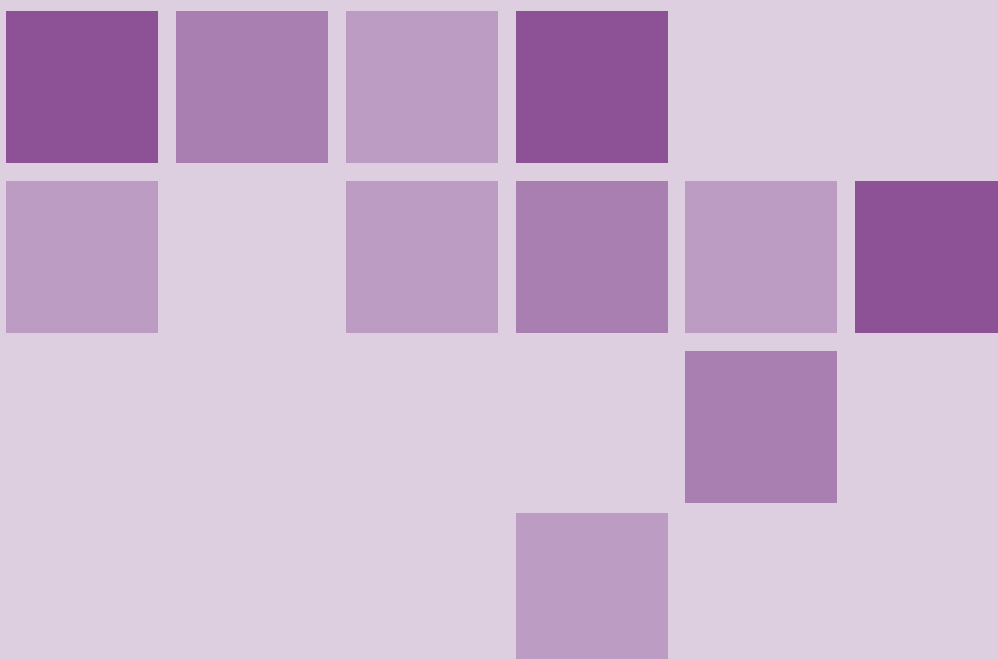
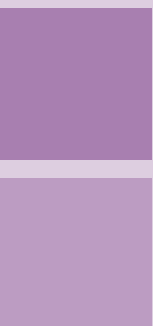




PHILANTHROPY
Australia



Annual Report 2011



Promoting Giving



Corporate Information

Philanthropy Australia Inc.

Patrons

Sir Gustav Nossal AC CBE
Lady Southey AC

Council

President

Mr Bruce Bonyhady AM

Melbourne Vice President

Ms Dur-e Dara OAM

Sydney Vice President

Ms Samantha Meers

Treasurer

Mr David Ward

Chief Executive Officer

Dr Deborah Seifert

Council Members

Mr Paul Clitheroe AM
Mr Timothy Fairfax AM
Mr Terry Macdonald
Dr Noel Purcell
Mr Christopher Thorn

Auditors

Bentley's Melbourne Partnership
Level 7, 114 William Street
Melbourne VIC 3000

Solicitors

Freehills
Level 47, 101 Collins Street
Melbourne VIC 3000

Head Office

Level 2, 55 Collins Street
Melbourne VIC 3000

Telephone: (61 3) 9662 9299

Facsimile: (61 3) 9622 2655

Sydney Office

Suite 402, Level 4
105 Pitt Street
Sydney NSW 2000

Telephone: (61 2) 9223 0155

Facsimile: (61 2) 9223 0877

Email: info@philanthropy.org.au

Website: www.philanthropy.org.au

PhilanthropyWiki: www.philanthropywiki.org.au

PAF Website: paf.philanthropy.org.au

ABN

79 578 875 531

Incorporated Associated No.

A0014980T

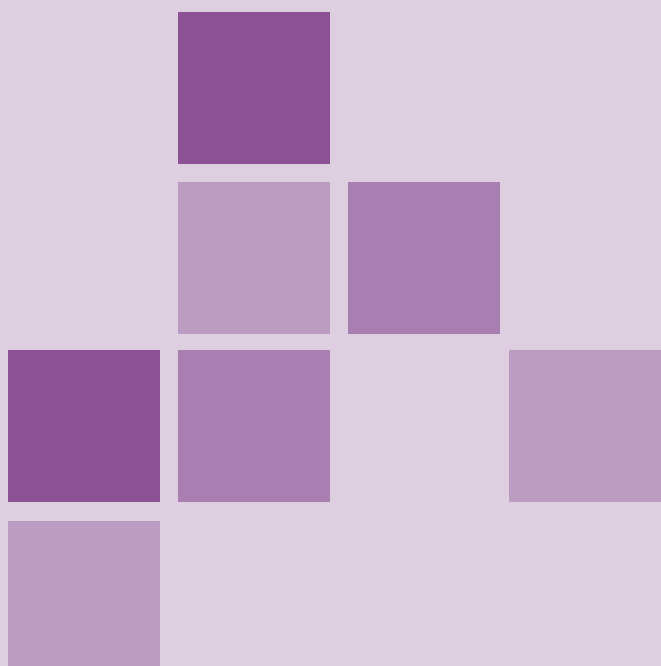
Contents

- 2 Statement of Purpose
- 3 Strategic Plan
- 4 Report from the President and Chief Executive Officer
- 6 Membership
- 7 Highlights 2011
- 14 Council Members

Financial Statements

- 17 Statement of Comprehensive Income
- 18 Statement of Financial Position
- 19 Statement of Changes in Equity
- 20 Statement of Cash Flows
- 21 Notes to the Financial Statements
- 36 Statement by Members of the Council
- 37 Independent Audit Report
- 39 Financial Plan and Operating Results

- 40 Members of Philanthropy Australia
- 44 Acknowledgements



Statement of Purpose

Philanthropy Australia is the national peak body for philanthropy and is a not-for-profit membership organisation. Our Members are trusts and foundations, organisations, families and individuals who want to make a difference through their own philanthropy and to encourage others to become philanthropists.

Our Vision is for a giving and caring nation, and our Mission is to represent, grow and inspire an effective and robust philanthropic sector for the community.

Philanthropy Australia defines philanthropy as the planned and structured giving of money, time, information, goods and services, voice and influence to improve the wellbeing of humanity and the community.

We define the philanthropic sector as trusts, foundations, organisations, families and individuals who engage in philanthropy.

Philanthropy Australia's role is to support the philanthropic endeavour of our Members.

Philanthropy Australia:

- Represents the philanthropic sector
- Promotes the contribution of philanthropy by growing the understanding of the community, business and government

- Inspires and supports new philanthropists
- Increases the effectiveness of philanthropy through the provision of information, professional development, resources and networking opportunities
- Promotes strong and transparent governance standards in the philanthropic sector

We also provide information to those seeking to understand, access or partner with the philanthropic sector.

The organisation works Australia-wide, is headquartered in Melbourne and has an office 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
- *PRESSing Matters*, a weekly media monitoring service for news in philanthropy

- *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 triannual journal which documents and analyses developments in domestic philanthropy
- Publication of *The Australian Directory of Philanthropy*
- A dedicated Library and Resource Centre focusing on philanthropy
- Philanthropy Australia's suite of websites, together forming a news and information hub for the philanthropic sector, and portal to many online services for Members and Subscribers
- PhilanthropyWiki, an extensive online archive of knowledge on philanthropy in Australia, directly contributed to by our Members
- 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 tax 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 charitable trusts or foundations
- Special interest affinity groups in key grantmaking areas

Our Vision is for a giving and caring nation, and our Mission is to represent, grow and inspire an effective and robust philanthropic sector for the community.

Strategic Plan

Our priorities and intended outcomes 2007-2011

2011 drew to a close the five year Strategic Plan for 2007-2011. This has been a very successful period in the history of Philanthropy Australia, with considerable achievements and marked growth in all priority areas, as detailed in the Highlights 2011 report on page 7.

1. Representation

Priority:	To represent the views of Members on the issues of the day.
Intended outcomes:	The interests, issues and goals of Members are identified, considered, represented and actioned.
Priority:	To be the leader and principal representative of a vibrant philanthropic community.
Intended outcomes:	Recognition as a key peak body included in critical consultations, committees, groups and taskforces on major issues affecting the sector.

2. Grow and Inspire

Priority:	Promoting and facilitating a larger and stronger philanthropic sector.
Intended outcomes:	Growth in the overall level of philanthropy in Australia. Strategic alliances with like-minded organisations and networks to build collaborative action for the wellbeing of the community.
Priority:	Lead discussion on the positive contribution of philanthropy to the wellbeing of the community and be an active participant in the major issues affecting community wellbeing.
Intended outcomes:	Growth in media interest and positive media coverage.

3. Effectiveness

Priority:	Improve the effectiveness of philanthropy and the community's understanding of the role of philanthropy.
Intended outcomes:	Better measures and understanding of community wellbeing, social capital and the contribution of philanthropy.
Priority:	Improve the efficiency and effectiveness of Philanthropy Australia for its Members.
Intended outcomes:	Positive feedback from Members on Philanthropy Australia's performance.

4. Governance

Priority:	Encourage strong and transparent governance within the philanthropic sector.
Intended outcomes:	Trustees and Members who maintain sound governance policies and practices, and report regularly on the outcomes of their philanthropic contributions. Effective education and professional development for Members and the sector more generally.
Priority:	Philanthropy Australia is recognised as a well governed and financially-sound peak body.
Intended outcomes:	Transparent and sustainable membership organisation with strong support throughout the philanthropic sector.

