

Great Barrier Reef Foundation

ABN 82 090 616 443

Annual report for the year ended 31 December 2013

Great Barrier Reef Foundation ABN 82 090 616 443
Annual report - 31 December 2013

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“As the world’s largest coral ecosystem, the Great Barrier Reef is an international icon and is one of the best known World Heritage Areas. Its health is declining and without additional management intervention the Region’s ecosystem is likely to continue to deteriorate. While evidence indicates actions to date have delivered benefits for the Reef’s resilience, much more is required to halt and reverse this decline. A legacy of past activities, combined with continuing impacts and a decade of extreme weather, is taking a heavy toll. Strong steps are needed now to secure the long-term future of the Reef.”¹

The release of the draft Great Barrier Reef Strategic Assessments (for the coastal and marine zones respectively), in November, marked a very important milestone for the Reef. Based on the most up-to-date information, including scientific data, expert opinion, and Traditional Owner and stakeholder knowledge, the assessments represent the most comprehensive review of risks to the Reef and management efforts to protect it, since the marine park was established in 1975. The final Assessments will provide a strong basis for the management and policy action into the future.

The Assessments reinforce the messages and approach of the Foundation. They underscore the fact that in recent years we have learned more than ever about the threats facing the Reef and their individual and cumulative impacts. Equally, we understand that there is much we do not know and a great deal that technological advances can assist us with. It is abundantly clear that the scale of the challenges will require a strategic approach, drawing on the commitment and expertise of many sectors of society. The criticality of world class research to underpin understanding, communication, decision making and action cannot be understated. Nor can we be content to just document the problems – developing solutions is essential.

With so much focus on the Reef in 2013, the Foundation made a concerted effort to keep its network well informed. Through various forums held during the year members of our network heard directly from experts about the state of the Reef, the progress of current Reef focused initiatives, and the need for further research. The key goal of the forums was to inform, engage and inspire attendees into action.

For the Foundation’s research investments and science program 2013 was a year of significant growth and results.

Applying funds from the first year of the four-year Commonwealth Government ‘Resilient Reefs’ grant, alongside a new investment by Boeing, the number of research initiatives the Foundation invests in more than doubled in 2013 – from 13 to 28 projects. The projects commenced on 1 July 2013 and cover the use of new tools and technology to measure indicators of reef response to climate change; the bioinformatics processing of genomics data gathered through the Sea-quence project, measuring and managing ocean acidification and citizen science. These new investments, all of which are on a clear ‘path to impact’ will, over the next one to three years, provide the underlying knowledge and tools that can be adopted and applied by reef managers and policy makers.

Major projects from the Foundation’s suite of investments initiated in prior years, such as eReefs, Future Reef MAP, Sea-quence and the Smart State Fellowship investments, all met major milestones during 2013.

Working with reef managers and research partners the Foundation’s science team continues to bring together different skill sets and expertise to summarise existing knowledge, identify gaps and develop research frameworks that define the research required to develop solutions that can be applied.

Thank you to our supporters, who continue to be most generous with their contributions and time. Your commitment to the Reef and the vision of the Foundation makes it possible for us to fund the research reef managers, users and policy makers need to protect and preserve this treasure for all Australians and for the world.

¹ Page 4, Great Barrier Reef Region, Strategic Assessment In Brief, Great Barrier Reef Marine Park Authority, November 2013

The Year in Review

New Research Investments:

Providing knowledge to inform management of the Reef in the face of an increasingly variable climate.



Fourteen new Foundation co-ordinated projects commenced on 1 July 2013 under the Australian Government 'Resilient

Reefs Successfully Adapting to Climate Change' program, through the Foundation. These projects cover the use of new tools and technology to measure indicators of reef response to climate change; the bioinformatics processing of genomics data gathered through the Sea-quence project, measuring and managing ocean acidification and citizen science. These new investments, all of which are on a clear 'path to impact' will, over the next one to three years, provide concrete knowledge and tools that can be adopted and applied by reef managers and policy makers.

Reef Forums:

Informing our network about the State of the Reef



In July the Foundation hosted Reef Forums in Sydney, Melbourne and Brisbane with Dr Russell Reichelt,

Chief Executive and Chairman of GBRMPA to present the latest knowledge on the Reef. Almost 200 guests from over 30 companies attended.

A number of 'brown bag' lunchtime presentations were also made to small groups within companies in our network. By sharing news about the Reef and the science occurring to protect the Reef we hope to encourage more Australians to take an interest in the future of this wonderful treasure,

eReefs:

A successful first phase provides new products for reef management

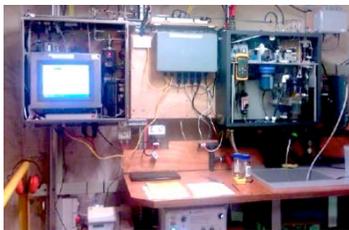


The first phase of eReefs, the largest project in the Foundation's portfolio, was completed during 2013. The first

products from the project have begun to emerge and formal launches for some of these products will be held in early 2014. An independent review of phase one concluded that the project would meet all of its milestones. The Project's Board has also committed to proceeding in 2014 with phase two of the project. The importance of tools like eReefs is underscored by the Draft Strategic Assessments. The eReefs Project is a collaboration between the Great Barrier Reef Foundation, Bureau of Meteorology, Commonwealth Scientific and Industrial Research Organisation, Australian Institute of Marine Science and the Queensland Government, supported by funding from the Australian Government's Caring for our Country, the Queensland Government, BHP Billiton Mitsubishi Alliance and the Science Industry Endowment Fund.

Future Reef MAP:

Commissioning of sensors begins the gathering of new reef chemistry information



The ocean sensor system installed on the vessel, RTM Wakmatha, under the Future Reef MAP project, was officially

commissioned for data collection early in 2013 following its installation and testing in 2012. The sensor system will continue to collect information on ocean chemistry along the Great Barrier Reef from Gladstone to Weipa for the next 2 years as the vessel makes its regular voyages between these locations.

