreased (by 84.12 per cent, down from \$77,250 to \$12,269) resulting from The William Buckland Foundation grantmaker research work being awarded directly to Sandra Whitty & Associates. Philanthropy Australia did not actively tender for the continuation of this work.

A net decrease of \$6,173 or 11.6 per cent was recorded in all other sources of income. Mainly due to income earned in 2004 from the Trustees Dinner which was not held in 2005 due to the timing of the conference.

Expenses

Total expenses increased by \$686,014 (63 per cent) compared to last year. Conference costs of \$673,270 was the major contributor to this increase. If the conference costs of \$673,270 were taken out, operating costs would have increased by 0.6 per cent compared to last year.

Changes in inventories of publications held for resale increased by \$22,461 (70.4 per cent) compared to last year. The write back of The Australian

Directory of Corporate Community Involvement publication costs contributed to the large increase.

Salary costs were 22.67 per cent higher than 2004 (up from \$527,656 to \$647,281) resulting from the employment of a new CEO from November 2005 along with recruitment costs, increased hours of the Community Foundations member officer (from EFT 0.2 to EFT 0.4), and a 5 per cent increase in staff salaries. All of the above increases were budgeted for.

Consultant's costs were 16.3 per cent lower than 2004 due to the engagement of consultants to fulfil grant requirements in 2004 which were not required in 2005. The costs include the employment of the operations manager to oversee the organisations operations.

Promotion and travel expenses were substantially higher in 2005 due to costs associated with the 2005 conference 'A Wealth of Experience'.

Other expenses including printing and copying were higher in 2005 due to the printing of conference brochures and daily running sheets.

Final Operating Result

The final result for 2005 was a deficit of \$39,157, compared to a surplus of \$14,967 achieved in the previous year. This was a disappointing 115.5 per cent decrease on the original budgeted surplus of \$252,133.

Financial Position and Liquidity

The General Fund Account, representing accumulated members' funds, fell from \$181,558 at the end of the last financial year, to \$142,400 at year end, because of the year's net deficit of \$39,157.

The Future

Philanthropy Australia looks forward to an exciting future. With a new CEO in place, we have plans to improve our sustainability well into the future.

Income Statement

For the year ended 31 December 2005

	Note	2005	2004
		\$	\$
Revenue from ordinary activities	2(a)	1,737,636	1,111,446
Changes in inventories of publications held for resale		(54,354)	(37,592)
Distribution costs		(6,666)	(12,486)
Employee and salary costs		(647,281)	(527,656)
Depreciation and amortisation expense		(5,378)	(6,854)
Consultants costs		(194,275)	(232,144)
Membership services		(44,648)	(42,037)
Promotion		(455,546)	(10,623)
Travel		(164,088)	(58,083)
Bad/doubtful debts		-	(23)
Premise expenses		(9,954)	(11,450)
Other expenses from ordinary activities		(194,603)	(157,531)
		(1,776,793)	(1,096,479)
Surplus/(deficit) from ordinary activities before income tax expense		(39,157)	14,967
Income tax expense relating to ordinary activities	1(b)	-	-
Surplus for the period attributable to the association		(39,157)	14,967

The accompanying notes form part of the financial statements.

Balance Sheet

As at 31 December 2005

	Note	2005	2004
		\$	\$
Current Assets			
Cash and cash equivalent	3	492,053	399,484
Trade and other receivables	4	121,799	79,574
Inventory		22,507	23,355
Other current assets		2,776	60,600
		639,135	563,013
Non-Current Assets			
Property, plant and equipment	5	10,354	5,793
Total Non-Current Assets		10,354	5,793
Total Assets		649,489	568,806
Current Liabilities			
Trade and other payables	6	177,552	86,309
Subscriptions received in advance:			
Members		129,123	99,132
Grants and other income received in advance		153,260	147,781
Provisions	7	47,153	54,026
Total Liabilities		507,088	387,248
Net Assets		142,401	181,558
Equity			
Retained earnings		142,401	181,558
Total Equity		142,401	181,558

