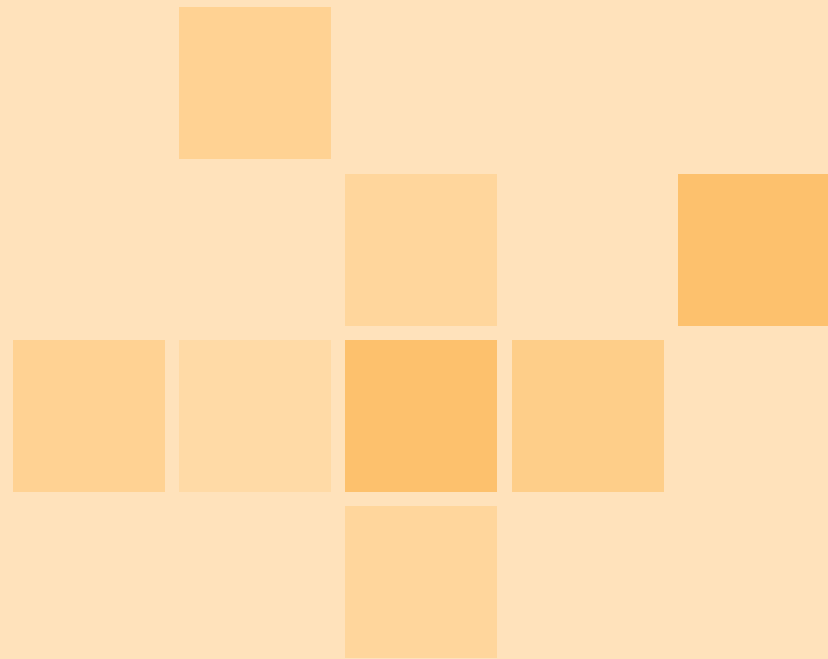




PHILANTHROPY
Australia



Annual Report 2007



Promoting Giving



Corporate Information

Patrons

Sir Gustav Nossal AC CBE
Lady Southey AC

Council

President

Mr Bruce Bonyhady

Melbourne Vice President

Ms Dur-e Dara OAM

Sydney Vice President

Ms Samantha Meers

Treasurer

Mr David Ward

Chief Executive Officer

Ms Gina Anderson

Council Members

Mr Chris Arnold

Mr Paul Clitheroe (appointed December 2007)

Ms Jan Cochrane-Harry (resigned August 2007)

Mr Timothy Fairfax AM (appointed October 2007)

Mr Terry Macdonald

Dr Noel Purcell

Mr Christopher Thorn

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ABN

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Incorporated Association No.

A0014980T

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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.

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'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 the philanthropic sector.

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

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

Services include:

- An annual calendar of Members' seminars, presenting national and international speakers on key areas of interest

- *PRESSing Matters* in philanthropy, a weekly media monitoring service
- *Philanthropy Review*, a monthly newsletter highlighting key news items and programs on the philanthropic agenda, recent reports and articles, and a list of events
- *Australian Philanthropy*, a quarterly journal which documents and analyses developments in domestic philanthropy
- Publication of *The Australian Directory of Philanthropy*
- Australia's most comprehensive Library and Resource Centre focusing on philanthropy
- Philanthropy Australia Website, 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 a charitable trusts or foundations
- Special interest affinity groups, in key grant making areas

Strategic Plan

Our priorities and intended outcomes 2007-2011

The areas in which we will achieve significant results over the next five years are:

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



It is with great pleasure that we present the annual results for Philanthropy Australia. 2007 was a year of consolidation and investment in the infrastructure of the organisation, putting the building blocks in place for future growth.

A key aim for 2007, to finalise and publish the *Vision, Mission and Strategic Plan: 2007-2011* for Philanthropy Australia, was achieved. We would like to thank Trustees and staff of Members for meeting with us, for your engagement on this important issue and for your constructive comments. Consequently, we have reported our year's results against the objectives and intended outcomes of the Strategic Plan.

Transparency and reporting by Foundations and Trusts were both the most pressing and contentious issues raised in our discussions with Members. A wide variety of views was expressed, from the need for privacy by some individual and family foundations, through a view that foundations are private funds for public purpose, to some who believe that with special tax concessions comes a requirement to report publicly. For most Trustees there is a recognition that over time foundations and trusts will be required to provide more information publicly. Over the next year we will lead a consultative process to discuss and determine voluntary reporting standards for foundations and trusts and encourage adoption of these standards throughout the sector.