Report from the President and Chief Executive Officer



2011 has been a year of many demands on the resources of the philanthropic sector and Philanthropy Australia, unprecedented regulatory change and strategic review for Philanthropy Australia itself.

Natural Disasters

The natural disasters that hit so many areas in Australia in 2011 continued to trigger outpourings of assistance. The floods, cyclones and fires that have affected so many people have been counterpointed by a wonderful flow of donations of time, money and goods. Philanthropy Australia held a Flood Response Meeting for Members in Sydney, Melbourne and Brisbane. Members have commented how useful the meetings were for focusing needs, in addition to the framework of reaction and assistance provided by the Government and by Defence.

The horrors of the images that came out of Christchurch after the earthquakes and Japan after the Sendai Earthquake and resulting tsunamis were shocking. So many people lost family and friends, property and communities. With the dreadful string of natural disasters here in Australia, in Christchurch, in Japan and in other areas, many charities found that donor fatigue was resulting in a slowing down of donations.

Philanthropic organisations and individuals with planned and structured giving in place were therefore faced with a need to juggle the many urgent needs for assistance as well as maintaining granting programs as already scheduled and indeed promised. Policies for grantmaking certainly help to give a framework, but many reworked plans or gave over and above the planned budget of grants in response to these intense and concentrated additional demands.



Regulation

The past year saw the start of the most intense period of regulatory reform in the not-for-profit sector in Australia's history. While this put a strain on Philanthropy Australia, the Federal Government is to be congratulated for its commitment to reform, after many years of very slow change.

Foremost amongst the changes was the formation of the Australian Charities and Not-for-profits Commission (ACNC) Taskforce, to guide the establishment of the ACNC from July 2012. Philanthropy Australia is supportive of the establishment of the ACNC.

However, as with all reforms the details are vital and so Philanthropy Australia has provided advice to help ensure a simpler, fairer and better system of regulation for the not-for-profit sector. In particular, Philanthropy Australia believes that there is a need for the ACNC to remove the current conflicting, contradictory and duplicative reporting requirements in order to lighten the regulatory and financial burden on the sector, and that the privacy and autonomy of entities which do not fundraise or access government funding (including charitable trusts and Private Ancillary Funds) be preserved.

In order to assist the ACNC implementation, Philanthropy Australia has made submissions in response to each of the discussion papers, consultation papers and pieces of draft legislation related to the ACNC and the forthcoming introduction of a statutory definition of charity, which will frame the work of philanthropy.

As is always the case, each of these inquiries was reported to Members via the *Philanthropy Review* newsletter and the Policy Alert email list, and Members were invited to make comment in response to draft submissions before the final versions were submitted.

Staff and Council have also been represented at several ACNC Round Tables and briefings. Strengthening the relationship with the ACNC as it is formed and responding to further regulatory reforms will be a key focus in 2012.

Strategic Planning

A major focus for the Council and Management in 2011 was the development of a new Strategic Plan. The resulting draft Strategic Plan 2012-2014 was circulated to Members in early 2012, with the intention of finalising and presenting this plan at the 2012 AGM.

Council is extremely grateful for the input from Members and other stakeholders during the consultations held in the first half of the year as part of the development of the Plan. In the second half of the year, Council concentrated much of its meeting time on discussing background, context, the changing landscape and future needs to support and grow philanthropy in Australia and is extremely grateful for the facilitation generously provided by Robert McLean AM through the Strategic Planning process.

Highlight Events

Carrillo Gantner AO, Chairman of Sidney Myer Fund, delivered a rousing speech at a Philanthropy Australia's Trustees Dinner in May in Melbourne, reflecting on his personal and family philanthropy. The dinner was held at Cranlana through the kind hosting of Lady Southey AC. A Members' Dinner was also held in Sydney in September, with David Gonski AC as speaker giving an overview of philanthropy in Australia, past, present and future. A Patron, Life Member and Leading Members Luncheon was held in May, as recognition of the important support given by these significant Members of Philanthropy Australia.

Education opportunities and the sharing of knowledge was increased this year through the newly introduced Annual Oration, delivered by Dr Dorothy Scott OAM in Melbourne and Sydney, and a well-attended seminar day was held in Melbourne in September, with Robert Fitzgerald AM giving a keynote address.

General

Reflecting further on the year, Philanthropy Australia has had a broad and significant involvement from many Members, with a further significant increase in attendance at Affinity Groups and Forums. There has also been additional engagement with the wider philanthropic sector, the business community and the NFP sector through presentations to Members, and through discussing various approaches to government submissions.

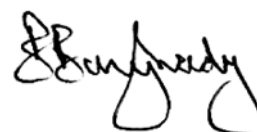
None of this could have been achieved without the very generous support of Member organisations, especially Leading Members in 2011: MLC Community Foundation, Colonial Foundation, The William Buckland Foundation, The R E Ross Trust, The Vincent Fairfax Family Foundation, The Myer Foundation and ANZ.

We also particularly thank those who chair Affinity Groups and Networks, and also those who form the Expert Technical Committees, drawn from Membership, who assisted with the detail of the many government submissions lodged in 2011.

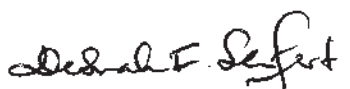
Council and staff members combined to support each other and us, and for this we wish to sincerely thank them; 2011 really was a team effort.

We would also like to thank all volunteers for their generosity in giving many hours of their time, expertise, and enthusiasm. This has been of considerable help, adding significantly to the outreach and effectiveness of Philanthropy Australia.

Together, through significant individual and team contributions, Philanthropy Australia continued to lead, make representation, grow and inspire philanthropy throughout 2011.



Bruce Bonyhady AM
President

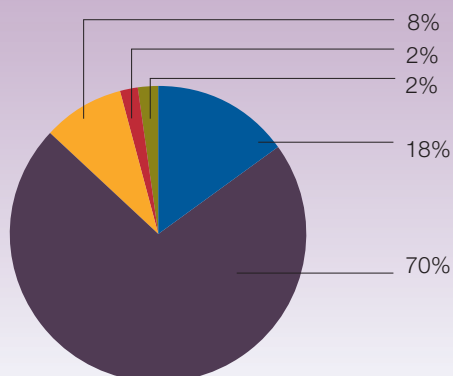


Dr Deborah F Selfert
CEO

Membership

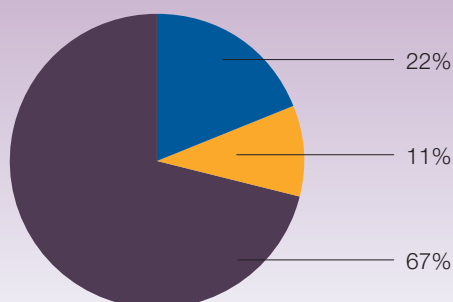
Full Members by Type

Type	%
Corporate and Business	18
Trusts and Foundations	70
Community Foundations	8
Trustee Companies	2
Government Bodies	2



Full Members by Annual Distribution

Annual Distribution	%
Greater than \$1 million	22
\$500,000 to \$1 million	11
Less than \$500,000	67



Highlights 2011

2011 was a year of change and review at Philanthropy Australia – both sectoral change as the non-profit sector landscape shifted again, and internal change with a new CEO and a new Strategic Plan in development.

The Council conducted a review of the outgoing five year Strategic Plan 2007-2011, and embarked upon extensive consultation with members and key stakeholders as part of the development of the next Strategic Plan 2012-2014. The 2007-2011 Plan has served the organisation well, driving achievements in each of the four priority areas as detailed below.

Council undertook extensive consultation with Members and key stakeholders regarding the future direction of the organisation, including think tanks and a round of member meetings. The level of engagement was heartening, and under the guidance of facilitator Robert McLean AM Council undertook a thorough review of all aspects of the organisation.

Meanwhile, 2011 was the busiest year yet in Philanthropy Australia's more than 30 year history, with 139 events held for Members, Associates and sectoral colleagues in 16 locations including capital and regional cities around Australia. This reflects the growing trend towards interaction and collaboration between trusts and foundations and amongst donors, increasingly open to learning from each other and working together.

The role and number of financial advisors and grantmaker support groups has expanded in line with burgeoning interest, and the map of the philanthropic sector continues to evolve.

Another focus of major activity was Philanthropy Australia's role in representation to government, with six major submissions to Federal Government in a year of unprecedented regulatory and legal change for the sector. Philanthropy Australia remains a central body, supporting and connecting Members and stakeholders, summarising and disseminating learnings, and making representation to government.

The following highlights of 2011 report on progress against the Strategic Plan 2007-2011.

1. Representation

Priority: To represent the views of Members on the issues of the day.

Intended outcome: The interests, issues and goals of Members are identified, considered, represented and actioned.

Membership

Philanthropy Australia had 404 Members (237 Full and 167 Associate Members) at the end of 2011. The slight decrease from 417 Members in 2010 was due to one Member Trustee Company consolidating its membership.

We welcomed three new Leading Members this year:

- MLC Community Foundation
- The R E Ross Trust
- The Vincent Fairfax Family Foundation (VFFF)

VFFF is the first family foundation to become a Leading Member in NSW, signaling to other families the potential benefits of taking a leadership role in Australian philanthropy through this support of the peak body.

