Corporate Information

Patron
Sir Gustav Nossal AC CBE

Executive Council
President: Lady Southey AM
Vice-President: Ms Dur-e Dara OAM
Treasurer: Prof Tom Healy
National Director: Ms Elizabeth Cham

Council
Mr Ian B Allen OAM
Mr Barry Capp
Mr Ben Bodha AM
Dr W.T (Tim) Duncan
Mr Peter McMullin
The Hon Warwick L Smith
Ms Jan Cochrane-Harry

Secretariat
National Director: Ms Elizabeth Cham
General Manager: Ms Ruth Jones
Executive Assistant: Ms Kerrie Zammit
Accountant: Ms Nicola Johnson
Book Keeper: Ms Cheryl O’Kelly
Resource Centre Officer: Ms Vanessa Meachen
Resource Centre Librarian: Ms Louise Arkles
Membership Services Officer: Mr Grant Hooper

Auditors
McInnes, Graham & Gibbs
PO Box 126
East Melbourne Vic 3002

Solicitors
Freehills
Level 48, 101 Collins Street
Melbourne Vic 3000

Head Office Address
Level 10, 530 Collins Street
Melbourne Vic 3000

Telephone: (61 3) 9620 0200
Facsimile: (61 3) 9620 0199
Email: pa@philanthropy.org.au

ABN
79 578 875 531
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2001 Highlights

Launch of New Corporate Image
In recognition of the organisation's development, a new logo and corporate image to be reflected in all publications and other materials was introduced early in 2001.

Expanded Online and Information Services
The first stage of Philanthropy Australia's expanded website came online in August 2001 and by November was attracting some 200,000 hits per month.

The updated website is the first stage in a major information services overhaul, designed to increase resources available to Philanthropy Australia members and the general public. Philanthropy Australia's substantial library has now been catalogued onto the National Library's database and will be available in searchable, online form by mid 2002. An expanded, Members' only section of the website will open in early 2002.

Community Foundations
2001 saw a dramatic expansion of services offered to the emerging community foundations sector. Services include advice and referral, the development of a community foundations' portal on the Philanthropy Australia website, and publication, with the Foundation for Rural and Regional Renewal of The Community Foundations Kit – Building Stronger Australian Communities. Philanthropy Australia provided feasibility grants to five local communities, in Victoria, South Australia, Queensland and New South Wales, to test the viability of establishing a local community foundation.

Speakers
Presentations by eminent international speakers throughout the year included Stuart Etherington, Chief Executive of the UK National Council for Voluntary Organisations, Peter Hero, President of the Community Foundation Silicon Valley, Kumi Naidoo, Secretary-General of Civicus, the international civil society forum and Dr Diana Leat, Visiting Research Fellow, Deakin University.

Distinguished local speakers included Brett Peterson, Assistant Commissioner, Australian Taxation Office, Camilla Cowley, Convenor of Rural Landholders for Co-existence, Chris Maxwell QC, President of Liberty Victoria, and Yasser Soliman, President of the Islamic Council of Victoria.

Affinity Groups
A number of new affinity groups were established, and met regularly throughout the year. These included the Disability Services, Early Intervention and Supporting Community Action affinity groups. The meetings provide an opportunity for informal learning and information exchange and draw together grantmakers with common philanthropic interests.

Professional Development and Training
New, full day Australian Grantmakers' and half day Effective Grantmaking workshops were introduced in the second half of 2001.

Earlier in the year, Australian Directory of Philanthropy workshops were introduced nationally and attracted good attendances.

Complementing the Australian Grantmaker Workshops was the publication of Working with Trusts and Foundations in Australia, an important new work authored by Dr Diana Leat and Heather O'Connor.

International Grantmaker Associations Conference
Philanthropy Australia lobbied strongly and was successful in attracting the Second International WINGS Forum 2002, scheduled for 10-13 March 2002.

The invitation only conference is the meeting place for more than 85 grantmaker associations which represent membership giving more than $20 billion US annually to communities throughout the world.
Philanthropy Australia Inc
2001 Annual Report

Philanthropy Australia is the national membership association of grantmaking family, private, corporate and community trusts and foundations. Its purpose is to advance philanthropy within Australia.

The Association represents the shared interests of trusts and foundations and represents philanthropy to government and the community. Formed as a national body in 1975, it has operated a full-time secretariat since 1996.

Philanthropy Australia's work is funded by membership fees, publications’ sales, workshops, research services and consultancies and by the generous support of its members and others interested in promoting more effective private and corporate giving within Australia.