Leveraging from this work the Foundation has funded a new project which will see an ocean chemistry sensor fitted to the AIMS vessel – Cape Ferguson.

Sea-quence:

Core genetic data for corals from the Great Barrier Reef and Red Sea gathered to help guide management responses to climate change



Following the collection of samples in December 2012 for most of the ten species identified as a priority for research, work

on the Sea-quence project in the first half of 2013 focussed on preparing samples for sequencing – ensuring the protocols were in place and samples complied with the protocols. July saw the official commencement of sequencing and by the end of October a pilot study had sequenced the genome of a common Great Barrier Reef coral *Porites lutea*. Since then the first two symbionts have also been sequenced. Because not all the coral we intend to sequence spawned in 2012, further trips were undertaken to Heron Island and Orpheus Island in 2013 to collect the remaining samples.

Research Development

Convening experts to synthesise knowledge and map future research pathways



The ReFuGe 2020 Consortium which brings together national and international genomics experts focused

on expanding our knowledge of coral resilience and their capacity to adapt to climate change maintained its great work in 2013. The Consortium continued to meet on a regular basis progressing existing projects, advancing methods and prioritising new research. Of particular note is the development of new efficient methods for extracting the microbes and viruses from the coral tissue by Consortium members which will lead to major milestones in early 2014.

A workshop on Ocean Acidification also brought together national and international leaders in coral biology, oceanography, reef management, engineering and innovation to produce a discussion paper on the current state of research, identify gaps and develop a draft research pathway and framework to guide future ocean acidification research. The Foundation is now funding 5 ocean acidification projects.

Citizen Science:

Empowering community groups to provide data on reef health



In August 2013 Boeing Australia and the Great Barrier Reef Foundation announced a partnership to boost

community-based 'citizen science' efforts on the Great Barrier Reef. The partnership will enable the expansion of existing 'citizen science' programs through which committed community members, who are mostly volunteers, gather data about the health of the Great Barrier Reef and the species that live there including fish, corals and seagrass.

The Bommies Award:

Encouraging young researchers to develop strong science communication skills



A new format Bommies Award to encourage young researchers was launched in September. Researchers

were required to submit a three minute video profiling their research in an engaging and creative manner. Twelve researchers rose to the challenge and submitted applications. Two prizes for the award have also been established – a Bommies Award selected by an esteemed judging panel and a 'People's Choice' Bommies Award voted on by the public. Judging and voting will take place in January 2014.

Engaging With Government

Understanding the knowledge needs of reef managers and policy makers and supporting adoption of the latest research



Both the strategic assessment process and research investments provided particular points of engagement

with the Australian and Queensland Governments in 2013.

Through expert working groups and direct engagement, the Foundation provided input to the development of the Strategic Assessment. The Foundation's Board also received two briefings from government representatives on the progress of the Assessments.

The GBRF team also worked actively with the Australian Government in funding the first tranche of the 'The Resilient Coral Reefs Successfully Adapting to Climate Change' four-year grant to the Foundation.

The Foundation continues to coordinate the user reference group for the eReefs project, involving potential government users.

Regular briefings on the progress of project investments were also provided to government.

Science Forum:

Sharing knowledge, driving collaboration



The Foundation's first 'Science Forum' held in July brought together partners in government, business,

science, and philanthropy to showcase an array of the 28 projects funded by Great Barrier Reef Foundation, including those under the Commonwealth Funding program, eReefs, Sea-quence, Future Reef MAP and Citizen Science,. The forum provided an opportunity for all involved to become more informed about projects underway and exciting collaborations have emerged through the sharing of resources and experience.

Smart State Fellowship:

Research Program draws to a close with important advances in climate change knowledge



The 5 year Smart State Fellowship of Professor Ove Hoegh-Guldberg co-funded by the University of Queensland,

GBRMPA, GBRF and the Queensland Government came to a close in 2013. A suite of projects under this Fellowship over the past five years have sought to understand the threats of ocean warming and acidification on the structural complexity of reefs and key reef organisms (including coral health, non-coral invertebrates, macroalgae) and to improve satellite-based tools for monitoring water-clarity and light in shallow waters. The research program has made important advances in ocean warming and acidification knowledge and the Foundation looks forward to a report to be released early in 2014 that will summarise the outcomes of this Fellowship.

Chairman's Panel & ZooX Ambassador Program

Engaging and informing our network about the state of the Reef and the Foundation's work



The 47 members of the Foundation's Chairman's Panel came together twice in 2013 to receive

updates on the Reef and discuss the progress being made on research. Interacting with emerging research products and hearing directly from reef managers and researchers, the challenges facing the Reef, the Panel is well equipped to engage those they interact with in the future of the Reef and the Foundation's story.

Two highly successful ZooX Ambassador Program trips to Heron Island were run in October and November, recruiting new and energised ambassadors to the fold. After 6 years, our ZooX Ambassador Program now counts more than 175 individuals from all around Australia, who are now more passionate than ever about the Reef, among its alumni!

Principal Activities

The principal activity of the Foundation is to raise funds to support research into and education about the environmental protection, enhancement, preservation and conservation of tropical reefs (especially the Great Barrier Reef) and adjoining coral coasts, for the benefit of the world community. There were no significant changes to the nature of the activities carried out by the Foundation during the year.

Review of Results and Operations

The Foundation made an operating surplus of \$988,680 (2012: operating surplus \$572,621).

At 31 December 2013, \$1,714,655 (2012 \$866,692) is considered by the directors as being tied or restricted funds for application towards future research project commitments.

Operations

The program of work and investments managed by the Foundation team grew significantly in 2013. Additional resources were employed in support of this expanded workload. The number of full time employees at reporting date was 3 (2012: 3). In addition to day-to-day requirements, the Foundation also runs initiatives which require additional resources on a regular but not full time basis. Six part time staff are employed in roles relating to science, engagement program delivery and accounting with one casual staff member in a support role. In addition, one contractor is employed to provide science expertise. The capacity of this small team to achieve is enhanced by the Foundation's network of supporters and partners, in particular its pro bono partners and Science Advisory Committee.