There was a great deal of communication and consultation in relation to the Treasury's Public Ancillary Funds (PuAF) Review and Draft Guidelines. Many of Philanthropy Australia's PuAF Members, and the 30 Community Foundations across Australia made submissions to this review which has a significant impact on PuAFs including Community Foundations and their operations, especially those in the early stages of development and growth. Victorian Community Foundations received a significant boost with an initiative whereby The Office for the Community Sector provided matching contributions, which resulted in eight Community Foundations receiving \$400,000 each for their corpus.

Member Survey

Philanthropy Australia undertook a survey of Members and Associates in July 2011, building on the 2010 Survey. 74 responses (33.6 per cent), were received and collectively respondents' declared annual giving for 2009-10 was \$99.7 million. The survey is a valuable way for the organisation to understand the nature of and issues facing our Members, and to ensure that our services are targeted to identified needs. For example, 'Evaluating the impact of your grantmaking' was selected by nearly 80 per cent of respondents as one of their three greatest challenges, therefore this issue will be given priority in strategic planning.

Highlights 2011 continued

Representation to Government

Following the announcement in the 2011-12 Federal Budget of a range of reforms aimed at the not-for-profit sector, Philanthropy Australia has increased its interaction with government and policymakers. In 2011 policy submissions were made in relation to six major Federal Government consultations, including *Improving the Integrity of Public Ancillary Funds* and a consultation on a statutory definition of charity.

Philanthropy Australia also began developing a relationship with the fledgling Australian Charities and Not-for-profits Commission (ACNC) which is scheduled to commence operations in July 2012. CEO Dr Deborah Seifert met with Susan Pascoe AM, the chair of the ACNC Implementation Taskforce, and Staff and Council Members were part of a number of ACNC consultation Round Tables in Canberra.

Philanthropy Australia continued to build on our strong relationship with federal and state governments, which are becoming increasingly interested in working in partnership with the philanthropic sector.

The Melbourne office hosted a Round Table run by Helen McDevitt, Office for the Not-for-Profit Sector within the Department of Prime Minister and Cabinet in April, and CEO Dr Deborah Seifert met with Treasury representatives regarding the Public Ancillary Funds legislation.

HNW/UHNW Report

Philanthropy Australia was engaged by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) in 2010 to explore strategies to encourage greater levels of giving among Australia's high and ultra high net worth individuals (HNW and UHNW). Researched by Effective Philanthropy, *Strategies for Increasing High Net Worth and Ultra High Net Worth Giving* was released for publication in February 2011 on the Philanthropy Australia website and PhilanthropyWiki, and on the Government's Social Inclusion website.

The Hon Tanya Plibersek, Minister for Social Inclusion, commended Philanthropy Australia and Effective Philanthropy on the report, which examined the way in which HNW and UHNW giving could be increased. A number of factors influencing HNW giving are identified, including personal preferences, legal and regulatory environments and cultural expectations. A series of ten recommendations form a strategy through which government can promote HNW and UHNW giving. The recommendations fall into two categories: System Recommendations, which cover actions that aim to strengthen the underlying service system supporting the philanthropic sector to better enable and facilitate giving activity; and Program Recommendations, which cover targeted initiatives that aim to increase the number of HNW and UHNW involved in giving and increase the amount of money that they give.

Submissions

Philanthropy Australia contributed responses to a large number of government discussion papers:

- Corporations and Other Legislation Amendment (Trustee Companies and Other Measures) Bill 2011
- Consultation Paper: *A Scoping Study for a national not-for-profit regulator*
- Exposure Draft of Legislation Improving the Integrity of Public Ancillary Funds
- Draft Guidelines for Public Ancillary Funds
- 'In Australia' Special Conditions for Tax Concession Entities
- Consultation Paper: *A Definition of Charity*, with a number of draft and interim papers also submitted

This is more than twice the amount of policy work than has been undertaken in any previous year. In consideration of this fact, Philanthropy Australia staff member Vanessa Meachen has undertaken the coordination of our policy work.

Advice on DGR Status

Investigation into the possibility of Philanthropy Australia obtaining DGR status continued this year, with a view to enabling Members and other organisations to make grants to the organisation. The recent findings in the AidWatch case contributed to the issue, and Philanthropy Australia is taking advice from John Emerson and Alice Macdougall at Freehills and working towards an application for DGR status.

Acknowledgements

Philanthropy Australia is immensely grateful to those Members who have been generous with their time and advice on many issues throughout 2011. John Emerson and Alice Macdougall from Freehills once again provided invaluable support and advice, which has largely informed our submissions to government and policy work.

Alice Macdougall's outstanding work in the non-profit sector was recently acknowledged by her firm for her commitment to pro bono work, which also includes her support to Community Foundations across Australia. In 2011 Alice was awarded the inaugural Freehills Keith Steel Pro Bono Leadership Award.

Philanthropy Australia thanks all Members who have offered their views and expertise, submissions and feedback to assist our representation work.

Priority: To be the leader and principal representative of a vibrant philanthropic community.

Intended outcomes: Recognition as a key peak body included in critical consultations, committees, groups and taskforces on major issues affecting the sector.

In November the ACNC Taskforce held four Round Tables as part of the public consultation process. Philanthropy Australia was represented at three of the four Round Tables: CEO Dr Deborah Seifert attended the Education Round Table, Treasurer David Ward was at the Governance Round Table, and Director of Research and Policy Vanessa Meachen attended the Information Portal Round Table.

Deborah also served on the advisory group of the Leading Learning in Education and Philanthropy (LLEAP) program, run by The Ian Potter Foundation and ACER Education, which is investigating the impact of philanthropy in education and aims to build knowledge and improve outcomes for schools and philanthropic supporters. Deborah also participated in the jury of the PwC Transparency Awards, and spoke on a panel at the Fundraising Institute of Australia Conference.

Bruce Argyle participated in The Office for the Community Sector's not-for-profit reference group and philanthropy reference group, as well as judging for the Business and Higher Education Round Table (BHERT) Award for Outstanding Philanthropic Support of Higher Education. Bruce was also one of a hundred Australian representatives who took part in the CHOGM People's Forum in Perth in October.

Networking and collaboration also took place beyond our shores, as Deborah Seifert visited New Zealand, meeting with the Council and CEO of Philanthropy New Zealand Robyn Scott, and both Louise Arkles and Louise Burton attended the Philanthropy New Zealand 2011 conference. Deborah also met with David Emerson, Chief Executive of the Association of Charitable Foundations, whilst on leave in the UK.

2. Grow and Inspire

Priority: Promoting and facilitating a larger and stronger philanthropy sector.

Intended outcome: Grow the overall level of philanthropy in Australia.

Strategic alliances with like-minded organisations and networks to build collaborative action for the wellbeing of the community.

Philanthropy Australia staff spent considerable time answering questions about philanthropy from potential philanthropists and other non-members seeking information on the sector. In fact more than half the calls to the Melbourne office are from the general public and it is clear that many online users of the Philanthropy Australia website are learning about philanthropy and so these are very important ways in which Philanthropy Australia contributes to growth in the sector.

In addition, much time and energy was spent this year in bringing Members together to share and learn, collaborate and grow philanthropy. A key event was the inaugural Philanthropy Australia Seminar at Wesley College in Melbourne on 22 September which was attended by 120 Members, including some who had travelled from as far as WA, SA, NSW and Queensland. The speaker list included The Hon Rob Knowles AO, Chair of the Mental Health Council of Australia and a former senior Minister in the Victorian Government; Robert Fitzgerald AM Chair of the ACNC Advisory Board; Anna Skarbek of ClimateWorks; and Lynne Wannan, Director of the Victorian Government's Office for the

Highlights 2011 continued

Community Sector. A number of Members and staff also gave of their time and knowledge presenting or facilitating during the day.

The Community Foundations Network has continued to thrive under the guidance of Andrew Lawson, welcoming several new Members this year. A highlight was the annual Community Foundation Forum held on August 15, 16 and 17, 2011.

The host foundation this year was the Northern Rivers Community Foundation who welcomed some 65 attendees to the Forum, which was held at Kingscliff on the NSW North Coast. Northern Rivers organised a very successful program which included guest speakers along with community foundation practitioners who presented papers on a very comprehensive range of topics of value to the Community Foundation movement. The Forum title was 'Turning Dreams into Reality'.

An immense amount of information was gleaned, summarised and disseminated to Members and to the public by Philanthropy Australia staff in a variety of formats throughout the year, from online publications to face-to-face meetings.

The organisation continues to be seen as the go-to place for information on philanthropy, as evidenced by the growing number of speaking requests and publication downloads.

Websites

The website continues to be the prime online face of the organisation, with an average of more than 9,000 visitors a month to the main website, over 4,000 per month accessing the PhilanthropyWiki, and more than 20,000 downloads of the Handbooks and Guides since their online publication.

PRESSing Matters' readership went up by more than 20 per cent in 2011, with the end of the year seeing more than 360 recipients opening and reading any given edition of the media monitoring newsletter out of a total of 1032 Member and Associate subscribers. This open-rate of 35 per cent is well above the statistical average of the Australian community sector, which has an average open-rate of 23 per cent.

Social Networking

The PhilanthropyOz Blog (started in 2007, currently 680 subscribers) and Twitter (started in 2010, currently 1200 followers) became increasingly active through 2011 as the public enthusiastically subscribed to these online updates.

Philanthropy Australia also created a YouTube channel to share videos of relevance to the philanthropy sector. While we are not currently creating original videos to upload at this stage, Philanthropy Australia's Favourites list contains a number of videos which

might be of interest to Members, usefully divided into categories including Legislation and Law, Philanthropy Profiles, Philanthropy News and Opinion and Philanthropy at Work.