Services include Australia’s most comprehensive Resource Centre on philanthropic issues, members’ seminars on topics and issues of interest to the sector, publication of the journal, Philanthropy, and the bi-annual Australian Directory of Philanthropy, networking and information services for members with special philanthropic interests, lecture series and tours by key national and international speakers, original research on Australian philanthropy and its environment, and advocacy on behalf of members to Federal and State Governments and other major public and private institutions.

The strength of the Association lies ultimately in its membership. The broader the membership base, the greater the potential for Philanthropy Australia to validly and effectively represent the sector.
Membership of Philanthropy Australia increased by 17 per cent in 2001, indicative of the health of Australian philanthropy. The establishment of new Prescribed Private Funds in July 2001, a result in part of Philanthropy Australia’s effective lobbying at a national level, led to a dramatic increase in the creation of new trusts and foundations.

Australian philanthropy and the broader community also benefited from the first refund of excess imputation credits to registered charities and tax deductible organisations, a measure for which Philanthropy Australia lobbied hard, through its membership of the Prime Minister’s Tax Sub-committee. This has had a very significant impact, making many millions of additional dollars available for grantmaking.

Philanthropy Australia is now engaged in a strategic planning exercise, determining its priorities for the next three years. Taxation reform, with its emphasis on removing disincentives to philanthropy, and introducing incentives to charitable giving, will be top of the list.

A significant player in Australian philanthropy for the last 30 years, The Stegley Foundation, closed in July. Established by the late Brian and Shelagh Stegley in 1973, the foundation was always intended to have a limited life. It made the most of its term, earning a reputation as a visionary, progressive and innovative foundation. The philanthropic community was saddened at its closure, but celebrated its success at a marvellous farewell party cum closing ceremony.

This year we welcomed with pleasure a new Leading Member – the Council for the Encouragement of Philanthropy (CEPA), led by Ron Clarke. Leading Members make an additional financial contribution to Philanthropy Australia, which is used to underwrite the organisation’s work in promoting the growth of philanthropy.

I would like to thank all our Leading Members, whose generosity has allowed the organisation to continue its mission to represent and educate for the further development of philanthropy as a means of providing public benefit for Australian society.

We are grateful to the ANZ Bank, which provides Philanthropy Australia’s office quarters, and to Freehills, which continues to provide expert legal guidance and assistance.

Council Member Warwick Smith resigned in December. I would like to thank him and all the hardworking members of the Philanthropy Australia Council for their energy and commitment to its work. The council is strong and united, and discussion around the table is of a high level.

The Council and staff of Philanthropy Australia look forward to continuing our work in pursuit of your interests in 2002.

Lady Southey AM
President
The secretariat continued to consolidate its major services to members throughout 2001. Advocacy on behalf of the sector continued with federal, state and local governments, and also with industry bodies, business, media and the broader community.

We were sorry to farewell Esther Lethlean, Jane McCaffrey and Rita Sullivan, but welcomed the addition of four new staff members, Louise Arkles, Grant Hooper, Nicola Johnson and Kerrie Zammit.

The other major consolidation and development was within the Resource Centre. A grant from Dame Elisabeth Murdoch allowed us to implement a series of information technology projects as well as to employ a new part-time librarian. Under her guidance the Resource Centre and its services have flourished; developments in this area include:

- development of a classification system based on that of the Foundation Center (New York) with Australian modifications;
- cataloguing of the Resource Centre collection and inclusion of these records on the National Library’s Kinetica database;
- launch of Philanthropy Australia’s redesigned website saw a dramatic increase in the number of hits (200,000 per month);
- purchase of a conservation standard photograph storage system in order to preserve and make accessible the association’s photographic collection; and
- development of professional development workshops for grantmakers.

These projects will be completed with the unveiling of the second phase of Philanthropy Australia’s website in April 2002, including a members-only password protected section, and the ability to search both the Resource Centre Catalogue and the Australian Directory of Philanthropy online.

Philanthropy Australia has been welcomed as the first international member of the Council on Foundation’s Consortium of Foundation Libraries, a network of libraries and information centres which share resources and coordinate information services for foundations and their supporting organisations. Our library catalogue infrastructure was praised by Worldwide Initiatives for Grantmaker Support – Community Foundations (WINGS-CF) as the most developed philanthropy classification system outside the US. I would like to congratulate Ruth Jones, Louise Arkles and Vanessa Meachen for their work and I hope to report next year that this huge resource is being used even more extensively by the membership.