Pro Bono Partners

The Foundation's Pro Bono partners both extend the capacity of the operational team to deliver and provide assurance to the Board and donors that the Foundation is rigorously managed.

The services and advice provided by these partners would be well beyond the ability of the Foundation to find and fund on its own. Furthermore, many of these organisations have consistently supported the Foundation over a number of years

The Foundation recognises that it is very fortunate to have assembled such a prestigious group of partners and greatly appreciates the value and quality of service provided by these organisations.

The Australian firms and companies who have provided pro bono services for which the Foundation would otherwise have to pay cash in 2013, include:

Allens Linklaters (Legal)

Booz & Co (Consulting)

Deloitte Touche Tohmatsu (Audit)

Energetics (ZooX Ambassador Program Faculty and Support)

Kloud Solutions (Cloud Computing Support)

KPMG (Company Secretarial & Compliance, Consulting)

PricewaterhouseCoopers (Accounting)

Robertson Burns (Leadership Communications)

In the last twelve months, these firms and businesses have together provided pro bono services and support services valued at \$486,567 (2012: \$390,126).

Science Investments

At 31 December 2013, the Foundation had research investments totalling \$4,431,613 (2012: \$2,098,841). The Foundation endeavours to have its investments to be leveraged with co-contributions from the relevant research institution and, as appropriate cash from other parties.

The principal beneficiaries of research expenditure by the Foundation in 2013 were:

Institution	2013
	\$
Australian Institute of Marine Science	662,351
Australian National University	121,000
Bioplatforms Australia	341,000
Bureau of Meteorology	330,000
CRC for Polymers	106,700
CSIRO	1,297,201
Griffith University	132,000
James Cook University	281,965
Southern Cross University	11,000
Sydney University	211,200
University of Queensland	937,196
<i>Total</i>	<u>\$4,096,893</u>

Benchmarking: The Cost of Fundraising

The community naturally expects that not for profit organisations will be transparent regarding their operations and disclose the proportion of total revenue raised from donors, which is spent on administration, and fundraising costs.

To meet this expectation, the Foundation is committed to adopting and, wherever possible, exceeding industry best practice in its use of all of its donors' funds.

Accordingly, the Foundation regularly monitors two key metrics:

a) **The Proportion of Project Expenditure** which analyses the amount of funding which is directed to projects (i.e. those funds used directly to meeting the NFP's mission) rather than servicing the NFP's operating costs. Best practice guidance from the Fundraising Institute of Australia's *Principles of Fundraising Practice* suggests that this proportion should lie between 65% and 75% (or above). For the 2013 year, the Foundation's Proportion of Project Expenditure to Total Expenditure was 85.8% (2012 77.9%)

b) **The Cost of Fundraising and Administration Ratio**, which measures the efficiency of funds, used to raise each dollar of revenue received. The ratio is a proportion of fundraising and administration costs to total revenues. *The Charitable Fundraising Act 1991 (NSW)* places a statutory limit on the cost of fundraising ratio of less than 40% of the funds raised for any particular appeal.

For the 2013 year the Foundation's Cost of Fundraising and Administration was 11.9% (2012 18.2%).

Notes:

1. When calculating these ratios, assumptions are made to apportion costs between "project expenditure" and "fundraising and administration" costs. The assumptions that the Foundation makes have been "pressure tested" for reasonableness. For instance, in the Foundation's case, project expenditure comprises research grants, costs associated with raising awareness and any advocacy costs. A distinction needs to be drawn between proposals and the initial "pitch" for funding and subsequent project development, research costs and project management costs. As a general rule, the Foundation characterises any costs incurred following a verbal commitment to fund as "project expenditure" rather than a 'cost of fundraising'.
2. Pro Bono services and support are excluded from all ratio calculations on the basis that this income and expenditure have a net effect (i.e. all pro bono income is also an expenditure item)
3. The Foundation is committed to maximising the funding available to achieve its core purposes and has implemented three ways to source operating overheads from *outside* project fundraising:
 - The Chairman's Panel: Member subscriptions to the Panel program are dedicated to meeting the operating costs of the Foundation;
 - The ZooX Fund: At least 85% of all funds that go into the ZooX Fund go directly to projects. The Register of Environmental Organisations recommends that environmental not-for-profits can allocate up to 15% of monies raised to meet the overheads;
 - Securing development and management fees to cover the investment of people and resources by the Foundation for major project partnerships

Directors

The following individuals were directors of the Foundation during the financial year and up to the date of this report:

- John Michael Schubert AO (Chairman) (director since 11/4/2001)
BCEng (Hons 1), PhD (Chem Eng), FIEAust, CPEng, FTS, FIChemE
- Ian Craig Buchanan (director since 15/2/2005)
MA (Oxon) MBA
- Michael Andrew Cameron (Chairman Audit and Compliance Committee since 15/11/2010) (director since 09/09/2010)
BBus, FCPA, FCA, FAICD
- Geoffrey James Dixon (resigned 5/12/12)
- Stephen Charles Fitzgerald (director since 25/11/2010)
BEcon
- Kerry Lee Gardner (director since 12/5/2006)
Grad. Dip (Mkg)
- Paul Fawcett Greenfield AO, (Chairman International Scientific Advisory Committee since 21/12/2007) (director since 21/12/2007)
BEcon Qld, BE (Hons) NSW, PhD NSW, FIE Aust, FTSE, FIChemEng, MAIChe
- Claire Louise Hanratty (Managing Director) (director since 1/12/2012)
BCA (First Class Hons), MBA
- Amanda Therese McCluskey (director since 31/08/2009)
BEcon (Hons)
- John Francis Mulcahy (director since 12/5/2006)
BE (First Class Hons), PhD (Civil Eng)
- Russell Evan Reichelt (director since 31/8/2004)
BSc PhD, FAICD, FTSE
- Phillip David Strachan (director since 23/12/2003)
BCom, FCPA
- David John Turner (director since 28/7/2007)
FCA
- Keith Henry Tuffley (director since 22/11/2006)
BEc, LL.M, Grad Dip Applied Fin and Invest
- Peter Francis Young (director since 18/11/2004)
BSc (Geology), MBA

Audit and Compliance Committee

From 2013, in accordance with its constitution, the Foundation's Board has directly appointed the following individuals as members of the Audit and Compliance Committee.