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2005

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2004	166,591	166,591
Surplus attributable to Association	14,967	14,967
Balance at 31 December 2004	181,558	181,558
Surplus/(deficit) attributable to Association	(39,157)	(39,157)
Balance at 31 December 2005	142,401	142,401

The accompanying notes form part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2005

	Note	2005	2004
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities:			
Cash receipts from members		507,234	533,333
Receipt from sales of publications		815,723	301,034
Grants received		385,285	354,320
Interest received		27,548	17,157
Cash paid to suppliers and employees		(1,633,283)	(1,111,380)
Net cash provided by operating activities	12b	102,507	94,464
Cash flows from investing activities:			
Purchase of office equipment		(9,938)	(2,449)
Net cash used in investing activities		(9,938)	(2,449)
Net increase in cash and cash equivalents		92,569	92,015
Cash and cash equivalents at the beginning of the period		399,484	307,469
Cash and cash equivalents at the end of the period	12a	492,053	399,484

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2005

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 Consensus Views and other authoritative pronouncements of Australian Accounting Standards Board and the requirements of the Associations Incorporations Act Victoria.

The Financial report covers Philanthropy Australia Inc as an individual entity. Philanthropy Australia Inc is an association incorporated in Victoria under the Associations Incorporations Act 1981.

The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

First time adoption of Australian Equivalents to International Financial Reporting Standards.

Philanthropy Australia Inc has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 January 2005.

In accordance with the requirements of AASB 1: First time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of IFRS have been applied retrospectively to 2004 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Philanthropy Australia Inc to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

There are no material differences resulting from the transition from the previous Australian GAAP to IFRS therefore no reconciliations have been included in this report .

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report:

(a) Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from Full, Associate and Resource Centre members is recognised when invoiced. When the payment is received, the portion paid in advance is accounted for as unearned income and amortised over the remainder of the subscription year.

Revenue from Leading Members fees are treated as grants received and brought to account as income when invoiced.

(b) Income tax

The association is income tax exempt charitable entity under subsection 50B of the ITAA 1997.

(c) Inventories

Inventories consist of finished goods being publications and are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Furniture and equipment

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

The depreciation rates amount of all furniture and equipment are depreciated on a straight line basis over useful lives of the assets to the association commencing from the time the asset is held ready for use.

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

	<i>Depreciation rate</i>
Furniture and Fixtures	30 per cent
Office Equipment	30 per cent

The carrying amount of furniture and equipment is reviewed annually by councillors to ensure it is not in excess of the recoverable amount of those assets.

The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts.

(e) 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.

(f) Employee entitlements

Provision is made for the company's liability for the employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave, which will be settled after one year, have been measured at their nominal rate. Other employee entitlements payable later than one year have been measured at the present value of estimated future cash outflows to be made for those entitlements.

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

(g) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks, on deposit, and bank bills.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

The net amount of the GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

(i) Impairment of assets

At each reporting date, the association reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, 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 of is expensed to the income statement.

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

Notes to the Financial Statements continued

For the year ended 31 December 2005

	2005	2004
	\$	\$
2(a). REVENUE		
Leading members fees	100,000	150,000
Full members fees	326,708	288,489
Associate members fees	86,084	73,933
Resource centre subscriptions	18,042	18,875
Workshop fees	18,350	36,922
Publication sales	108,458	158,552
Journal subscriptions	4,226	3,810
Grants	379,894	250,402
Consulting fees	12,269	77,250
Conference income	636,565	-
Other	47,040	53,213
	1,737,636	1,111,446

Revenue from Leading Members fees are treated as grants received and brought to account as income in the year it is due

2(b). EXPENSES

Auditors remuneration	3,950	4,000
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3. CASH ASSETS

Cash on hand	429	443
Cash at bank	73,182	131,847
Cash on deposit	418,442	267,194
	492,053	399,484

4. RECEIVABLES

Trade debtors	109,819	78,853
Sundry debtors	12,180	921
Provision for doubtful debts	(200)	(200)
	121,799	79,574

5. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture	Office Equipment	Total
	\$	\$	
Gross carrying amount			
Balance at 31 December 2004	13,900	74,981	88,881
Additions	-	9,938	9,938
Disposals	-	-	-
Balance at 31 December 2005	13,900	84,919	98,819
Accumulated depreciation			
Balance at 31 December 2004	(13,606)	(69,482)	(83,088)
Depreciation expense	(252)	(5,125)	(5,377)
Disposals	-	-	-
Balance at 31 December 2005	(13,858)	(74,607)	(88,465)
Net book value			
As at 31 December 2004	294	5,499	5,793
As at 31 December 2005	42	10,312	10,354

	2005	2004
	\$	\$

6. PAYABLES

Creditors	8,175	48,359
Accruals	137,842	17,220
Others	31,535	20,730
	177,552	86,309

	Employee Entitlements	Total
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7. PROVISIONS

Opening balance at 1 January 2005	54,026	54,026
Additional provision raised during the year	51,075	51,075
Amounts used	(57,948)	(57,948)
Balance at 31 December 2005	47,153	47,153

	2005	2004
	\$	\$

Analysis of total provisions

Provision for annual leave	30,053	30,880
Provision for long service leave	17,100	23,146
	47,153	54,026

Notes to the Financial Statements continued

For the year ended 31 December 2005

	2005	2004
	\$	\$
8. LEASING COMMITMENTS		
Operating Lease Commitments		
Being for rent of office		
Payable:		
not later than 1 year	43,333	65,000
later than 1 year but not later than 5 years	-	43,333
later than 5 years	-	-
	43,333	108,333

Rent payable is supported by the generous inkind donation of the ANZ Bank. As yet an invoice has not been received.

9. KEY MANAGEMENT PERSONNEL

The following persons held office as Councillors for 12 month period ending 31 December 2005.

Lady Marigold Southey AM	Ms Samantha Meers
Ms Dur-e Dara OAM	Ms Jan Cochrane-Harry
Ms Elizabeth Cham	Mr Noel Purcell
Mr Barry Capp	Mr David Ward
Mr Christopher Thorn	Mr Terry Macdonald
Mr Christopher Arnold	

Other key management personnel

Ms Gina Anderson (commenced 14 November 2005)

	Salary and Fees	Superannuation Contribution	Bonus	Non Cash Benefits	Superannuation	LSL	Total
2005 Total compensation	79,926	20,316	-	25,662	10,506	-	136,410
2004 Total compensation	59,330	17,000	-	23,007	8,308	-	107,645

10. RELATED PARTIES

No payments were received by Councillors or their related parties for services provided to the association for the 12 months ended 31 December 2005. No amounts are owed to or by these related parties as at 31 December 2005.

11. SEGMENT REPORTING

The Association operates in the not for profit sector for the advancement of philanthropy in Australia.

	2005	2004
	\$	\$

12. CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market deposits. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on hand	429	443
Cash at bank	73,182	131,847
Term deposit	418,442	267,194
	<u>492,053</u>	<u>399,484</u>

(b) Reconciliation of net cash provided by operating activities to the operating surplus/(deficit)

Operating surplus/(deficit)	(39,157)	14,967
<i>Non cash flows from ordinary activities</i>		
Depreciation	5,378	6,854
<i>Changes in assets and liabilities</i>		
Decrease (increase) in receivables	(42,225)	(29,953)
Decrease (increase) in inventory	848	5,698
Decrease (increase) in prepayments	57,824	(54,659)
Increase (decrease) in accounts payable	91,243	23,853
Increase (decrease) in advance membership fees	29,991	20,911
Increase (decrease) in unearned income	5,479	103,440
Increase (decrease) in provision for employee entitlements	(6,873)	3,353
	<u>102,508</u>	<u>94,464</u>