International alliances with our sister bodies and other global philanthropic organisations such as CIVICUS and WINGS were also consolidated. This is most clearly evidenced by Philanthropy Australia being asked to host the WINGS Forum in Sydney in March 2002. Philanthropy Australia also consolidated its relationship with existing academies with a research interest in philanthropy. We are delighted to see that two new centres have been established: the Centre of Philanthropy and Nonprofit Studies at Queensland University of Technology and the Asia Pacific Centre for Philanthropy and Social Investment at Swinburne University of Technology.

Finally, none of this work could have been done without the support of the members of the Council. I would like to thank each one of them and especially our President, Lady Southey, who works tirelessly for the benefit of the organisation and the membership. I would also like to thank the staff, who not only work hard but continue to give their commitment and loyalty to the organisation.

Elizabeth Cham
National Director
Council Members

**President**  
Lady Southey AM  
Lady Southey is President of the Myer Foundation and President of St Catherine’s School Foundation. A 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, businesswomen and consultant in the hospitality industry. She was the manager and co-owner of the award-winning Stepanie’s Restaurant for 20 years. She was also a founding partner of Donovans Restaurant, and now owns and managers in partnership The Nudel Bar and EQ Cafebar in the Victorian Arts Centre. She is a Director of the Tea Corporation, convenor of the board of the Victorian Womens Trust, and President of the Restaurant and Catering Association of Victoria. Ms Dara is a board member of the Victorian Wineries Tourism Council and Business Matrix Victoria. She was awarded the Order of Australia in 1997.

**Treasurer**  
Professor Tom Healy  
Tom Healy has held appointments at the University of Melbourne as Professor of Physical Chemistry, Dean of Science, President of the Academic Board, and Pro Vice Chancellor. He is currently Deputy Director of the Particulate Fluids Processing Centre at the University of Melbourne. In 1999, he was appointed Professor Emeritus and awarded the Wark Medal for contributions to Science and Technology. He has been a Governor of the Ian Potter Foundation since 1990.

**National Director**  
Ms Elizabeth Cham  
National Director of Philanthropy Australia since 1996, Elizabeth Cham is a member of the Prime Minister’s Roundtable on Business and Community Partnerships, a Board Member of CIVICUS and a founding member of the International Meeting of Associations Serving Grantmakers.

**Mr Ian B. Allen OAM**  
Ian Allen BEc MBA has been a Board Member of many community organisations. Previously, he worked in the electricity industry and has also been involved in the entertainment industry as a performer, musical director, producer and promoter. Currently secretary of the Australian Entertainment Agents Association and a board member of Youth Assist Inc, which operates the Visy Cares Centre at Dandenong, he received the Order of Australia in 1998 for services to rock music and youth. Mr Allen is a Trustee of The Pratt Foundation, Visy Cares and The Pratt Family Scholarship Fund.

**Mr Ben Bodna AM**  
Previously President of Philanthropy Australia for three years and Vice President, Ben Bodna was Director-General of Community Welfare Services Victoria, Deputy-Secretary of The Law Department of Victoria, and that state’s first Public Advocate. Currently Adjunct Professor, School of Disability Studies at Deakin University and a trustee of the Brockhoff Foundation, in 1984 he received the Special Award for Community Service from VCOSS. In 1992 he was awarded an AM for community service. In 1996 the Victorian Council for Civil Liberties recognised him for ‘outstanding commitment to the promotion of human rights and freedom’. He is also a former President of Unicef Australia.

**Mr Barry Capp**  
Barry Capp BE (Civil), BCom, BA is Chairman of National Foods Limited and Australian Infrastructure Fund Limited, Director of Freight Rail Corporation, Melbourne University Private Limited, Tassal Limited, Hellaby Holdings Limited, Melbourne Enterprises International, and Touchcorp Limited. Mr Capp is currently Chair of Trustees of the William Buckland Foundation, and of Trinity College at the University of Melbourne.
Ms Jan Cochrane-Harry
Ms Cochrane-Harry is National Manager Charitable Planning Services with Perpetual Trustees Australia Ltd, Australia's largest collective grantmaker. She has extensive experience in management in the community, public and private sectors and holds an MBA from Melbourne University. Ms Cochrane-Harry has held numerous honorary positions with community based groups and is a current member of the Melbourne Rotary Club and board member of the Old Treasury Reserve Melbourne.