- Michael Andrew Cameron (Chairman Audit and Compliance Committee since 15/11/2010) (director since 09/09/2010)
BBus, FCPA, FCA, FAICD
- Clayton Neil Herbert (formerly alternate director for John Mulcahy as a member of the Audit and Compliance Committee since 21/11/ 2006).
B.Bus, CA
- Isaac Alexander Fletcher (formerly alternate director for Keith Tuffley as a member of the Audit and Compliance Committee since 1/7/2007).
BEng (Hons)
- Anthony Peter Rose (member Audit and Compliance Committee since 6/6/2013)
BComm(UWA), ACA, SFSIA

Portfolio Committee

With significant investment now being made in the Foundation's Research Portfolio, the Board established the Portfolio Committee to provide advice to the Board on the allocation, risk and reputational aspects of investments in the Portfolio. The following individuals are members of the Portfolio Committee:

- John Francis Mulcahy (Chair) (director since 12/5/2006)
BE (First Class Hons), PhD (Civil Eng)
- Claire Louise Hanratty (Managing Director) (director since 1/12/2012)
BCA (First Class Hons), MBA
- Russell Evan Reichelt (director since 31/8/2004)
BSc PhD, FAICD, FTSE
- John Michael Schubert AO (director since 11/4/2001)
BCEng (Hons 1), PhD (Chem Eng), FIEAust, CPEng, FTS, FIChemE
- Representative from the Australian Government Department of Environment

Philanthropy Committee

The Foundation Board established the Philanthropy Committee to assist in fulfilling its oversight responsibilities by monitoring and reporting to the Board on the advancement of the development of the Foundation's philanthropy strategy.

The following Directors are members of the Philanthropy Committee:

Kerry Lee Gardner (Chair) (director since 12/5/2006)

Grad. Dip (Mkg)

Claire Louise Hanratty (Managing Director) (director since 1/12/2012)

BCA (First Class Hons), MBA

David John Turner (director since 28/7/2007)

FCA

Keith Henry Tuffley (director since 22/11/2006)

BEd, LL.M, Grad Dip Applied Fin and Invest

Company Secretary

Kerri Suzanne Ryan became the Foundation's Company Secretary on 24 November 2012.

Scientific Advisory Panel

The Scientific Advisory Panel, chaired by Professor Paul Greenfield AO, advises the Foundation's Board and management on the direction of the science and the progress of science investments. The Foundation is grateful to the eminent group of leaders from Reef management and research institutions under whose leadership and governance the research program is developed, delivered and quality assured.

Meetings of Board Committees

Directors	Full meeting of the Board of Directors		Meetings of the Audit & Compliance Committee		Meetings of the Portfolio Committee		Meetings of the Philanthropy Committee	
	A	B	A	B	A	B	A	B
John Michael Schubert (Chairman)	4	4			2	2		
Ian Craig Buchanan	2	4						
Michael Andrew Cameron (Chairman Audit & Compliance Committee)	3	4	4	4				
Stephen Charles Fitzgerald	3	4						
Paul Fawcett Greenfield	4	4			1	2		
Kerry Lee Gardner (Chair Philanthropy Committee)	4	4					1	1
Amanda Therase McCluskey	3	4						
John Francis Mulcahy (Chairman Portfolio Committee)	4	4			2	2		
Russell Evan Reichelt	4	4			2	2		
Claire Louise Hanratty (Managing Director)	4	4					1	1
Phillip David Strachan	4	4						
Keith Henry Tuffley	4	4					1	1
David John Turner	3	4					1	1
Peter Francis Young	3	4						
Audit & Compliance Committee Members								
Isaac Alexander Fletcher			4	4				
Clayton Neil Herbert			3	4				
Anthony Peter Rose			3	3				
Other Committee Members								
Australian Government Representative					2	2		

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Dividends

The Foundation is a company limited by guarantee and is restricted from declaring any dividends.

Insurance of Officers

During the financial year, the Foundation paid a premium of \$5,488 (2012: \$5,338) including stamp duty, a broker's fee and GST, to insure the Directors and Secretary and senior officers of the Foundation.

Proceedings on behalf of the Foundation

No proceedings have been brought or intervened in on behalf of the Foundation which requires the leave of the Court under section 237 of the Corporations Act 2001.

Indemnification of Officers and Auditor

Under section 66 of the Foundation's Constitution, the Foundation indemnifies each person who is or has been a Director or Secretary of the Foundation. The Indemnity relates to any liability (other than liability to the Foundation or related body corporate, pecuniary penalties or compensation orders and liability that did not arise out of conduct in good faith) which results directly or indirectly from facts or circumstances relating to service as a Director or Secretary of the Foundation and extends to the payment of legal costs described therein.

The Foundation has not otherwise during or since the financial year indemnified or agreed to indemnify an auditor of the Foundation or of any related body corporate against a liability incurred as such an auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Environmental regulation

The Foundation's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Foundation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Foundation.

Remuneration Report

No Director of the Foundation has received or become entitled to receive a benefit, by reason of a contract made by the Foundation with the Director of a related company, other than in the case of the current Managing Director, whose remuneration is determined by the Board.

Employee numbers

The number of full time employees at reporting date was 3 (2012: 3). In addition to day-to-day requirements, the Foundation also runs initiatives which require additional resources on a regular but not full time basis. Six part time staff are employed in roles relating to science, engagement program delivery and accounting with one casual staff member in a support role. In addition, one contractor is employed to provide science expertise. .