The launch of the PhilanthropyWiki in December was another highlight of the year and a clear demonstration of delivery against objectives. With the generous capacity building funding from the Macquarie Group Foundation, Philanthropy Australia

implemented Stage 2 of the KnowledgeBank project. The aim of the KnowledgeBank, of which the PhilanthropyWiki is the showpiece, is to provide a user-friendly and accessible 'first port of call' for anyone seeking information on philanthropy and the not-for-profit sector.

We celebrated Lady Southey's tremendous contribution to Philanthropy Australia with a Trustee dinner in March and we were delighted that she accepted to be a co-Patron of Philanthropy Australia with Sir Gustav Nossal. The photograph of our Patrons, featured on the cover of our journal entitled 'Looking Back, Looking Forward: Celebrating 30 Years of Philanthropy Australia', recognises their important role in inspiring us all to do our best.

We would like to thank the Philanthropy Australia team, the Council Members and staff for their passionate and committed support throughout the year. And to you, all the Members of Philanthropy Australia, thank you for your interest and support. We look forward to working with you to further strengthen Philanthropy Australia's ability to support you in your valuable contribution to the community.

A handwritten signature in black ink, appearing to read 'Bruce Bonyhady'.

Bruce Bonyhady
President

A handwritten signature in black ink, appearing to read 'Gina Anderson'.

Chief Executive Officer
Gina Anderson

Membership

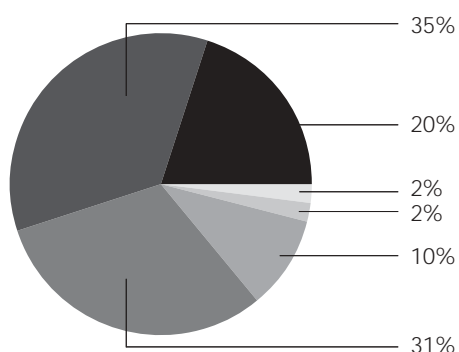
In 2007, Philanthropy Australia membership grew overall by 6 per cent from 206 to 220 with a growth of 23 per cent in large trusts and foundations distributing more than \$1 million from 39 to 48. Associates

grew just over 10 per cent from 88 to 109. Membership retention is greater than 90 per cent.

The Council is delighted to welcome the AMP Foundation as our first

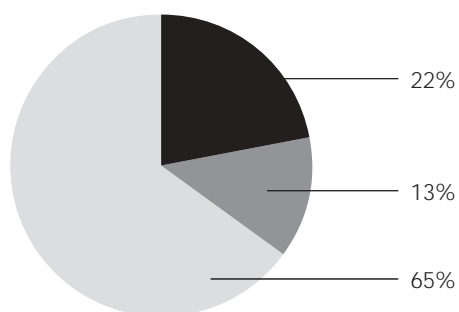
Sydney-based Leading Member. This complements the establishment of the Sydney Office of Philanthropy Australia in Pitt Street, which was fully operational in mid June 2007.

Members of Philanthropy Australia by Type



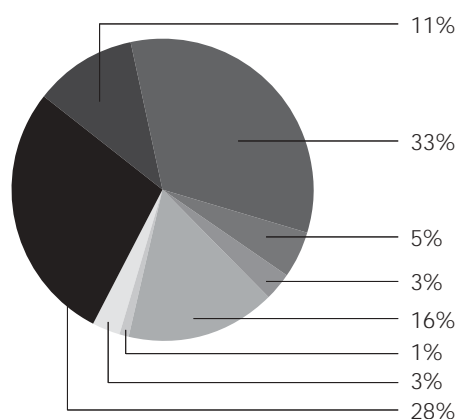
Type	%	No.
Corporate and Business	20	43
Trusts and Foundations	35	77
Private and Family	31	69
Community Foundations	10	21
Trust Companies	2	5
Government Bodies	2	5
Total	100	220

Members of Philanthropy Australia by Annual Distribution



Annual Distribution	%	No.
Greater than \$1 million	22	48
\$500,000 to \$1 million	13	28
Less than \$500,000	65	144
Total	100	220

Distributions by Top 10 Foundations by Area (from Annual Reports 2005-06)



Area	%	\$M
Health	28	12
Education	11	4.5
Welfare	33	14.5
Environment	5	2
International Affairs	3	1.5
Culture	16	7
Sport and Recreation	1	0.5
Other	3	1.2
Total	100	43.2

Highlights 2007

In mid 2007, the Council of Philanthropy Australia finalised and published the *Vision, Mission and Strategic Plan: 2007-2011* for Philanthropy Australia.