Dr Tim Duncan
Dr Tim Duncan is Head of Australian External Affairs for the CRA Group. He is responsible for Rio Tinto’s External Affairs and Aboriginal Relations program and for the development of its Community Partnership and Community Foundation Programs. Dr Duncan was formerly a journalist with The Bulletin, BRW, and The Australian. He has worked in Victorian state politics and was a policy advisor with the Business Council of Australia.

Mr Peter McMullin
Peter McMullin practices as a solicitor and mediator. He has been a member of the Small Claims, Residential Tenancies, and Commonwealth Refugee Review Tribunals. His extensive community involvement has included board membership of VCOSS and the Action and Resource Centre for Low Income Families. He is Deputy Chairman of the Education Foundation and Chairman of the Melbourne International Comedy Festival Board. He is a member of the Centenary of Federation Victoria Committee, the Victorian Casino and Gaming Authority, the Local Government Best Value Commission and the Council of Victoria University of Technology. A former Deputy Lord Mayor of Melbourne, Peter is a Board Member of the Melbourne Community Foundation. This is his first term on the Council of Philanthropy Australia.

Hon. Warwick L. Smith
Warwick Smith is an Executive Director with Macquarie Bank Limited. A former legal practitioner, he was elected to the Federal House of Representatives in 1984 and served in the Howard Government as Minister for Sport, Territories and Local Government, Minister assisting the Prime Minister for the Sydney 2000 Games, and Minister for Family Services. In 1994, Mr Smith was awarded the Charles Todd Memorial Medal for Communicator of the Year, and in 1999 the Chairman’s Award presented by the Australian Telecommunications Users Group.
Financial Plan and Operating Results
The financial plan and budget adopted by Council at the start of the financial year envisaged another year of expansion, both in terms of the range of activities and services to members and, hence, the level of resources required. The plan and budget were achieved on the income side but costs were substantially overrun.

A substantial proportion of this growth was funded by an increase in membership fees, due to growth in membership numbers, an increase in grants received for specific tasks and an increase in consulting fees received. An anticipated increase in Leading Members was not met, but this did not impact on the financial results, due to higher than anticipated revenues in other areas of the organisation.

Income
Total income for the year was $936,457, up $103,080 (12.36 per cent) on last year.

Members' fees increased, (by 15.4 per cent, up from $233,673 to $269,648), as a consequence of an increase in members in all categories. Leading Members' fees showed a marked decrease of $115,000 (39.66 per cent) resulting from the timing of income brought to account last year.

Directory sales decreased substantially, (by 50.87 per cent, down from $115,285 to $56,640), as a direct result of the impending release of the 11th edition of ‘The Australian Directory of Philanthropy’ due early 2002. This is in line with the second year of sales of the 9th edition of ‘The Australian Directory of Philanthropy.’

Workshop fees increased substantially, (by 626 per cent, up from $2,750 to $19,976), as a direct result of the introduction of grantmaker workshops and increased volumes of grantseeker workshops.

Grants brought to account during the year amounted to $192,844, a marked increase from $81,370 (137 per cent). A grant received from Lady Southey ($100,000) was capitalised and will be brought to account next financial year.

A net increase of $111,151 or 100 per cent was recorded in all other sources of income. This resulted mainly from WINGS Forum monies received for the conference being held March 2002, and consulting fees received for community foundation studies locally and overseas.

Expenses
Total expenses increased by $187,727 (25.11 per cent) compared to last year. This $110,000 was expected due to an additional staff member being employed for a full year ($30,000) and upgrading of the resource centre and website ($80,000). The remaining $77,727 was expended on staff recruitment ($12,593) with one new staff member and three staff replacements; depreciation of board room fitout which was capitalised in 2000 ($22,727); and grants given for six feasibility studies of rural community foundations made possible by the grant received from Department of Transport and Regional Development ($22,727). After allowing for the above, expenses increased by an average of 2.3 per cent.

Final Operating Result
The final result for 2001 was a surplus of $1,220, compared to a surplus of $84,646 achieved in the previous year. This was a 98 per cent decrease on the budgeted surplus of $73,597.

Financial Position and Liquidity
The general Fund Account, representing accumulated members’ funds, rose from $93,591 at the end of the last financial year, to $94,811 at year end, though the retention of the year’s net surplus of $1,220.

The Future
Philanthropy Australia looks forward to sustained and substantial growth over the next three years.