Members' Guarantee

The Foundation is a public company limited by guarantee. Members are nominated and determined in accordance with the Constitution. If the Foundation is wound up, the Constitution states that each member is required to contribute a maximum of \$10.00 towards meeting any outstanding obligations of the Foundation. As at 31 December 2013, the number of members was 103 (2012: 95).

State Government fundraising legislation requirements

Several state governments in Australia have specific licensing and reporting requirements implemented to inform and protect the interests of donors and regulate fundraising operations.

The Foundation holds the following licence in Queensland, the principal place of its operations:

- *Collections Act 1966, Certificate of Sanction Number: CP5118.*

Commonwealth Regulation

Environmental organisations, including the Foundation, are required to comply with the requirements of the Commonwealth Department of Environment, Water, Heritage and the Arts and the Australian Taxation Office in order to remain on the Register of Environmental Organisations (REO). This register lists environmental organisations, like the Foundation, which are eligible to receive tax-deductible donations. This register was established under item 6.1.1 subsection 30-55(1) of the *Income Tax Assessment Act 1997*.

Likely developments and expected results of operations

The Foundation will continue to focus on funding research aligned with the Research Portfolio it published in 2010 with a particular emphasis on those projects which have been identified as a priority by the Foundation's Scientific Advisory Committee.

With a large program of projects now under management, significant effort is being, and will continue to be, dedicated to overseeing delivery of this work and enabling its adoption by reef managers and policy makers.

This report is made in accordance with a resolution of the Directors.



John Michael Schubert
Chairman

Dated: 28/2/2014



Claire Louise Hanratty
Managing Director

Dated: 28 February 2014

The Board of Directors
Great Barrier Reef Foundation
1/9 Longland Street
NEWSTEAD QLD 4006

28 February 2014

Dear Board Members

Great Barrier Reef Foundation

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Great Barrier Reef Foundation.

As lead audit partner for the audit of the financial statements of Great Barrier Reef Foundation for the financial year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Tendai Mkwanzani
Partner
Chartered Accountants

Corporate governance statement

Great Barrier Reef Foundation (the Foundation) is a not for profit public company limited by guarantee, incorporated under the *Corporations Act 2001*. Ultimate responsibility for the governance of the Foundation rests with the Board of Directors. This governance statement outlines how the Board meets that responsibility.

The Board's primary role is to ensure that the Foundation's activities are directed towards achieving its mission; the raising and provision of funding to support research contributing to the environmental protection, enhancement, preservation and conservation of tropical reefs and adjoining coral coasts.

All members of the Board of Directors are appointed through the Constitution and are themselves members of the Company. Non executive Directors serve in an honorary capacity and do not receive remuneration for their role. Directors and senior staff have formal duties under company law and are kept apprised of these, using professional advice when necessary. There are conflict of interest provisions in the Constitution and in company law, applicable to the directors, together with an internal protocol.

The Foundation's Constitution governs the regulations of meetings and proceedings of the Board of Directors, together with the procedures for appointment and replacement of directors. The Board regularly reviews the skills and experience necessary for its activities and currently considers it appropriate that there is the following mix: business management, ecological and scientific, financial, legal, marketing and philanthropic.

In addition to those matters required by the Constitution and company law, the Board's principal roles are to:

- approve the annual budget
- receive and review regular and comprehensive financial and investment reports
- oversee risk management analysis
- make final decisions with respect to research projects
- prepare and approve policy statements
- determine strategic and long term objectives.

The Audit and Compliance Committee monitors the Foundation's financial activities and performance. The Audit and Compliance Committee may call on external advice from outside parties as required. It:

- reviews the accounts and assists in development of annual budgets and long term projections
- provides strategic financial advice and support to management
- advises the Board on financial matters including property acquisition, the formation of policies and guidelines related to financial management and the monitoring of financial performance.

The Board delegates the day to day management of the Foundation to the Managing Director and oversees and monitors her performance in that regard.

The Board's limitation policy for the Managing Director provides that:

- the Board of Directors will provide clear directions of what is required of the Managing Director through identification of key performance indicators;
- in the fulfillment of the Managing Director's duties and responsibilities, the Managing Director will use her discretion so as to achieve the necessary outcomes in a professional, ethical, responsible and legal manner.

The process of evaluation of the Managing Director is ongoing, and a session on key performance indicators is held with the Chairman annually. The Board or its delegate conducts an annual performance review of the Managing Director. The remuneration and terms and conditions for the Managing Director are reviewed and approved by the Board after seeking professional advice. The Managing Director reviews and approves remuneration and conditions for other staff in the context of agreed parameters established by the Board.

Communication of the Foundation's affairs to members, supporters and the public is widely undertaken. There is direct communication through newsletters and the provision of the Annual Report to members. The Annual Report and full financial disclosure, together with the Foundation's Constitution, are available on the internet at www.barrierreef.org.

Great Barrier Reef Foundation ABN 82 090 616 443
Annual report - 31 December 2013

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These financial statements are the financial statements of Great Barrier Reef Foundation as an individual entity. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 28/2 2014. The Directors have the power to amend and reissue the financial statements.