With public discussion and debate of issues in philanthropy, such as impact, effectiveness and transparency, reaching wide audiences in the national press, these social networking sites provide a healthy and vibrant place for informal comments and conversation. By offering a variety of ways in which to engage with the public and promote discussion, Philanthropy Australia has significantly contributed to public engagement in giving, and ultimately the growth of philanthropy.

Australian Philanthropy Journal

Australian Philanthropy continues to be a key publication for Members, many of whom contribute thought-provoking articles. The journal aims to share knowledge gleaned from Australian research and practice in philanthropy, as well as overseas articles, news and standout blogs on philanthropy. The three issues for 2011 were – Issue 78: *Investing Offshore: giving beyond our borders*; Issue 79: *Communicating with each other and the world*; and Issue 80: *Indigenous Philanthropy*.

The analytical nature of Members' articles and the academic content of the journal point to the increasingly professional and strategic nature of philanthropy.

A number of new Australian publications in philanthropy also appeared this year, with ANZ Trustees' *Journey* magazine exploring donors' stories and *The Difference* showcasing charities with a view to assisting donors. These are evidence of increasing desire to maximise the effectiveness of grants and donations, and to share lessons learned with peers and the sector at large.

Priority: Lead discussion on the positive contribution of philanthropy to the wellbeing of the community and be an active participant in the major issues affecting community wellbeing.

Intended outcome: Growth in media interest and positive media coverage.

PRESSing Matters, the organisation's internal media monitoring service, continued to chart the rise in public interest in philanthropy, with an average of 60 articles each week.

Philanthropy Australia was invited to comment on philanthropy, charity and donations, and the establishment of the Australian Charities & Not-for-Profits Commission by a number of media outlets, including *The Australian*, the *Australian Financial Review*, ABC Radio National and several state-based and local newspapers and radio stations.

Deborah Seifert and Bruce Argyle were consulted in the lead-up to a new television series 'Great Stories', which was launched in November showcasing great philanthropic projects. Screened on Victoria's Channel 31, and scheduled for interstate screening at a later date, the program series included segments on various impressive philanthropy-funded projects including FareShare, Common Ground homelessness project, Fitted for Work and projects for disaster recovery in Ipswich (Qld), and Marysville (Vic).

RTRfm, a community radio station in Western Australia, held its inaugural Philanthropy Week in June with a multitude of interviews with Members of Philanthropy Australia, including Lotterywest's Jan Stewart, Kevin MacDonald of Giving West, Teresa Zolnierkiewicz of ANZ Trustees, and Annie Fogarty of the Fogarty Foundation.

Vanessa Meachen was invited to be a guest blogger for *Alliance* magazine – a European publication focusing on philanthropy and social investment worldwide. Vanessa is one of a select group of 25 guest bloggers contributing on a monthly basis.

3. Effectiveness

Priority: Improve the effectiveness of philanthropy and the community's understanding of the role of philanthropy.

Intended outcome: Better measures and understanding of community wellbeing, social capital and the contribution of philanthropy.

Workshops and Seminars

The workshop program continued apace in 2011, with nine Grantseeker workshops held around Australia through the year, as well as customised workshops in Alice Springs (NT), Mandurah (WA) and Geelong (VIC). There were also tailored workshops conducted for Parramatta Council (NSW), Hume City Council (VIC) and RMIT (VIC).

In addition, six specialist Grant Writing workshops were commissioned by VCOSS, and delivered in regional Victoria at Leongatha, Horsham, Lorne, Benalla, Mornington and Mildura.

There were also three 'Getting to Know Philanthropy' sessions commissioned by VCOSS which included presentations from several philanthropic trusts as well as from Philanthropy Australia. These were attended by over 220 people in total, generating income for Philanthropy Australia and raising the level of understanding and quality of submissions for the philanthropic sector.

Highlights 2011 continued

Philanthropy Australia piloted a series of professional development workshops for those employed and volunteering in the sector.

Of particular note is the new 'Philanthropy 101' seminar series which was launched in May, with the purpose of informing those new to the sector about philanthropy, as well as providing a refresher course for long-term staff and trustees. These seminars focus on a history of Australian Philanthropy, facts, structures and options, the nature of the sector, theories and future trends. Philanthropy 101 seminars were held in Melbourne, Sydney and Perth in 2011.

Vanessa Meachen gave a public lecture on philanthropy in Perth, in collaboration with Giving West and the Centre for Social Impact, and Deborah Seifert gave a number of lectures and presentations in various contexts including Member lunches, and special interest groups.

Priority: Improve the efficiency and effectiveness of Philanthropy Australia for its Members.

Intended outcome: Positive feedback from Members on Philanthropy Australia's performance.

Events

2011 was a year of 'firsts', with, in addition to the inaugural Melbourne Seminar, the inaugural Philanthropy Australia Oration. The 2011 Oration was delivered in September by Dr Dorothy Scott, in Sydney at The NSW State Library and Melbourne at The University of Melbourne. These events were very enthusiastically received, and were generously supported by The Gandel Charitable Trust and the hosting venues.

A Trustees Dinner in Melbourne, hosted by Lady Southey AC at Cranlana, was held in May, with Carillo Gantner AO speaking, and a dinner for Sydney Members was held at the UNSW in September, with David Gonski AC speaking.

A luncheon for Patrons, Life Members and Leading Members was held in May, and smaller functions held for significant stakeholders throughout the year. A luncheon following the AGM in April was extremely well attended, with Helen McDevitt from the Department of Prime Minister and Cabinet's Office for the not-for-profit sector as guest speaker.

Networks

Targeted specifically to program and grant managers, the Philanthropy Worker's Network hosted by Philanthropy Australia ran a Social Media and Technology Forum which was well attended.

In response to Member demand, a new Rural and Regional Network was created, which has a specific focus on philanthropy in rural and regional Australia. A group of Members, including Foundation for Rural & Regional Renewal (FRRR), has joined to establish and develop this important initiative, with a first meeting held in July. The highlight for the year was a one-day Forum held in Canberra in November, hosted jointly by Tim Fairfax and the National Portrait Gallery. The Forum allowed members of the Network to meet with key government representatives and share learnings.

The South Australia network has been successfully operating this year out of The Wyatt Benevolent Institution Inc in Adelaide and sincere thanks go to Elisabeth Gazard for her work coordinating this actively engaged group.

There have also been Member meetings in Brisbane, Perth and regional centres including Newcastle and Bendigo.

Information and Communications Technology

The effectiveness of Philanthropy Australia's performance was boosted by pro bono IT support from The Macquarie Group, which undertook an audit of Philanthropy Australia's hardware.

The urgency for Philanthropy Australia to move to a more effective communication platform which will facilitate Member access and interaction nationally is apparent. The current websites and IT systems are coming to the end of their effectiveness and need a complete upgrade to bring IT capabilities and accessibility in line with Member and community expectations.

Goldman Sachs & Partners Australia Pty Ltd donated several computers to the Sydney and Melbourne offices, which is greatly appreciated.

Philanthropy Australia installed a large monitor screen, microphone and speakers in the boardroom of the Melbourne Office, and thus now has webinar and Skype facilities for ease of staff and Member contact.

4. Governance

Priority: Encourage strong and transparent governance within the philanthropic sector.

Intended outcomes: Trustees and Members who maintain sound governance policies and practices, and report regularly on the outcomes of their philanthropic contributions.

Effective education and professional development for Members and the sector more generally

Four governance workshops were held in 2011 and were well attended, particularly in the light of education in the new regulatory environment.

Priority: Philanthropy Australia is recognised as a well governed and financially-sound peak body.

Intended Outcomes: Transparent and sustainable membership organisation with strong support throughout the philanthropic sector.

The Council of Philanthropy Australia met six times and the Audit, Risk and Finance Committee met three times during 2011. As well as general governance, the Council undertook Strategic Planning throughout the second half of the year.

In May Council regretfully accepted a resignation from Jackie Huggins AM who had been on the Council since 2010.

Environmental Sustainability

In 2011 Philanthropy Australia continued measures to minimise the organisation's impact upon the environment through reduced resource consumption by:

- Continuing with paper conservation policies (providing electronic copies where possible, using recycled paper, re-using paper)
- Using the services of a not-for-profit courier who is committed to being environmentally friendly
- Participating in carbon offset schemes where possible when using air travel
- Purchasing energy-efficient/ low-energy computer equipment and using an e-waste recycling program to dispose of old hardware
- Continuing a practice of turning off lights and equipment when not in use

Philanthropy Australia aims to continue to provide resources that meet the needs of our Members to support and grow philanthropy for a more civil society.

Council Members

President

Mr Bruce Bonyhady AM

Bruce Bonyhady (B Appl. Ec, M. Ec) is Chairman of Acadian Asset Management Australia Limited, a Director of Dexus Wholesale Property Limited and a Director of UniSuper. He is also a Member of the Independent Panel advising the Productivity Commission in its Inquiry into a National Disability Long-term Care and Support Scheme.

Community positions held by Bruce include Chairman of Yooralla and Chairman of the Advisory Panel to Solve! at the Royal Childrens Hospital, Melbourne. He was formerly Chairman of ANZ Trustees Limited, a Member of the Felton Bequests' Committee and a Member of the Disability Investment Group.

In June 2010 Bruce was appointed a Member of the Order of Australia for his service to people with disabilities, their families and carers, particularly as Chairman of Yooralla, and to the community as a contributor to a range of charitable organisations.