Elizabeth Cham
National Director
Statement of Financial Performance
For the year ended 31 December 2001

<table>
<thead>
<tr>
<th>Note</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from ordinary activities</td>
<td>1,023,127</td>
<td>833,378</td>
</tr>
<tr>
<td>Changes in inventories of finished goods and work in progress</td>
<td>29,437</td>
<td>16,091</td>
</tr>
<tr>
<td>Distribution costs</td>
<td>4,450</td>
<td>5,424</td>
</tr>
<tr>
<td>Employee and salary costs</td>
<td>413,704</td>
<td>329,704</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>52,146</td>
<td>27,439</td>
</tr>
<tr>
<td>Consultants costs</td>
<td>208,001</td>
<td>142,836</td>
</tr>
<tr>
<td>Membership services</td>
<td>28,662</td>
<td>24,096</td>
</tr>
<tr>
<td>Promotion</td>
<td>15,880</td>
<td>13,884</td>
</tr>
<tr>
<td>Renumeration of Auditor</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Other expenses from ordinary activities</td>
<td>266,627</td>
<td>185,038</td>
</tr>
<tr>
<td></td>
<td>1,021,907</td>
<td>747,512</td>
</tr>
</tbody>
</table>

Surplus from ordinary activities before income tax expense | 8 | 1,220 | 85,866 |

Income tax expense relating to ordinary activities | 1 | - | - |

Net surplus from ordinary activities after income tax expense attributable to the association | 8 | 1,220 | 85,866 |

Total changes in equity of the Association | 1,220 | 85,866 |

Notes to the statement of financial performance are at pages 12 to 17.
Statement of Financial Position  
As at 31 December 2001

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets</td>
<td>3</td>
<td>228,145</td>
<td>327,146</td>
</tr>
<tr>
<td>Receivables</td>
<td>4</td>
<td>221,808</td>
<td>10,707</td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td>12,265</td>
<td>16,463</td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>3,988</td>
<td>5,948</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>466,206</td>
<td>360,264</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>5</td>
<td>47,560</td>
<td>70,998</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td></td>
<td>47,560</td>
<td>70,998</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>513,766</td>
<td>431,262</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>6</td>
<td>210,771</td>
<td>95,796</td>
</tr>
<tr>
<td>Subscriptions received in advance:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td></td>
<td>58,339</td>
<td>42,038</td>
</tr>
<tr>
<td>Journal</td>
<td></td>
<td>501</td>
<td>-</td>
</tr>
<tr>
<td>Grants and other income received in advance</td>
<td></td>
<td>117,854</td>
<td>169,361</td>
</tr>
<tr>
<td>Provisions</td>
<td>7</td>
<td>31,490</td>
<td>30,476</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>418,955</td>
<td>337,671</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td>94,811</td>
<td>93,591</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained surplus</td>
<td>8</td>
<td>94,811</td>
<td>93,591</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>94,811</td>
<td>93,591</td>
</tr>
</tbody>
</table>

_Notes to the statement of financial position are at pages 12 to 17._
**Statement of Cash Flows**

For the year ended 31 December 2001

<table>
<thead>
<tr>
<th>Note</th>
<th>2001 $</th>
<th>2000 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inflows</td>
<td>Inflows</td>
</tr>
<tr>
<td>Inflows (Outflows)</td>
<td>(Outflows)</td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from members</td>
<td>432,367</td>
<td>402,959</td>
</tr>
<tr>
<td>Receipt from sales of publications</td>
<td>120,517</td>
<td>379,958</td>
</tr>
<tr>
<td>Grants received</td>
<td>141,018</td>
<td>81,370</td>
</tr>
<tr>
<td>Interest received</td>
<td>11,933</td>
<td>12,440</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(776,129)</td>
<td>(708,321)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>13b</strong></td>
<td><strong>(70,294)</strong></td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of office equipment</td>
<td>(28,707)</td>
<td>(13,984)</td>
</tr>
<tr>
<td>Purchase of office fitout</td>
<td></td>
<td>(65,358)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td></td>
<td><strong>(28,707)</strong></td>
</tr>
<tr>
<td>Net increase in cash held</td>
<td>(99,001)</td>
<td>89,064</td>
</tr>
<tr>
<td>Cash at the beginning of the year</td>
<td>327,146</td>
<td>238,082</td>
</tr>
<tr>
<td><strong>Cash at the end of the year</strong></td>
<td><strong>13a</strong></td>
<td>228,145</td>
</tr>
</tbody>
</table>

*Notes to the statement of cash flows are at pages 12 to 17.*
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 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.

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 in the year that it is due.

(b) Income tax
The association believes it is income tax exempt. The association currently has an application for endorsement as an Income Tax Exempt Charity (ITEC) with the Australian Taxation Office.

(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.