This important document was the result of a time consuming and resource intensive strategic review which concluded with a series of consultations with Members for feedback and endorsement. The Council would like to thank Trustees and staff of Members for your engagement on this important issue and constructive comments during the months of consultations.

The cumulative discussion and understanding for all involved and the resultant clarity of purpose and direction are proving to be extraordinarily worthwhile. The following Highlights 2007 are reported against the key objectives on the Strategic Plan.

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.

During 2007 there was significant growth in representation to State (primarily Victoria) and Federal Government compared with 2006, with Philanthropy Australia's involvement with 12 separate consultations and the production of seven submissions on major issues affecting the sector. As always John Emerson and Alice MacDougall from Freehills have been generous with their time and advice on many issues. To assist us with a number of reviews on financial reporting, accounting standards and tax issues to which Philanthropy Australia was invited to make a submission, a technical sub-committee of interested

Members was formed to set the framework and general principles for the submissions and to review the submissions before lodgement. The Council would very much like to thank Barry Weir from Melbourne Newsboys Foundation, John Kelleway from The Ian Potter Foundation, Sylvia Geddes from The R. E. Ross Trust, and David Ward from ANZ Trustees for their assistance and guidance.

A number of interested Members joined Philanthropy Australia in a philanthropy roundtable with the Victorian Government Stronger Communities Project Review Team, to provide strategic advice on the trends, influences and challenges facing the community sector in Victoria, including factors affecting the capacity of the sector. The resulting submission has also provided a useful basis for discussion with other State Governments and the Federal Government.

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, taskforces on major issues affecting the sector.

Philanthropy Australia was represented on a number of key organisations and committees during 2007 including the National Roundtable of Nonprofit Organisations; Australian Accounting Standards Board NFPO Focus Group; Working Group on Education in Philanthropy and Social Investment; and the New South Wales Department of Community Services Partners Reference Group.

Management participated on the judging panel for the Law and Justice Foundation Awards 2007 and the 2007 Ethical Investor Sustainability

Awards and had been working with PricewaterhouseCoopers in developing their new Transparency Awards for the not-for-profit sector.

The Chief Executive Officer attended the Philanthropy New Zealand Conference and the European Foundation Centre Conference.

2. Grow and Inspire

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

Intended outcomes: 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.

With the generous financial support through a capacity building grant from the Macquarie Group Foundation, Philanthropy Australia continued implementation of the KnowledgeBank project, contributing to the development of new information services for Members and the broader philanthropic community. Stage 2 of the project was completed, with an information technology infrastructure upgrade, including the redesign and expansion of our in-house communications database, and the creation of the PhilanthropyWiki.

Both hardware and software were upgraded ensure secure and stable systems and equipment for more efficient (and environmentally friendly) use. Almost all of the new software was donated by Microsoft through their initiative to aid not-for-profits with considerably discounted software. The Communications Database also underwent a substantial upgrade, allowing better monitoring and management of Members needs, interests and participation.

PhilanthropyWiki

The PhilanthropyWiki, which was generously supported by Macquarie Group Foundation and launched in December 2007, represents a major milestone in the development and professionalisation the philanthropic sector in Australia. The PhilanthropyWiki is an online encyclopedia and archive of knowledge on philanthropy in Australia, with the goal of providing a 'first port of call' to the philanthropy and not-for-profit sectors, nationally and internationally, on philanthropy and grantmaking in Australia.

As part of the development of the PhilanthropyWiki Management held a number of one-on-one conversations with Members to determine a 'common language' – a controlled vocabulary for Members to use when classifying their grants and reporting on what differences their resources have made. This feedback was extremely useful, and resulted in the Grant Classification System document, a tool to assist Members to classify their grants using a standardised language.