(c) The association has no credit stand-by or financing facilities in place

Notes to the Financial Statements continued

For the year ended 31 December 2005

13. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The association's exposure to interest rate 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:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
	2005	2004	2005	2004	Within One Year		One to Five Years	
	2005	2004	2005	2004	2005	2004	2005	2004
<i>Financial assets</i>	%	%	\$	\$	\$	\$	\$	\$
Cash	3.55	3.17	73,611	132,290	-	-	-	-
Short term	-	-	-	-	-	-	-	-
Deposits	5.25	4.67	418,442	267,194	-	-	-	-
Bank bills	0.00	4.50	-	-	-	-	-	-
Debtors	0.00	0.00	121,799	79,574	-	-	-	-
Total financial assets			613,852	479,058	-	-	-	-
<i>Financial liabilities</i>								
Creditors	0.00	0.00	8,175	48,359	-	-	-	-
Income in Advance	0.00	0.00	282,383	246,913	-	-	-	-
Total financial liabilities			290,558	295,272	-	-	-	-

(b) 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 doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the association.

(c) Net fair values

Methods and assumptions used in determining net fair value.

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. 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 liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Statement by Members of the Council

In the opinion of the committee the financial report as set out on pages 12 to 22:

1. Presents fairly the financial position of Philanthropy Australia Inc. as at 31 December 2005 and its performance and cash flows 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.
2. At the date of this statement, there are reasonable grounds to believe that Philanthropy Australia Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Council and is signed for and behalf of the Council by:



Marigold Southey AM
President



David Ward
Treasurer

Dated: 7 March 2006
Location: Melbourne

Independent Audit Report

McINNES, GRAHAM & GIBBS

CHARTERED ACCOUNTANTS

JOHN L.C. McINNES
JEFFREY E. GRAHAM
DAVID I. GIBBS
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Independent audit report to members of Philanthropy Australia Inc.

Scope

The financial report and Members of Council's responsibility

The financial report comprises the Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows, accompanying notes to the financial statements, and the Statement by Members of the Council of Philanthropy Australia Inc, for the year ended 31 December 2005. The Members of the Council of Philanthropy Australia Inc are responsible for the preparation and true and fair presentation of the financial report in accordance with the Associations Incorporation Act (Vic) 1981. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Philanthropy Australia Inc. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of Philanthropy Australia Inc's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Members of the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. Our audit did not involve an analysis of the prudence of business decisions made by management or the Members of the Council.

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report presents a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Philanthropy Australia Inc as at 31 December 2005 and the results of its operations and its cash flows for the year then ended.



McInnes, Graham & Gibbs
Chartered Accountants



David I Gibbs
Partner

7th March 2006

Acknowledgments

Philanthropy Australia would like to acknowledge the support of the following:

Premises

Melbourne



Sydney

Brian Sherman AM, Sherman Group

Pro Bono Professional Services

Freehills

McInnes Graham and Gibbs

Charles Markel

Sponsorship and Support of the 'A Wealth of Experience' Philanthropy Expo



Australian Government
Department of Family and Community Services



THE PRIME MINISTER'S
COMMUNITY
BUSINESS
PARTNERSHIP



THE MYER
FOUNDATION

ANZ Trustees

Department for Victorian Communities

Goldman Sachs JBWere

UBS

Deloitte

Citigroup

Equity Trustees

Fosters Group

Alfred Felton Bequest

Macquarie Bank Foundation

Hosting Meetings and Members Events

AMP Foundation

ANZ Trustees

Arnold Bloch Leibler

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Centre for Philanthropy and Non Profit Studies, QUT

Clayton Utz

Cropper Parkhill Solicitors

The Cunningham Dax Collection

The Deloitte Foundation

Department for Victorian Communities

Freehills

Goldman Sachs JBWere

Helen Macpherson Smith Trust

IOOF Foundation

The Ian Potter Foundation

KPMG

The Koorie Heritage Trust

Macquarie Bank Foundation

Mallesons Stephen Jaques

Matana Foundation For Young People

Merrill Lynch Investment Managers

Merrill Lynch Private Wealth Services

Perpetual Trustees

PricewaterhouseCoopers Foundation

RACV Club

Telstra Foundation

Victoria Law Foundation

Westpac

The Wyatt Benevolent Institution

Assistance in Establishing the Evaluation Network

Geoff Mulherin, NSW Law and Justice Foundation

Helen Lawson-Williams, formerly of The Inspire Foundation

Dr Gianni Zappala, Orfeus Research

Assistance in Establishing the PPF Network

Karen Loblay, Matana Foundation for Young People

Members of Philanthropy Australia

Current at 31 December 2005

Leading Members



COLONIAL FOUNDATION



Life Members

Ben Bodna AM
Patricia Feilman AM
Dame Elisabeth Murdoch AC DBE
Jill Reichstein OAM
The Stegley Foundation
Meriel Wilmot