(d) Furniture and equipment
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:

<table>
<thead>
<tr>
<th></th>
<th>Depreciation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>30 per cent</td>
</tr>
<tr>
<td>Office equipment</td>
<td>30 per cent</td>
</tr>
</tbody>
</table>

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.
1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(e) Leases
Lease payments under operating leases, where substantial 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.
Notes to the Financial Statements continued
For the year ended 31 December 2001

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2. REVENUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leading members fees</td>
<td>175,000</td>
<td>290,000</td>
</tr>
<tr>
<td>Full members fees</td>
<td>194,618</td>
<td>163,970</td>
</tr>
<tr>
<td>Associate members fees</td>
<td>46,448</td>
<td>43,618</td>
</tr>
<tr>
<td>Resource centre subscriptions</td>
<td>28,582</td>
<td>26,085</td>
</tr>
<tr>
<td>Workshop fees</td>
<td>19,976</td>
<td>2,750</td>
</tr>
<tr>
<td>Publication sales</td>
<td>74,264</td>
<td>134,106</td>
</tr>
<tr>
<td>Journal subscriptions</td>
<td>5,872</td>
<td>9,260</td>
</tr>
<tr>
<td>Grants</td>
<td>279,514</td>
<td>81,370</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>111,144</td>
<td>59,746</td>
</tr>
<tr>
<td>Other</td>
<td>87,709</td>
<td>22,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,023,127</td>
<td>833,378</td>
</tr>
</tbody>
</table>

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

3. CASH ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>30,150</td>
<td>241,796</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>112,946</td>
<td>-</td>
</tr>
<tr>
<td>Bank bills</td>
<td>84,699</td>
<td>85,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>228,145</td>
<td>327,146</td>
</tr>
</tbody>
</table>

4. RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>117,184</td>
<td>10,907</td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>104,824</td>
<td>-</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(200)</td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>221,808</td>
<td>10,707</td>
</tr>
</tbody>
</table>

5. FURNITURE AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>Office furniture</th>
<th>Office equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amounts</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at 31 December 2000</td>
<td>78,502</td>
<td>76,492</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>28,707</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(51,719)</td>
</tr>
<tr>
<td>Balance at 31 December 2001</td>
<td>78,502</td>
<td>53,480</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Office furniture</th>
<th>Office equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated depreciation</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at 31 December 2000</td>
<td>(17,981)</td>
<td>(66,015)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(36,804)</td>
<td>(15,341)</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>51,719</td>
</tr>
<tr>
<td>Balance at 31 December 2001</td>
<td>(54,785)</td>
<td>(29,637)</td>
</tr>
</tbody>
</table>

Net book value

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31 December 2000</td>
<td>60,521</td>
<td>10,477</td>
</tr>
<tr>
<td>As at 31 December 2001</td>
<td>23,717</td>
<td>23,843</td>
</tr>
</tbody>
</table>
6. PAYABLES
Creditors  13,883  2,733
Accruals  190,502  82,621
Others  6,386  10,442
 210,771  95,796

7. PROVISIONS
Provision for annual leave  16,780  15,651
Provision for long service leave  14,710  14,825
 31,490  30,476

8. RETAINED SURPLUS
Retained surplus/(deficit) at the beginning of financial year  93,591  7,725
Net surplus/(deficit) attributable to the Association  1,220  85,866
Retained surplus/(deficit) at the end of financial year  94,811  93,591

9. LEASING COMMITMENTS
Operating lease commitments
Being for rent of office
Payable:
   Not later than one year  43,330  65,000
   Later than one year but not later than five years  -  43,330
  43,330  108,330

The property lease is a non-cancellable lease with a three-year term, with rent in a lump sum when invoiced. Rental provisions within the lease agreement state that the minimum lease payments shall not be increased. An option exists to renew the lease at the end of the three-year term for an additional term of three years.

10. EVENTS SUBSEQUENT TO REPORTING DATE
Nil

11. RELATED PARTIES
The following persons held office as councillors of the state Executive Committee for a 12 month period ending 31 December 2001.

Lady Marigold Southey AM  Mr Ian Allen OAM
Ms Dur-e Dara OAM  Ms Jan Cochrane-Harry
Prof Tom Healy  Mr Peter McMullin
Ms Elizabeth Cham  Dr Tim Duncan
Mr Barry Capp  Mr Ben Bodna AM
Mr Warwick Smith (resigned December 2001)

Renumeration of councillors
Income bands  No.  $  
$0 - $10,000  10  -
$80,000 - $90,000  1  88,000
Total  11  88,000

Philanthropy Australia Inc 2001 Annual Report 15
Other related party transactions
No payments were received by Councillors or their related parties for services provided to the association for the twelve months ended 31 December 2001. No amounts are owed to or by these related parties as at 31 December 2001.