Great Barrier Reef Foundation
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Revenue	3	6,655,255	3,650,688
Science investments		(3,717,207)	(1,520,761)
Employee benefits expense		(909,951)	(627,876)
Program marketing and delivery	4	(273,218)	(285,471)
Occupancy and administration expenses	4	(377,048)	(351,018)
Business development costs	4	(368,540)	(275,565)
Depreciation and amortisation expense		(15,870)	(13,377)
Loss on disposal of fixed assets		-	(1,185)
Finance costs		(4,741)	(2,814)
Operating surplus before income tax		988,680	572,621
Income tax expense		-	-
Operating surplus for the year		988,680	572,621
Other comprehensive income for the year		-	-
Total comprehensive income for the year		988,680	572,621
Operating surplus for the year is attributable to:			
Members of Great Barrier Reef Foundation		988,680	572,621

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of financial position
As at 31 December 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,533,080	1,040,262
Trade and other receivables	7	1,749,256	1,463,218
Other current assets	8	11,415	15,067
Total current assets		3,293,751	2,518,547
Non-current assets			
Property, plant and equipment	9	71,988	74,926
Intangible assets	10	12,330	14,519
Total non-current assets		84,318	89,445
Total assets		3,378,069	2,607,992
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,011,421	1,225,573
Borrowings	12	-	487
Provisions	13	93,198	97,160
Total current liabilities		1,104,619	1,323,220
Net assets		2,273,450	1,284,772
FUNDS			
Restricted reserves	14(a)	1,714,655	866,692
Retained operating surplus	14(b)	558,795	418,080
Total funds		2,273,450	1,284,772

The above statement of financial position should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of changes in equity
For the year ended 31 December 2013

	Notes	Restricted reserves \$	Retained operating surplus \$	Total equity \$
Balance at 1 January 2012		312,896	399,257	712,153
Surplus for the year		-	572,621	572,621
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	572,621	572,621
Transfer to (from) retained opening surplus to (from) restricted reserves	14	553,796	(553,798)	(2)
Balance at 31 December 2012		866,692	418,080	1,284,772
Balance at 1 January 2013		866,692	418,080	1,284,772
Surplus for the year		-	988,680	988,680
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	988,680	988,680
Transactions with owners in their capacity as owners:				
Transfer to (from) retained opening surplus to (from) restricted reserves	14	847,963	(847,965)	(2)
Balance at 31 December 2013		1,714,655	558,795	2,273,450

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Great Barrier Reef Foundation
Statement of cash flows
For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Payments to suppliers and researchers (inclusive of goods and services tax)		(4,464,687)	(2,243,523)
Grants and donations received		5,976,538	1,972,468
Employment costs		(913,913)	(589,547)
Net cash inflow (outflow) from operating activities		597,938	(860,602)
Cash flows from investing activities			
Payments for property, plant and equipment (exclusive of goods and services tax)	9	(10,744)	(9,222)
Term deposits held as bank guarantees		(1,186)	-
Payments to term deposits		(150,000)	-
Proceeds from sale of property, plant and equipment (exclusive of goods and services tax)		-	450
Interest received		57,297	31,815
Net cash (outflow) inflow from investing activities		(104,633)	23,043
Cash flows from financing activities			
Proceeds from borrowings		(487)	(1,443)
Net cash (outflow) from financing activities		(487)	(1,443)
Net increase (decrease) in cash and cash equivalents		492,818	(839,002)
Cash and cash equivalents at the beginning of the financial year		1,040,262	1,879,264
Cash and cash equivalents at end of year	5	1,533,080	1,040,262

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity Great Barrier Reef Foundation.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Great Barrier Reef Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the Great Barrier Reef Foundation comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Early adoption of standards

The Foundation has not elected to apply any pronouncements before their operative date in the financial year beginning 1 January 2013

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and duties and taxes paid.

Revenue is recognised for the major business activities as follows:

(i) Interest

Interest revenue is recognised when the interest entitlement has been earned.

(ii) Donations

Income from donations is recognised at the earlier of when the donation is received or entitled to be received by the Foundation.

(iii) Corporate grants

Income from corporate grants is recognised when the grant is entitled to be received by the Foundation.

(iv) Royalties

Revenue from royalties is recognised when the royalty is earned.

(c) Government grants

Grants received from the government are recognised as revenue to the extent they have been received into the Foundation's bank account or are entitled to be received by the Foundation at year end.

(d) In kind donations

In kind donations, such as the provision of goods and services from pro bono partners, are recognised as revenue when provided to the Foundation. These in kind donations are also recorded as a matching asset or expense depending on the nature of the service provided.

1 Summary of significant accounting policies (continued)

(e) Income tax

The Foundation is a tax exempt entity and is therefore not liable for income tax.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Foundation as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Foundation is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

(g) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(j) Trade and other receivables

Trade and other receivables are recognised at cost, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade and other receivables) is used when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

1 Summary of significant accounting policies (continued)

(k) Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- | | |
|--------------------------|--------------|
| - Furniture and fittings | 2 - 20 years |
| - Plant and equipment | 2 - 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(l) Intangible assets

(i) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 5 to 10 years.

Trademarks that do not have a finite useful life are carried at cost less accumulated impairment.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Foundation prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables and other accounts payable are recognised when the Foundation becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave will be recognised when an employee has been in employment at the Foundation for 7 or more years. For the year ended 31 December 2013, no employees had completed 7 or more years of service.

(iii) Sick leave

Liabilities for non-accumulating sick leave are not recognised by the Foundation in its Annual Report.

1 Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(iv) Superannuation

The Foundation makes compulsory superannuation contributions in accordance with the Superannuation Guarantee Charge. Any superannuation accrued and not paid at balance date is recognised as a liability.

(p) Goods and Services Tax (GST)

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 Taxation Office ("ATO"). In these circumstances, the GST recognised is part of the cost of acquisition of the asset or as part of the item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of 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. The GST component of cash flows arising from investing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2013 reporting periods and have not yet been applied in the financial statements. The Foundation's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB9, AASB2009-11, AASB2010-7

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Foundation is yet to assess its full impact and has not yet decided when to adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(r) Comparatives

Certain adjustments have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result certain line items have been amended in the notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

3 Revenue

	2013	2012
	\$	\$
Project grants received	937,500	1,022,500
ZooX funds received	1,210,440	882,746
Government research contributions	2,629,898	500,273
Pro-bono services	486,567	390,127
Donations - Chairman's Panel	700,100	614,000
Non ZooX donations	20,919	15,090
Royalties - cause related marketing	27,982	30,910
Grants received - project fees	516,011	123,136
Interest income	57,838	31,752
Other revenue	68,000	40,154
	<u>6,655,255</u>	<u>3,650,688</u>