Melbourne Vice President

Ms Dur-e Dara OAM

Dur-e Dara is a restaurateur, business woman and musician. She describes herself as Indian by race, Malaysian by birth and an Australian citizen by choice. She is the Convenor of the Victorian Women's Trust, on the Board of management of La Mama Theatre, and Patron of the Victorian Foundation for Survivors of Torture.

Dur-e was awarded the Medal of the Order of Australia in 1997 for services to the community and promotional and fundraising activities for women's groups.

Sydney Vice President

Ms Samantha Meers

Sam Meers (BA LLB M Litt FAICD) is Managing Director and a trustee of the Nelson Meers Foundation, a trustee of the Art Gallery of NSW, a Director of the State Library of NSW Foundation, the Documentary Australia Foundation and Centre for Social Impact, as well as a member of the Advisory Councils of the Centre for Social Impact and of the Sydney Women's Fund.

Previously Sam practised as a specialist media lawyer, holding senior management positions within the media sector. She is a former deputy chair of the Australian Subscription Television & Radio Association and a former board member of the Belvoir St Theatre and the Power Institute for Art & Visual Culture.

Treasurer

Mr David Ward

David Ward (BSc (Hons)) is a trustee, governance and structure consultant in the philanthropic community. He is Director of Social Ventures Australia Private Ancillary Fund Service and is also on the Council of Philanthropy Australia.

David was the author of the Trustee Handbook: *Role and Duties of Trustees of Charitable Trusts and Foundations* (2008) and the *Private Ancillary Funds Trustee Handbook* (2009) for Philanthropy Australia and is a presenter of Trustee and Governance Workshops for Philanthropy Australia. David is also a Sessional Lecturer at Asia Pacific Centre for Social Investment & Philanthropy, Swinburne University, Melbourne.

David was a member of the international panel that developed the Investment Management Code of Conduct for Endowments, Foundations and Charitable

Organisations for the CFA Institute (2009-10). He had 20 years' experience as a financial market executive with ANZ including four years as CEO of ANZ Trustees, which manages over 200 charitable trusts.

David started his working life as a diplomat in New Zealand.

Chief Executive Officer

Dr Deborah Seifert

Deborah Seifert (BSc (Hons), DipEd, MEdSt, DEd) has a wide experience in the not-for-profit sector in leadership, governance, strategic planning, management, development and review.

Deborah has been a Director of The Invergowrie Foundation (TIF) as well as serving on the TIF Investment and Finance Committee and has also been Chair of the Mary Jane Lewis Scholarship Trustees in association with the Dafydd Lewis Trust and ANZ Trustees.

Deborah's leadership positions have included Head of University College affiliated with The University of Melbourne and Head of Fintona Girls' School. Her Doctorate is in the area of Educational Leadership. Deborah has undertaken consultancy projects in Australia and internationally, and has also been involved in peer-review accreditation visits to Cambodia, Italy, Japan, Laos, Qatar, Thailand and Vietnam.

Deborah is currently a Member of Council of the Australian Institute of International Affairs (Victoria), sits on the Melbourne Advisory Council for the Centre for Social Impact, is a member of the National Roundtable of Nonprofit Organisations and a Fellow of the Australian Institute of Management.

Mr Paul Clitheroe AM

Paul Clitheroe (BA, SF Fin, CFP, Dip FP) is a Director of ipac securities, a company he founded in 1983 with four partners. ipac manages more than \$16 billion dollars for clients. Paul is a leading media commentator on financial issues and is renowned for his ability to explain complex money issues in plain English. His books have sold over 600,000 copies. Paul is also a regular radio commentator and writes weekly newspaper columns.

He was host of the Channel 9 TV program *money* from 1994 to 2004 and has been Chairman and Chief Commentator of *money* magazine since 1999 and commentates daily on radio.

In 2011 Paul was Co-chair of the Federal Government Tax Summit.

In February 2004, the Federal Government appointed Paul as Chairman of the Consumer and Financial Literacy Foundation. This Foundation has established a national strategy to improve the financial skills of all Australians and is now implementing this strategy in schools and the workplace. Most Australians would have seen the 'Understanding Money' campaign run on TV, magazines and newspapers.

In 2002, Paul and his wife Vicki set up a PPF, The Clitheroe Foundation. The Foundation provides support for medical research and the arts. In recent years it has funded annual scholarships, fellowships or grants for Sydney Symphony, National Art School, Sculpture by the Sea, NSW Art Gallery, Ensemble Theatre and Taronga Zoo.

Mr Timothy Fairfax AM

Tim Fairfax (HonDUniv (Sunshine Coast), DUniv QUT, FAICD) is a businessman, pastoralist and philanthropist. He is Chairman of the Vincent Fairfax Family Foundation, Tim Fairfax Family Foundation, Salvation Army Brisbane Advisory Board, Chair of the National Portrait Gallery Board, Trustee of Queensland Art Gallery, President Queensland Art Gallery Foundation, and Director of the Foundation for Rural & Regional Renewal. Tim is also Patron of AMA Queensland Foundation, and Councillor Royal National Association Queensland.

Tim's business interests include being a Director of Cambooya Pty Ltd, Building Solutions Pty Ltd and Principal of TV Fairfax Pastoral, Strathbogie Pastoral Company and JH Fairfax & Son, which operate ten rural properties in Queensland and New South Wales involving beef cattle, fine wool and grain.

Tim was awarded a Member of the Order of Australia in 2004 for services to the community through education and arts organisations, and to business and commerce.

Mr Terry Macdonald

Terry Macdonald (FIEAust, CPEng) 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 Reach Out for Kids Foundation 1996-2003 and currently holds office in several Community organisations in the Eastern suburbs of Melbourne. He joined the Board of the Lord Mayor's Charitable Foundation 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 was 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 at three of Melbourne's Universities. He is Immediate Past President of a Defence/Industry Association, a Member of the Victorian Chapter Committee of the Australian Society of Defence Engineering and a member of the Alumni of the Australian Graduate School of Management and the Swinburne Philanthropy Alumni.

Dr Noel Purcell

Noel Purcell (PhD, MSc, BEc, BSc Hons) is Principal of Simply Good Business which specialises in strategic advice to corporations, government and not-for-profit organisations in the areas of Corporate Governance, responsibility and sustainability.

Noel retired from Westpac Banking Corporation in September 2008, having spent 23 years in senior executive roles. Prior to joining Westpac, Noel had served at senior executive level within the Federal Public Service within Prime Minister and Cabinet, the Office of National Assessments, and the Australian Bureau of Statistics.

Noel sits on several boards including as Vice Chair of the Global Governing Board of the Caux Round Table, a member of the Tasmanian Government's Climate Action Council, a Council member of Philanthropy Australia, and is a Trustee of the Westpac Foundation.

Council Members continued

Mr Christopher Thorn

Christopher Thorn (BComm, FFin, MSDIA) was, until September 2011, the Executive Director of JBWere's Philanthropic Services team, where his primary responsibilities included 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.

Christopher was a partner of JBWere. He joined the firm 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 JBWere's Queensland business, until returning to Melbourne in 2001.

Christopher has held a variety of senior management roles within JBWere's Private Wealth Management business, including business integration and strategy. In 2002, Christopher established the firm's Philanthropic Services division.

Christopher is Chairman of ShareGift Australia, President of the Camberwell Grammar School Foundation, Board Member of Giving West and a member of the Melbourne Advisory Council of the Centre for Social Impact.

Audit, Finance and Risk Committee

Mr David Ward (Chair)
Mr Terry Macdonald
Dr Noel Purcell
Mr Christopher Thorn

Governance Committee

Mr Bruce Bonyhady (Chair)
Ms Dur-e Dara
Ms Samantha Meers
Mr Christopher Thorn

Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Revenue	2(a)	1,135,149	1,336,784
Changes in inventories of publications held for resale		(2,250)	(8,789)
Distribution costs		(393)	(2,187)
Employee and salary costs		(784,989)	(741,059)
Depreciation and amortisation expense		(3,203)	(5,305)
Consultants costs		(25,928)	(77,298)
Membership services		(47,232)	(44,665)
Promotion		(34,083)	(271,240)
Travel		(44,963)	(50,380)
Bad/doubtful debts		–	(1,714)
Premise expenses		(28,550)	(27,167)
Other expenses from ordinary activities		(138,770)	(95,233)
		(1,110,361)	(1,325,037)
Surplus before income tax expense	2(b)	24,788	11,747
Income tax expense	1(b)	–	–
Surplus for the period attributable to the Association		24,788	11,747
Other comprehensive income for the year net of income tax		–	–
Total comprehensive income for the year		24,788	11,747

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2011

	Note	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	3	517,471	409,713
Trade and other receivables	4	61,305	121,382
Inventory		–	1,135
Other current assets		5,776	4,960
		584,552	537,190
Non-Current Assets			
Property, plant, and equipment	5	10,628	5,274
Total Non-Current Assets		10,628	5,274
Total Assets		595,180	542,464
Current Liabilities			
Trade and other payables	6	71,885	58,842
Subscriptions received in advance:			
Members		280,147	264,789
Grants and other income received in advance		3,532	3,532
Provisions	7(a)	21,977	28,688
Total Current Liabilities		377,541	355,851
Non-Current Liabilities			
Provisions	7(b)	22,768	16,530
Total Non-Current Liabilities		22,768	16,530
Total Liabilities		400,309	372,381
Net Assets		194,871	170,083
Equity			
Retained surplus		194,871	170,083
Total Equity		194,871	170,083

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2011

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2010	158,336	158,336
Surplus attributable to Association	11,747	11,747
Total comprehensive income for the year	11,747	11,747
Balance at 31 December 2010	170,083	170,083
Surplus attributable to Association	24,788	24,788
Total comprehensive income for the year	24,788	24,788
Balance at 31 December 2011	194,871	194,871

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011	2010
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities:			
Cash receipts from Members		1,080,570	1,167,990
Receipt from sales of publications		96,563	94,952
Grants received		10,000	77,549
Interest received		23,451	19,322
Cash paid to suppliers and employees		(1,094,269)	(1,327,236)
Net cash provided by operating activities	11(b)	116,315	32,577
Cash flows from investing activities:			
Purchase of office equipment		(8,557)	(4,689)
Net cash used in financing activities		(8,557)	(4,689)
Net increase in cash and cash equivalents		107,758	27,888
Cash and cash equivalents at the beginning of the period		409,713	381,825
Cash and cash equivalents at the end of the period	11(a)	517,471	409,713

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2011

The financial statements cover Philanthropy Australia Inc. as an individual entity. Philanthropy Australia Inc. is an Association incorporated and domiciled in Australia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Associations Incorporation Act (Vic) 1981.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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 is treated as grants received and brought to account as income when invoiced.