A grant of $100,000 was received from Lady Southey for researching of the Corporate Directory. No income was earned in 2001 and this amount is taken into account as income in advance.

12. SEGMENT REPORTING
The Association operates in the not for profit sector for the advancement of Philanthropy in Australia.

13. 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:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>30,150</td>
<td>241,796</td>
</tr>
<tr>
<td>Bank bills</td>
<td>84,699</td>
<td>85,000</td>
</tr>
<tr>
<td>Term deposit</td>
<td>112,946</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>228,145</td>
<td>327,146</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus/(deficit)</td>
<td>1,220</td>
<td>85,866</td>
</tr>
<tr>
<td>Depreciation</td>
<td>52,145</td>
<td>27,439</td>
</tr>
<tr>
<td>Decrease (increase) in receivables</td>
<td>(211,101)</td>
<td>3,194</td>
</tr>
<tr>
<td>Decrease (increase) in inventory</td>
<td>4,198</td>
<td>(4,915)</td>
</tr>
<tr>
<td>Decrease (increase) in prepayments</td>
<td>1,960</td>
<td>(1,511)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>114,975</td>
<td>2,426</td>
</tr>
<tr>
<td>Increase (decrease) in advance membership fees</td>
<td>16,301</td>
<td>(94,629)</td>
</tr>
<tr>
<td>Increase (decrease) in advance journal subscriptions</td>
<td>501</td>
<td>(1,905)</td>
</tr>
<tr>
<td>Increase (decrease) in unearned income</td>
<td>(51,507)</td>
<td>147,441</td>
</tr>
<tr>
<td>Increase in provision for employee entitlements</td>
<td>1,014</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(70,294)</td>
<td>168,406</td>
</tr>
</tbody>
</table>

(c) The Association has no credit stand-by or financing facilities in place
14. 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:

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Weighted average effective interest rate</th>
<th>Floating interest rate</th>
<th>Fixed interest rate maturing Within 1 year</th>
<th>1 to 5 years</th>
<th>2001</th>
<th>2000</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>3.04%</td>
<td>4.84%</td>
<td>228,145</td>
<td>327,146</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank bills</td>
<td>4.20%</td>
<td>6.29%</td>
<td>-</td>
<td>-</td>
<td>84,699</td>
<td>85,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debtors</td>
<td>0%</td>
<td>0%</td>
<td>200,338</td>
<td>10,707</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total financial</td>
<td></td>
<td></td>
<td>428,483</td>
<td>337,853</td>
<td>84,699</td>
<td>85,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(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.
In the opinion of the committee the financial report as set out on pages 9 to 17:

1. Presents fairly the financial position of Philanthropy Australia Inc. as at 31 December 2001 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 committee and is signed for and on behalf of the committee by:

Lady Southey AM  
President

Professor Tom Healy  
Treasurer

Dated this 20th day of March 2002
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
PHILANTHROPY AUSTRALIA INC

Scope

We have audited the financial report of Philanthropy Australia Inc. for the year ended 31 December 2001 comprising the Statement of Financial Position, Statement of Financial Performance, the Statement of Cash Flows and the Notes to the Financial Statements. The Council is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the association’s financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Philanthropy Australia Inc. as at 31 December 2001, and the results of its operations and its cash flows for the year then ended.

Mcllnes Graham & Gibbs
Chartered Accountants

D I Gibbs
Partner

20 March 2002
Members List

**Leading Members**
The Ian Potter Foundation
The Jack Brockhoff Foundation
The Myer Foundation
The Pratt Foundation
Thomas Foundation
William Buckland Foundation
CEPA Trust