4 Expenses

2013	2012
\$	\$

Surplus before income tax includes the following specific expenses:

Program marketing and delivery

Pro-bono services	73,803	95,006
Expenses other than pro-bono services	199,415	190,465
	<u>273,218</u>	<u>285,471</u>

Occupancy and administration expenses

Pro-bono services	179,764	170,122
Expenses other than pro-bono services	197,284	180,896
	<u>377,048</u>	<u>351,018</u>

Business development costs

Pro-bono services	233,000	125,000
Expenses other than pro-bono services	135,540	150,565
	<u>368,540</u>	<u>275,565</u>

5 Current assets - Cash and cash equivalents

	2013	2012
	\$	\$
Operating accounts	217,857	168,187
Public fund accounts	250,210	575,618
Project accounts	1,065,013	296,457
	1,533,080	1,040,262

(a) Public fund monies

The Foundation is registered as an Environmental Organisation under legislative requirements in the *Income Tax Assessment Act*.

One of the mandatory constitutional requirements of environmental organisations includes the establishment and maintenance of a public fund:

- to which gifts of money or property for its principal purpose are to be made; and
- to which any money received because of such gifts is to be credited; and
- that does not receive any other money or property.

The release of monies from the public fund account and the management of, and sale of, public fund assets must be authorised by the fund's management committee.

(b) Project account

The project account is restricted for use of specific project income and expenditure. This includes monies received and relating to Project grants.

6 Assets subject to a restriction

(a) ZooX™ Fund

The Foundation has a policy of setting aside at least 85% of all ZooX™ funds received to be directly invested into coral reef research projects, specifically to address the climate change threat. There is generally a timing difference between ZooX™ fund income being earned, and ZooX™ fund matching expenditure. Income earned from ZooX™ fund projects is considered to be restricted income to the extent that it is to be matched by expenditure. When ZooX™ fund income is earned in a year and the matched expenditure is less than the income earned, the surplus amount is moved from retained earnings to the Restricted Funds Reserve. Conversely, where the matched expenditure in any given year is greater than the income earned, the shortfall amount is moved from the Restricted Funds Reserve to retained earnings.

In the years when the portion of the ZooX™ fund balance of the Restricted Fund Reserve increases, there will be a negative effect on retained earnings for the year. Conversely, in the years when the portion of the ZooX™ fund balance of the Restricted Fund Reserve decreases, there will be a positive effect on retained earnings for the year. Over the long term, the position is neutral on the basis that all restricted ZooX™ funds received are fully expended. As a result the Board and management consider the following net assets to be restricted for application towards future research projects:

	2013	2012
	\$	\$
ZooX™ project funds recognised as restricted reserves	506,358	268,057

6 Assets subject to a restriction (continued)

(b) eReefs

eReef funds received generally consist of two components. The first component being a management fee that can be used by the Foundation to manage the eReef's project and meet operating and administrative costs. The second component is to be directed in its entirety towards future research projects.

There is generally a timing difference between earning eReefs income and the matching expenditure. Income earned from the eReefs project is considered to be restricted income to extent that it is to be matched by expenditure. When eReefs income is earned in a year and the matched expenditure is less than the income earned, the surplus amount is moved from retained earnings to the Restricted Funds Reserve. Conversely, where the matched expenditure in any given year is greater than the income earned, the shortfall amount is moved from the Restricted Funds Reserve to retained earnings.

In the years when the portion of the eReefs balance of the Restricted Fund Reserve increases, there will be a negative effect on retained earnings for the year. Conversely, in the years when the portion of the eReefs balance of the Restricted Fund Reserve decreases, there will be a positive effect on retained earnings for the year. Over the long term, the position is neutral on the basis that all restricted eReef's funds received are fully expended. As a result the Board and management consider the following net assets to be restricted for application towards future research projects:

	2013	2012
	\$	\$
Project grants recognised as restricted reserves	334,380	429,285

(c) Bequests

The primary bequest was received during 2009 from Sir Ian McFarlane. The board has resolved to separately invest these funds with the earnings to be used to fund lectures/training. Accordingly, these funds have been allocated to the restricted reserve and are considered to be restricted.

	2013	2012
	\$	\$
Bequests recognised as restricted reserves	163,079	169,350

(d) Department of Environment

The board has resolved to separately invest funds received from the Department of Environment with the earnings to be used to fund research activities. Accordingly, these funds have been allocated to the restricted reserve and are considered to be restricted.

	2013	2012
	\$	\$
Department of Environment funds recognised as restricted reserves	710,838	-
	2013	2012
	\$	\$
Total assets subject to restriction	1,714,655	866,692

7 Current assets - Trade and other receivables

	2013 \$	2012 \$
Donations and royalties receivable	1,568,659	1,434,348
Interest receivable	840	298
Term deposit held as security	179,757	28,572
	<u>1,749,256</u>	<u>1,463,218</u>

8 Current assets - Other current assets

	2013 \$	2012 \$
Deposits paid	-	4,961
Prepayments	11,415	10,106
	<u>11,415</u>	<u>15,067</u>

9 Non-current assets - Property, plant and equipment

	Plant and equipment \$	Leased plant and equipment \$	Artwork \$	Total \$
At 1 January 2012				
Cost	128,626	21,342	10,400	160,368
Accumulated depreciation	(69,037)	(12,242)	(2,541)	(83,820)
Net book amount	<u>59,589</u>	<u>9,100</u>	<u>7,859</u>	<u>76,548</u>
Year ended 31 December 2012				
Opening net book amount	59,589	9,100	7,859	76,548
Additions	11,208	-	-	11,208
Disposals	(1,641)	-	-	(1,641)
Depreciation charge	(9,380)	(1,023)	(786)	(11,189)
Closing net book amount	<u>59,776</u>	<u>8,077</u>	<u>7,073</u>	<u>74,926</u>
At 31 December 2012				
Cost	125,511	21,342	10,400	157,253
Accumulated depreciation	(65,735)	(13,265)	(3,327)	(82,327)
Net book amount	<u>59,776</u>	<u>8,077</u>	<u>7,073</u>	<u>74,926</u>