(b) Income Tax

The Association is an 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.

(d) Plant and Equipment

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

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Notes to the Financial Statements^{continued}

For the year ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES^{continued}

Depreciation

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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as financial liabilities at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year's period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) 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.

Notes to the Financial Statements continued

For the year ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(g) Cash and Cash Equivalents

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

(h) Employee Entitlements

Provision is made for the Association's liability for the employee entitlements arising from services rendered by employees to reporting date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and long service 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.

(i) 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.

(j) Impairment of Assets

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

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the Association would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Association estimates the recoverable amount of the cash-generating unit to which the class of assets belongs.

(k) Critical Accounting Estimates and Judgements

The Council Members evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trend and economic data, obtained both externally and within the Association.

Key Estimates – Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised in the financial statements for the year ended 31 December 2011.

Key Judgements – Doubtful Debts Provision

No doubtful debt provision has been made at 31 December 2011.

(l) Adoption of New and Revised Accounting Standards

During the current year, the Association has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Philanthropy Australia Inc.

(m) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Association has decided not to early adopt. A discussion of those future requirements and their impact on the Association is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Association has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Association.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 and 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 and 1052) (applicable for annual reporting periods commencing on or after 1 July 2013).

Notes to the Financial Statements continued

For the year ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements.

The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory and local governments.

- AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.
- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13) (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Association.

- AASB 2010–5: Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038 and Interpretations 112, 115, 127, 132 and 1042) (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 and AASB 7) (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Association.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127) (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Association has not yet determined any potential impact on the financial statements from adopting AASB 9.

The Association does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the Association's financial statements.

Notes to the Financial Statements continued

For the year ended 31 December 2011

	2011	2010
	\$	\$
2(a). REVENUE		
Leading Members fees	100,000	125,000
Full Members fees	485,489	437,397
Associate Members fees	220,800	185,091
Resource Centre subscriptions	15,796	14,557
Workshop fees	57,276	51,264
Publication sales	93,892	92,679
Journal subscriptions	2,671	2,273
Grants/sponsorship	10,000	77,549
Conference income	–	302,500
Other	149,225	48,474
	1,135,149	1,336,784

2(b). SURPLUS FOR THE YEAR

Surplus for the year has been arrived at after charging/crediting the statement of comprehensive income:

Depreciation expenses	3,203	5,305
Bad/doubtful debts	–	1,714
Auditors remuneration	7,910	7,000

3. CASH AND CASH EQUIVALENTS

Cash on hand	500	457
Cash at bank	45,021	40,069
Cash on deposit	471,950	369,187
	517,471	409,713

4. TRADE AND OTHER RECEIVABLES

	2011	2010
	\$	\$
Subscriptions receivable	59,925	100,004
Other receivables	1,380	21,378
Total trade and other receivables	61,305	121,382

Current trade receivables are non-interest bearing loans and are generally receivable within 30 days.

A provision for impairment is recognised against subscriptions where there is objective evidence that an individual trade receivable is impaired.

Movement in provision for impairment:

Balance at beginning of the year	–	–
Impairment losses recognised on receivables	–	1,714
Amounts written off during the year as uncollectible	–	(1,714)
Balance at end of year	–	–

Credit Risk

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5.

The main source of credit risk to the Association is considered to relate to the class of assets described as subscriptions receivable.

	Gross Amount \$	Past Due and Impaired \$	Past Due But Not Impaired Days (overdue)				Within Initial Trade Terms \$
			<30	31-60	61-90	>90	
2011							
Subscriptions receivable	59,926	–	–	21,453	5,153	3,186	30,134
Other receivables	1,380	–	–	–	–	1,380	–
Total	61,306	–	–	21,453	5,153	4,566	30,134

	Gross Amount \$	Past Due and Impaired \$	Past Due But Not Impaired Days (overdue)				Within Initial Trade Terms \$
			<30	31-60	61-90	>90	
2010							
Subscriptions receivable	100,004	–	–	12,818	5,260	27,540	54,386
Other receivables	21,378	–	–	19,998	–	1,380	–
Total	121,382	–	–	32,816	5,260	28,920	54,386

Notes to the Financial Statements continued

For the year ended 31 December 2011

4. TRADE AND OTHER RECEIVABLES continued

	Within 1 Year		1 to 5 Years		Over 6 Years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets – Cash Flows Realisable								
Cash and cash equivalents	517,471	409,713	–	–	–	–	517,471	409,713
Trade and other receivables	61,305	121,382	–	–	–	–	61,305	121,382
Total anticipated inflows	578,776	531,095	–	–	–	–	578,776	531,095
Net (outflow)/inflow on financial instruments	531,938	501,336	–	–	–	–	531,938	501,336

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at financial position to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no financial assets that have been pledged as security for any financial liability.

Credit risk is managed and reviewed regularly by Audit, Finance and Risk Committee. It arises from exposures to customers and deposits with financial institutions.

The Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties: Only banks and financial institutions with an 'A' rating are utilised.

At year end the Association does not have any material credit risk exposure to any single receivable or group of receivable or group of receivables under financial instruments entered into by the Association.

Foreign Currency risk

The Association is not exposed to fluctuations in foreign currencies.

Price risk

The Association is not exposed to any material commodity price risk.

Net Fair Values

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

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgement and the assumptions used have been detailed below.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

The fair values disclosed in the balance sheet and in the notes to the financial statements have been determined based on the following:

Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for relating to annual leave which is not considered a financial instrument.

Sensitivity Analyses

The Association has not performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. As at 31 December 2011, the result of changes in the interest rate have no material effect on the current year results and equity.

No sensitivity analysis has been performed on foreign currency risk as the Association is not exposed to foreign currency fluctuations.

No sensitivity analysis has been performed on commodity price risk as the Association is not exposed to foreign currency fluctuations.

5. PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	\$	\$
Office furniture		
At cost	16,038	16,038
Less accumulated depreciation	(16,038)	(16,038)
	–	–
Office equipment		
At cost	96,978	88,421
Less accumulated depreciation	(86,350)	(83,147)
	10,628	5,274
	10,628	5,274

	Office Furniture	Office Equipment	Total
	\$	\$	\$
Gross Carrying Amount			
Balance at 31 December 2010	16,038	88,421	104,459
Additions	–	8,557	8,557
Disposals	–	–	–
Balance at 31 December 2011	16,038	96,978	113,016
Accumulated Depreciation			
Balance at 31 December 2010	(16,038)	(83,147)	(99,185)
Depreciation expense	–	(3,203)	(3,203)
Disposals	–	–	–
Balance at 31 December 2011	(16,038)	(86,350)	(102,388)
Net Book Value			
As at 31 December 2010	–	5,274	5,274
As at 31 December 2011	–	10,628	10,628

Notes to the Financial Statements continued

For the year ended 31 December 2011

6. TRADE AND OTHER PAYABLES

	2011	2010
	\$	\$
Trade payables	23,390	1,077
Accruals	7,508	7,222
Others	15,940	21,460
Annual leave entitlements	25,047	29,083
	71,885	58,842

Financial Liabilities at Amortised Cost Classified as Trade and Other Payables

Trade and other payables:		
Total current	71,885	58,842
Total non-current	–	–
	71,885	58,842
Less: annual leave entitlements	(25,047)	(29,083)
Financial liabilities as trade and other payables	46,838	29,759

7. PROVISIONS FOR LONG SERVICE LEAVE

	2011	2010
	\$	\$
Balance at beginning of year	45,218	45,691
Additional provision raised during the year	12,642	14,079
Amounts used during the year	(13,115)	(14,552)
Balance at end of year	44,745	45,218

(a) Current

Provision for long service leave	21,977	28,688
	21,977	28,688

(b) Non-Current

Provision for long service leave	22,768	16,530
	22,768	16,530

8. LEASING COMMITMENTS

Operating lease commitments

Being for rent of Sydney office

Payable:

Not later than 1 year	18,997	6,208
Later than 1 year but not later than 5 years	6,332	–
Later than 5 years	–	–
	25,329	6,208

Melbourne office rent payable is supported by the generous in-kind donation of the ANZ Bank.