**Full Members**
A. L. Lane Foundation
Alexander Wright Wales Memorial Scholarships
AMP Foundation
The Andrews Foundation
ANZ Executors & Trustee Co Ltd
ANZ Foundation
Australia Business Arts Foundation
Australia Foundation
Australia Post
Australian Sports Foundation
AXA Australia
Besen Family Foundation
BHP Community Trust
The Body Shop
Bokhara Foundation
Brencorp Foundation
BT Financial Group
The Calvert-Jones Foundation
CAF Australia
The CASS Foundation
Central Queensland University Foundation
Coca-Cola Amatil
Colonial Foundation Ltd
The Dalrydd Lewis Trust
Danks Trust
Education Foundation
Ern Hartley Foundation
ESSO Australia Pty Ltd & Mobil Oil Pty Ltd
The Feilman Foundation
The Alfred Felton Bequest
The Flora & Frank Leith Charitable Trust
The Foundation for Regional and Rural Renewal
The Foundation for Young Australians
Freehills
Geoffrey Gardiner Dairy Foundation
George Alexander Foundation
Graincorp Foundation
Gualtiero Vaccari Foundation
H.V. McKay Charitable Trust
Helen Macpherson Smith Trust
Hugh DT Williamson Foundation
The Ian Potter Foundation
The Invergowrie Foundation
J.B. Were & Son Charitable Fund
The Jack Brockhoff Foundation
The Jack & Robert Smorgon Families Foundation
JLF Group of Companies
L.E.W.Carty Charitable Fund
The Lance Reichstein Foundation
Law and Justice Foundation of NSW
Lion Fund
Lord Mayor’s Charitable Fund
Lotteries Commission of Western Australia
The Macquarie Bank Ltd
Melbourne Community Foundation
Melbourne Newsboys Club Foundation
Mercy Foundation Ltd
The Miller Foundation Ltd
Mitsubishi Motors Australia Ltd
The Myer Foundation
National Foods Limited
National Foundation for Australian Women
Nelson Meers Foundation
The Norman Wettenhall Foundation
The Percy Baxter Charitable Trust
Perpetual Foundation
Perpetual Trustees Australia Ltd
The Stan Perron Charitable Trust
Pethard Tarax Charitable Trust
Pierce Armstrong Foundation
The Pratt Foundation
The Queensland Community Foundation
R. & J. Uebergang Foundation
R.A.C. of WA
R.A.C.V. Foundation
R.E. Ross Trust
Bruce and Ruth Redpath
Rio Tinto Services Ltd
RMIT Foundation
Ronald McDonald House Charities
Shell Australia Ltd
Sir Albert Sakzewski Foundation
Sony Foundation Australia Ltd
SoundHouse Music Alliance
Fleur Spitzer
State Trustees Limited
Sunshine Foundation
The Sylvia & Charles Viertel Charitable Foundation
Telematics Course Development Fund Trust
Telstra
Thomas Foundation
Victorian Endowment for Science, Knowledge & Innovation
Victorian Health Promotion Foundation
Victorian Medical Benevolent Association Inc
Victorian Womens Trust Ltd
Westpac Banking Corporation
Westfield Foundation
The William Buckland Foundation

Associate Members
AAMI
The Alannah & Madeline Foundation
Anti-Cancer Council of Victoria
Australian Refugee Foundation
Australian Rotary Health Research Fund
The Benevolent Society of NSW
The Bobby Goldsmith Foundation
Carnbrea & Co Limited
City of Boroondara
Clean Up Australia
Clem Jones Group
Community Business Partnership
The Aste Crawford Fund
Education Trust of Victoria Ltd
Foundation for Development Cooperation
The Gandel Charitable Trust
The Garvan Research Foundation
The Hammond Care Group
Heart Research Centre
Heart Research Institute
HSBC Asset Management Australia Ltd
Inspire Foundation
Lend Lease

The Leukaemia Foundation
Lumbu Foundation
Melbourne Symphony
Microsearch Foundation
Mission Australia
Monash University
Museum of Contemporary Art
National Heart Foundation of Australia
The Northcott Society
Philip Morris Ltd
Reconciliation Australia Ltd
Royal Australasian College of Surgeons
Royal Blind Society
Royal Botanic Gardens Melbourne
Rusden Foundation
Sabemo Trust
George Foundation
The St. James Ethics Centre
The Smith Family
The State Library of Victoria Foundation
The State Library of New South Wales
Tabcorp Holdings Ltd
UNICEF Australia
United Way Australia Ltd
The University of Melbourne (Alumni Office)
University of South Australia Foundation Inc
University of Tasmania Foundation
The University of Western Australia
Variety Clubs of Australia
Vision Australia Foundation
World Vision Australia
Zoological Parks and Gardens Board

International Members
Himalaya Foundation (Taiwan)
Philanthropy Australia Inc
Level 10, 530 Collins St
Melbourne Victoria 3000
Australia
Tel (61 3) 9620 0200
Fax (61 3) 9620 0199
pa@philanthropy.org.au
www.philanthropy.org.au
Toll free tel 1800 334 165

Patron
Sir Gustav Nossal AC CBE