9 Non-current assets - Property, plant and equipment (continued)

	Plant and equipment \$	Leased plant and equipment \$	Artwork \$	Total \$
Year ended 31 December 2013				
Opening net book amount	59,776	8,077	7,073	74,926
Additions	10,744	-	-	10,744
Depreciation charge	(12,067)	(908)	(707)	(13,682)
Closing net book amount	58,453	7,169	6,366	71,988
At 31 December 2013				
Cost	136,255	21,342	10,400	167,997
Accumulated depreciation	(77,802)	(14,173)	(4,034)	(96,009)
Net book amount	58,453	7,169	6,366	71,988

10 Non-current assets - Intangible assets

	Trademarks at cost \$	Total \$
At 1 January 2012		
Cost	21,883	21,883
Accumulation amortisation	(5,176)	(5,176)
Net book amount	16,707	16,707
Year ended 31 December 2012		
Opening net book amount	16,707	16,707
Amortisation charge **	(2,188)	(2,188)
Closing net book amount	14,519	14,519
At 31 December 2012		
Cost	21,883	21,883
Accumulation amortisation	(7,364)	(7,364)
Net book amount	14,519	14,519
Year ended 31 December 2013		
Opening net book amount	14,519	14,519
Amortisation charge **	(2,189)	(2,189)
Closing net book amount	12,330	12,330
At 31 December 2013		
Cost	21,883	21,883
Accumulated amortisation	(9,553)	(9,553)
Net book amount	12,330	12,330

** Amortisation of \$2,189 (2012: \$2,188) is included in depreciation and amortisation expense in profit or loss.

11 Current liabilities - Trade and other payables

	2013	2012
	\$	\$
Accounts payable	29,428	735,010
Science project accrued expenses	967,255	432,035
Goods and services tax (GST) payable	14,738	58,528
	1,011,421	1,225,573

12 Current liabilities - Borrowings

	2013	2012
	\$	\$
Credit card liabilities	-	487

13 Current liabilities - Provisions

	2013	2012
	\$	\$
Provision for employee benefits	93,198	97,160

14 Funds

(a) Reserves

	2013	2012
	\$	\$
Restricted fund reserve	1,714,655	866,692
	\$	\$

Movements:

<i>Restricted fund reserve</i>		
Balance 1 January	866,692	312,896
Transfer to retained operating surplus	(3,759,885)	(1,543,421)
Transfer from retained operating surplus	4,607,848	2,097,217
Balance 31 December	1,714,655	866,692

14 Funds (continued)

(a) Reserves (continued)

The following table shows the balances in the restricted funds reserve in relation to each fund/project:

	2013	2012
	\$	\$
<i>Restricted fund/project</i>		
ZooX fund	506,358	268,057
eReefs	334,380	429,285
Ian MacFarlane Bequest	163,079	169,350
Department of Environment	710,838	-
Balance 31 December	<u>1,714,655</u>	<u>866,692</u>

(b) Retained operating surplus

Movements in retained operating surplus were as follows:

	2013	2012
	\$	\$
Balance 1 January	418,080	399,257
Net operating surplus for the year	988,680	572,621
Net transfer from retained operating surplus to restricted fund reserves	(847,965)	(553,798)
Balance 31 December	<u>558,795</u>	<u>418,080</u>

15 Commitments

(a) Capital and other commitments

Grant expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2013	2012
	\$	\$
<i>ZooX fund projects payable: *</i>		
Within one year	349,472	768,146
Later than one year but not later than five years	-	269,472
	<u>349,472</u>	<u>1,037,618</u>
<i>eReefs projects payable:</i>		
Within one year	1,122,834	1,674,000
Later than one year but not later than five years	600,000	2,028,000
	<u>1,722,834</u>	<u>3,702,000</u>
<i>Resilient Reefs projects payable:</i>		
Within one year	832,903	-
Later than one year but not later than five years	386,989	-
	<u>1,219,892</u>	<u>-</u>

* 31 December 2012 comparatives have been adjusted to enhance comparability.

Contracts for revenue are committed and in place to cover the above listed commitments over the 5 year period.

15 Commitments (continued)

(b) Lease commitments: Foundation as lessee

(i) Non-cancellable operating leases

	2013	2012
	\$	\$
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:		
Within one year	112,915	84,794
Later than one year but not later than five years	199,170	4,929
	312,085	89,723

16 Related party transactions

(a) Key management personnel

	2013	2012
	\$	\$
Key management personnel compensation	218,200	227,000

(b) Other transactions with key management personnel or entities related to them

Directors of Great Barrier Reef Foundation

Some of the directors are donors in their own right or are directors of companies which have donated monies to the Foundation. In the case of directors who head research institutions, their organisations may have received funding for research throughout the year.

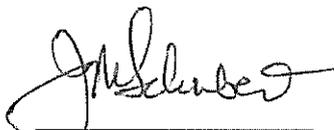
Aggregate amounts of donations received from related parties of Great Barrier Reef Foundation:

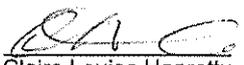
	2013	2012
	\$	\$
Amounts recognised as revenue		
Grants and donations received	2,196,029	860,639

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 30 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Foundation's financial position as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.


John Michael Schubert AO
Chairman
28 / 2 / 2014


Claire Louise Hanratty
Managing Director
28 February 2014

Independent Auditor's Report to the Members of Great Barrier Reef Foundation

We have audited the accompanying financial report of Great Barrier Reef Foundation, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Foundation as set out on pages 14 to 31.

Directors' Responsibility for the Financial Report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 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 the directors, 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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Great Barrier Reef Foundation, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Great Barrier Reef Foundation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Foundation's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Tendai Mkwanzani
Partner
Chartered Accountants
Brisbane, 28 February 2014