9. KEY MANAGEMENT PERSONNEL

	Salary and Fees \$	Superannuation Contribution \$	Bonus \$	Non-Cash Benefits \$	Superannuation \$	LSL \$	Total \$
2011 Total compensation	131,263	–	–	–	11,814	–	143,077
2010 Total compensation	103,765	41,633	–	16,388	14,560	–	176,346

10. RELATED PARTY TRANSACTIONS

	2011 \$	2010 \$
During the year ended 31 December 2011, Philanthropy Australia Inc. continued with the contract with Te Anau Consulting Pty Ltd, for whom David Ward acts as consultant, to provide services in delivering of trustees seminar.	5,874	11,775

During the 2011 year, Philanthropy Australia has received generous financial, in-kind and pro bono support from several of its Members, including JBWere. During the year, Christopher Thorn was an employee of JBWere.

11. 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:

	2011 \$	2010 \$
Cash on hand	500	457
Cash at bank	45,021	40,069
Term deposit	471,950	369,187
	517,471	409,713

(b) Reconciliation of Net Cash Provided by Operating Activities to the Operating Surplus

Operating surplus	24,788	11,747
Depreciation	3,203	5,305
Decrease/(increase) in trade and other receivables	60,077	(12,526)
Decrease in inventory	1,135	5,729
(Increase)/decrease in prepayments	(816)	94
Increase/(decrease) in trade and other payables	13,043	(12,854)
Increase in subscriptions received in advance	15,358	38,105
Decrease in unearned grant income	–	(2,550)
Decrease in provision for employee entitlements	(473)	(473)
	116,315	32,577

(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 2011

12. FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable.

The Association did not have any derivative instruments at 31 December 2011 and 31 December 2010.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	Note	2011 \$	2010 \$
Financial Assets			
Cash and cash equivalents	3	517,471	409,713
Trade and other receivables	4	61,305	121,382
		578,776	531,095
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	6	46,838	29,759
		46,838	29,759

Financial Risk Management Policies

The Audit Finance and Risk Committee, consisting of Council Members, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Committee's overall risk management strategy seeks to assist the Association in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Committee operates under policies approved by the Council. Risk management policies are approved and reviewed by the Committee on a regular basis. These include the use of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

(a) Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates.

The Association's interest-bearing financial assets expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

(b) Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due and by maintaining sufficient cash and cash equivalents to meet normal operating requirements.

Financial Liability and Financial Assets Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 6 Years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities Due for Payment								
Trade and other payables	46,838	29,759	–	–	–	–	46,838	29,759
Total contractual outflows	46,838	29,759	–	–	–	–	46,838	29,759
Total expected outflows	46,838	29,759	–	–	–	–	46,838	29,759

13. CAPITAL MANAGEMENT

Philanthropy Australia does not have any borrowings. The Council Members control the capital of Philanthropy Australia in order to maintain a positive capital position and maintain Members' funds. Members' funds are kept in reserve to underwrite any shortfall. The Council has set a target for Members' funds equivalent to three to six months of expenses (\$250,000 – \$500,000).

14. ASSOCIATION DETAILS

The registered office of the Association is at:

Level 2, 55 Collins Street, Melbourne Victoria 3000

The principal place of business is at:

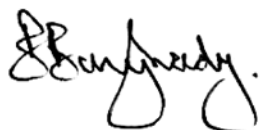
Level 2, 55 Collins Street, Melbourne Victoria 3000

Statement by Members of the Council

In the opinion of the Council the financial report as set out on pages 17 to 35:

1. Presents a true and fair view of the financial position of Philanthropy Australia Inc. as at 31 December 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
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:



Bruce Bonyhady
President



David Ward
Treasurer

Dated: 23 February 2012
Location: Melbourne

Independent Audit Report



Bentleys Melbourne
Partnership
Audit & Assurance Services
Level 7, 114 William Street
Melbourne Vic 3000
Australia
GPO Box 2266
Melbourne Vic 3001
Australia
ABN 47 075 804 075
T +61 3 9274 0600
F +61 3 9274 0736
audit@melb.bentleys.com.au
bentleys.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILANTHROPY AUSTRALIA INC.

We have audited the accompanying financial report of Philanthropy Australia Inc., which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Committee.

Committee's Responsibility for the Financial Report

The Committee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Associations Incorporation Act (Vic) 1981 and for such internal control as the Committee and management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

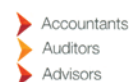
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain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

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

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



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The member firms of the Bentleys association are affiliated only and not in partnership.
Liability limited by a scheme approved under Professional Standards Legislation.



Independent Audit Report continued



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILANTHROPY AUSTRALIA INC. (Continued)

Independence

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

Opinion

In our opinion the financial report gives a true and fair view of the financial position of Philanthropy Australia Inc. as at 31 December 2011 and of its financial performance for the year then ended in accordance with Australian Accounting Standards and Associations Incorporation Act (Vic) 1981.

**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**

**MARTIN FENSOME
PARTNER**

Dated in Melbourne on this 28 day of February 2012

Financial Plan and Operating Results

Philanthropy Australia Inc. recorded a surplus of \$24,788 in 2011 and Members' funds increased to \$194,871.

Operating Surplus

For the financial year ended 31 December 2011 total income was \$1,135,149 with total expenses \$1,110,361 leaving a surplus of \$24,788 compared to a surplus of \$11,747 in 2010.

Income

Total income for 2011 was \$1,135,149 down from \$1,336,784 in 2010 (which included \$302,500 from the 2010 Philanthropy Australia Conference), meaning general operating income increased by 10 per cent.

Income from Full and Associate Members increased by 13 per cent to \$706,289 from \$622,488 in 2010 as a result of increased membership and a slight increase of fees in some membership categories for 2011.

Expenses

Total expenses for 2011 were \$1,110,361, compared to \$1,325,037 in 2010 (which included \$244,592 for the 2010 Philanthropy Australia Conference), meaning general operating expenses increased by just 3 per cent.

Salary and wages expenses of \$784,989 accounted for 70 per cent of total expenses in 2011. The need to cover for the secondment of one staff member caused the increase over 2010, which was covered by reimbursement from the other organisation.

Philanthropy Australia continued to receive generous support from a number of organisations, particularly ANZ through the provision of office space in Melbourne.

Financial Position and Liquidity

The General Fund Account representing accumulated Members' funds increased to \$194,871 at 2011 year end from \$170,083 in 2010. Council has set a target for Members' funds of equivalent to three to six months of expenses (\$250,000 – \$500,000).

Assets are held in bank accounts and term deposits.

Members of Philanthropy Australia

As at 31 December 2011

Council Members

President

Mr Bruce Bonyhady AM

Vice President, Victoria

Ms Dur-e Dara OAM

Vice President, New South Wales

Ms Sam Meers

Treasurer

Mr David Ward

Council Members

Mr Paul Clitheroe AM

Mr Tim Fairfax AM

Mr Terry Macdonald

Dr Noel Purcell

Mr Christopher Thorn

CEO

Dr Deborah Seifert

Leading Members



Lady Southey



Life Members

Charles Goode AC
Dame Elisabeth Murdoch AC DBE
Jill Reichstein OAM
The Stegley Foundation
Meriel Wilmot

Patrons

Sir Gustav Nossal AC CBE
Lady Southey AC

Full Members

The A.L. Lane Foundation
The Adam Scott Foundation
The Alfred Felton Bequest
AMP Foundation
Anita and Luca Belgiorio-Nettis Foundation
A Angelatos
The Andrews Foundation
Andyinc Foundation
Annamila Pty Ltd
ANZ Trustees Philanthropy Partners
Aspen Foundation
auDA Foundation
Aussie Farmers Foundation
Australia Business Arts Foundation
The Australia Council for the Arts – Artsupport Australia
Australian Communities Foundation
Australian Executor Trustees
The Australian Elizabethan Theatre Trust
Australian Respiratory Council
Ballarat Catholic Bishops Charitable Fund
The Ballarat Foundation
The Balnaves Foundation
bankmecu
The Becher Foundation
Bennelong Foundation
Daniel & Danielle Besen
Besen Family Foundation
Bjarne K Dahl Trust
The Body Shop
Bokhara Foundation
Bruce & Rae Bonyhady
Border Trust
Buderim Foundation
Bupa Health Foundation
Business Working with Education Foundation
CAF Australia

The CASS Foundation
 Cages Foundation
 The Caledonia Foundation
 Calvert-Jones Foundation
 The Cameron Family Trust
 Capital Region Community
 Foundation – GreaterGood
 Rosa Caporale
 Chapter Seven
 The Charlie Perkins Trust
 for Children & Students
 The Christensen Fund
 Clayton Utz
 Clitheroe Foundation
 Collier Charitable Fund
 Colonial Foundation
 Commonwealth Bank Foundation
 Community Enterprise Foundation
 Community Foundation for Bendigo
 & Central Victoria
 Community Foundation for Tumut
 Region
 The Cubit Family Foundation
 DaCosta Samaritan Fund Trust
 W Daniels
 The Danks Trust
 Deakin Foundation Limited
 The Deloitte Foundation
 Donkey Wheel Ltd
 Equity Trustees
 English Family Foundation Pty Ltd
 The Ern Hartley Foundation
 Fay Fuller Foundation
 The Feilman Foundation
 The Flora & Frank Leith Charitable
 Trust
 The Fogarty Foundation
 Foster's Group
 Foundation Barossa
 Foundation Boroondara
 The Foundation for Alcohol Research
 & Education
 Foundation for National Parks
 & Wildlife
 Foundation for Rural & Regional
 Renewal
 The Foundation for Young Australians
 Fouress Foundation
 M & M Freake
 Freehills
 The Freemasons Public Charitable
 Foundation
 The G M & E J Jones Foundation
 Gandel Philanthropy