Patron

Sir Gustav Nossal AC CBE

Full Members

ABD Foundation
The A. L. Lane Foundation
AMP Foundation
The Alfred Felton Bequest
Alfred Thomas Bellord Charitable Trust
A. & S. Angelatos
The Andrews Foundation
Annamila Pty Ltd
ANZ Executors & Trustee Company
ANZ Staff Foundation
Australia Business Arts Foundation
Australia Council for the Arts
Australia Post
The Australian Elizabethan Theatre Trust
AXA Australia
The Ballarat Foundation
D. & S. Bardas
Bass Coast Community Foundation
BB Hutchings Bequest
Besen Family Foundation
BHP Billiton Community Trust
Bill & Jean Henson Trust
The Body Shop
Boeing Australia Holdings
Bokhara Foundation
Buderim Foundation
CAF Australia
The CASS Foundation
The Caledonia Foundation
The Calvert-Jones Foundation
Capital Region Community Foundation
Carleton Family Charitable Trust
The Charles Bateman Charitable Trust
Clayton Utz
Colonial Foundation Trust
Commonwealth Bank Foundation
Community Enterprise Foundation
Community Foundation for Tumut Region
The Dafydd Lewis Trust
The Danks Trust
Diana Elizabeth Browne Trust
DOXA Youth Foundation
Dymocks Literacy Foundation
Education Foundation
E B Myer Charitable Fund
Edward Corbould Charitable Distributions
Enid Irwin Charitable Trust
Equity Trustees
The Ern Hartley Foundation
Ernest Lonsdale Brown Trust
Ethel Herman Charitable Trust
The Feilman Foundation

The Flora & Frank Leith Charitable Trust
The Fogarty Foundation
Foster's Group
Foundation for Rural & Regional Renewal
The Foundation for Young Australians
M. & M. Freake
Freehills
The GM & EJ Jones Foundation
Gandel Charitable Trust
Geelong Community Foundation
Geoffrey Gardiner Dairy Foundation
George Alexander Foundation
Goldman Sachs JBWere Foundation
Gonski Foundation
GrainCorp Foundation
The Greatorex Foundation
The Grosvenor Settlement
C. Grummisch
The Gualtiero Vaccari Foundation
H V McKay Charitable Trust
G. Handbury
M. & C. Handbury
Harold Edward Corbould Charitable Trust
Harold Mitchell Foundation
The Helen Lempriere Bequest
Helen Macpherson Smith Trust
Hewlett Packard Australia
The Hugh Williamson Foundation
The Ian Potter Foundation
Ilhan Foundation
The Invergowrie Foundation
IOOF Foundation
J C Pascoe Memorial Charitable Trust
The Jack Brockhoff Foundation
James Simpson Love Trust
John T. Reid Charitable Trusts
John William Fleming Trust
The Keir Foundation
Kingston Sedgfield (Australia) Charitable Trust
LEW Carty Charitable Fund
A. Larkin & Associates
Law & Justice Foundation of NSW
Lawrence George & Jean Elsie Brown Charitable Trust Fund
Ledger Charitable Trust
The Lion Fund
Lord Mayor's Charitable Fund
Lotterywest
Macquarie Bank Foundation
Mallesons Stephen Jacques
Maple-Brown Family Charitable Trust
Margaret Augusta Farrell Trust
Margaret Lawrence Bequest
Mary MacKillop Foundation
The Mary Potter Trust Foundation
masoniCare
Matana Foundation for Young People
mecu
Melbourne Community Foundation
Melbourne Newsboys Club Foundation
Mercy Foundation
Michael Craft Memorial Fund
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