Geelong Community Foundation
 Geoffrey Gardiner Dairy Foundation
 George Alexander Foundation
 George Hicks Foundation
 Gilbert & Tobin Lawyers
 Give Where You Live Foundation
 Goldman Sachs
 Gonski Foundation
 Goodman Private Wealth Advisers
 Greater Charitable Trust Foundation
 Pty Ltd
 The Greatorrex Foundation
 Greenlight Foundation
 Grenet Foundation
 The Gualtiero Vaccari Foundation
 H V McKay Charitable Trust
 G Handbury
 M & C Handbury
 E F Hargrave
 Alan Hargreaves
 Harold Mitchell Foundation
 Helen Macpherson Smith Trust
 The Horizon Foundation
 The Hugh Williamson Foundation
 G Hund
 The Hunt Foundation
 Hunter Hall International
 The Ian Potter Foundation
 Incolink Foundation Ltd
 ING Foundation
 Inner North Community Foundation
 The Invergowrie Foundation
 The Investec Foundation
 IOOF Foundation
 The Jack Brockhoff Foundation
 Jack & Ethel Goldin Foundation
 James & Diana Ramsay Foundation
 Jaramas Foundation
 Jobs Australia Foundation
 John T Reid Charitable Trusts
 June Canavan Foundation
 Kennards Foundation
 The Killen Family Foundation
 L.E.W. Carty Charitable Fund
 Law & Justice Foundation of NSW
 Legal Services Board
 The Lewis Foundation
 Limb Family Foundation
 Lord Mayor's Charitable Foundation
 Lotterywest
 LUCRF Community Partnership Trust
 The Mackay Foundation
 Macquarie Group Foundation
 Eve Mahlab

Mallesons Stephen Jaques
 Maple-Brown Family Charitable Trust
 Margaret Lawrence Bequest
 The Mary Potter Trust Foundation
 Matana Foundation for Young People
 The McClements Foundation
 McCullough Robertson Foundation
 The McLean Foundation
 Medical Research Foundation for
 Women & Babies
 Medicines for Malaria Ventures
 The Melbourne Anglican Foundation
 The Miller Foundation
 Mirboo North & District Community
 Foundation
 MLC Community Foundation
 The Mullum Trust
 Mumbulla Foundation
 The Mundango Charitable Trust
 Myer Stores Community Fund
 The Myer Foundation
 National Australia Bank
 National Foundation for Australian
 Women
 Nelson Meers Foundation
 Newcastle Permanent Charitable
 Foundation
 Newman's Own Foundation
 Newsboys Foundation
 nib Foundation
 The Norman Wettenhall Foundation
 Northern Rivers Community
 Foundation
 Origin Foundation
 The Palya Fund
 The Paul Griffin Charitable Trust
 The Percy Baxter Charitable Trust
 Perpetual
 Pethard Tarax Charitable Trust
 Pfizer Australia
 Pierce Armstrong Foundation
 PMF Foundation
 Portland House Foundation
 N Purcell
 PwC Foundation
 QBE Insurance
 The Qantas Foundation
 Queensland Community Foundation
 RACV Community Foundation
 The R E Ross Trust
 RMIT Foundation
 The Rali Foundation
 Ray & Joyce Uebergang Foundation
 Reichstein Foundation

Members of Philanthropy Australia continued

As at 31 December 2011

G & G Reid
 Rio Tinto Aboriginal Fund
 Rita Hogan Foundation
 Robert Christie Foundation
 The Robert Salzer Foundation
 The Royal Agricultural Society of NSW Foundation
 Ruffin Falkiner Foundation
 Sabemo Trust
 Scanlon Foundation
 Sherman Foundation
 Sidney Myer Fund
 Sir Andrew and Lady Fairley Foundation
 Sisters of Charity Foundation
 Slingsby Foundation
 The Snow Foundation
 Social Justice Fund
a sub fund of the Melbourne Community Foundation
 Social Ventures Australia
 The Southern Highland Community Foundation
 Sparke Helmore Lawyers
 C Spence
 Spinifex Trust
 F Spitzer
 Spotlight Foundation
 The Stan Perron Charitable Trust
 Stand Like Stone Foundation
 State Trustees Australia Foundation
 Sunshine Foundation
 Sydney Community Foundation
 Tasmanian Community Fund
 Telematics Trust
 Telstra Foundation
 The Thomas Foundation
 Christopher Thorn
 Three Flips Foundation
 Tim Fairfax Family Foundation
 Tomorrow: Today Foundation
 The Tony and Lisette Lewis Foundation
 The Towards a Just Society Fund
a sub fund of the Melbourne Community Foundation
 Toyota Australia
 The Transfield Foundation
 The Trust Company
 Trust for Nature Foundation
 UBS Wealth Management
 Victoria Law Foundation
 Victorian Employers Chamber of Commerce and Industry

Victorian Medical Benevolent Association
 Victorian Women's Trust
 Vincent Fairfax Family Foundation
 Vodafone Foundation
 Voiceless, The Fund For Animals
 W & A Johnson Family Foundation
 David Ward
 Westpac Foundation
 The William Buckland Foundation
 The Wyatt Benevolent Institution
 Yajilarra Trust

Associate Members

Achieve Australia Ltd
 Action on Disability within Ethnic Communities
 The Alfred Foundation
 The Anaesthesia and Pain Medicine Foundation
 Asia-Pacific Centre for Social Investment and Philanthropy
 Austin Health
 Australian Cancer Research Foundation
 The Australian Charities Fund
 Australian Conservation Foundation
 Australian Diabetes Council
 Australian Indigenous Leadership Centre Ltd
 Australian Museum
 Australian National University
 Australian Red Cross
 Australian Rotary Health
 Australian Rural Leadership Foundation
 Australian Scholarships Foundation
 Australian Sports Foundation
 Baker IDI Heart and Diabetes Institute
 Barwon Health Foundation
 Benetas
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 Berry Street Victoria
 Beulah Capital Pty Ltd
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 Centenary Institute
 Centennial Parklands Foundation
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 Charles Darwin University
 Children First Foundation
 Children's Cancer Institute Australia
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 The Jean Hailes Foundation
 Leukaemia Foundation of Australia
 Lighthouse Foundation
 Macquarie University
 Mater Foundation
 MDM Design Associates
 Medecins Sans Frontieres
 Medibank Private
 Mercy Health Foundation

Mission Australia	Scope (Vic)
MJD Foundation Inc	SFG Administration Pty Ltd
Monash University, Advancement Portfolio	Share Community Appeal
Morgan Stanley Smith Barney Australia	The Smith Family NSW
MS Research Australia	The Smith Family Victoria
Multiple Sclerosis Ltd	Southern Health
Murdoch University	Spina Bifida Association of SA Inc
Mutual Trust Pty Ltd	St.George Foundation
Myer Family Company	St Paul's Anglican Grammar School
National Ageing Research Institute	St Vincent de Paul Society of Victoria
National Institute of Dramatic Art (NIDA)	St Vincent's & Mater Health Services
The Nature Conservancy	Starlight Children's Foundation
NeuroSurgical Research Foundation	The State Library of NSW Foundation
Northcott	The State Library of Victoria Foundation
NSW Department of Premier and Cabinet	Surf Life Saving Foundation
Oncology Children's Foundation Charity	Sydney Adventist Hospital Foundation
Opportunity International Australia Ltd	Sydney Opera House
Oxfam Australia	Sydney Theatre Company
Peninsula Health	Taralye
Peter MacCallum Cancer Foundation	Travellers Aid Australia
Philanthropy Squared	UCA Funds Management
Pimco Australia	United Way Australia
Pitcher Partners Investment Services	University of Canberra
Plan International	The University of Melbourne – Alumni Office
Planet Ark Environmental Foundation	University of New South Wales
The Queen Elizabeth Centre Foundation	University of Newcastle Foundation
The Queensland Art Gallery Foundation	University of South Australia Foundation
Queensland Library Foundation	University of Sunshine Coast
Rainforest Rescue	University of Sydney
Reconciliation Australia	VicHealth
Research Australia Philanthropy	Victoria University
Room to Read Australia Foundation	Vision Australia
Royal Botanic Gardens Melbourne	Volunteering Australia
Royal Botanic Gardens Sydney	Walter & Eliza Hall Institute of Medical Research
The Royal Children's Hospital Foundation (Vic)	Warakirri Asset Management
The Royal Melbourne Hospital Foundation	The Western Health Foundation
Royal Rehabilitation Centre Sydney	Westmead Medical Research Foundation
Rural Health Education Foundation	Whitelion
The S.R. Stoneman Foundation	Wise Community Investment
The Salvation Army (Southern Region)	World Society for the Protection of Animals
Save the Children Australia	World Vision Australia
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Philanthropy Australia Inc.

Head Office

Level 2, 55 Collins Street
Melbourne VIC 3000
Australia

Tel (61 3) 9662 9299
Fax (61 3) 9622 2655

Sydney Office

Suite 402, Level 4
105 Pitt Street
Sydney NSW 2000
Australia

Tel (61 2) 9223 0155
Fax (61 2) 9223 0877

Email: info@philanthropy.org.au
Website: www.philanthropy.org.au
PhilanthropyWiki: www.philanthropywiki.org.au

Patrons

Sir Gustav Nossal AC CBE
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