Website

The Website has gone from strength to strength, with the number of hits peaking in October 2007 at 726,267 (compared to 535,419 in October 2006). Over the past year new features on the Philanthropy Australia Website have been developed.

A highlight is the philanthropyOz Blog which now has almost 200 subscribers who receive its updates, including sector-wide news, review posts from Philanthropy Australia staff, and notifications of Website updates, via email or RSS aggregator. Another highlight on the Website in 2007 was the popular 'Celebrating 30 Years' series of vignettes, featuring milestones of Philanthropy Australia's history.

Online accessibility

In late 2007 the process of refining the Website to comply with accessibility guidelines established by the World Wide Web Consortium (WC3) began. The Victorian Government's Accessibility Toolkit (compulsory for all government websites), also informed by the WC3, is also being consulted in this process.

Accessibility guidelines exist to ensure that websites are accessible to as many people as possible, including those with varying degrees of ability and available technologies. This includes (for example) people with vision impairment and people on slow internet connection speeds. The Philanthropy Australia Website Accessibility Statement can be accessed by clicking on the link in the footer of every page on the Website.

Strategic alliances

In a new initiative to create greater awareness of the role of philanthropy, a free one year subscription to the Philanthropy Australia journal *Australian Philanthropy* has been provided to participants of the Sydney Leadership Program at the Benevolent Society in New South Wales and the Williamson Community Leadership Program at Leadership Victoria.

This year a number of joint events were held with Artsupport in Sydney, including presentations by Jill Reichstein of the Reichstein Foundation and Dr Chris Sarra from the Centre of Indigenous Leadership at QUT. These events were very successful with more than 80 participants attending both meetings. In another collaboration, Philanthropy Australia and Artsupport held a joint grantseeking workshop in Darwin with 18 participants.

The PhilanthropyWiki, which was generously supported by Macquarie Group Foundation and launched in December 2007, represents a major milestone in the development and professionalisation the philanthropic sector in Australia.



Highlights 2007 continued

Workshops were also held in Katherine and Darwin for the Fred Hollows Foundation, with 15 participants in Katherine and over 20 in Darwin.

Philanthropy Australia also worked with Workventures and Social Ventures Australia for the visit of Alistair Wilson, CEO of the School for Social Entrepreneurs of the UK (SSE UK) who gave a session to our PPF Network regarding the feasibility of such a program in Australia.

The Management has also begun exploring opportunities to work collaboratively in 2008 with Changemakers, Social Ventures Australia, Artsupport, the Australian Environmental Grantmakers Network and Research Australia to develop forums which will foster promote and facilitate a larger and stronger philanthropic sector.

Consultations with individuals and families considering becoming philanthropists have also been an important contribution to growing the sector.

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.

Media

Philanthropy Australia has had success over the past year with positive media coverage of philanthropy. Philanthropy Australia has been quoted in the mainstream press, and increasingly in more specifically targeted industry magazines.

Philanthropy Australia has been invited to present at a wide variety of conferences and seminars including the Australian Davos Connection Future Summit; Nonprofit Finance Forum; CPA Conference, 'Managing Government and Philanthropic Grants'; National Institute for Governance 'The Art of Planned Giving' twilight seminar; Not-for-Profit Network International; Not-for-Profit Convention and Exhibition; and Ngoloo Wurru Deadly Arts Business Gathering. In addition, Philanthropy Australia's CEO attended the Philanthropy New Zealand Conference 2007 'Philanthropy Matters', the European Foundation Centre Conference 2007 'The New Challenges for Global Philanthropy' and the Australian Global Foundation's 'Australia Unlimited'.

Philanthropy Australia has also continued to support the growth of community foundations, particularly in rural and regional Australia, and subsidise their membership and access to the philanthropic sector. There are now some 26 community foundations in Australia and of these, 21 are Members of Philanthropy Australia.

3. Effectiveness

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

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

We are in the very early stages of building the community's understanding of the role and effectiveness of philanthropy. This year, for the first time, we have collated data from the 10 largest foundations which issue annual reports on the amount of distributions and the areas to which grants were made.

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

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

As part of the development of the *Strategic Plan 2007-2011* consultations were held with Trustees of Members in Melbourne, Sydney, Brisbane and Perth, gaining both positive feedback and suggestions for improving Philanthropy's Australia's services, particularly in the provision of information and education on Trustee roles and duties.

Information services

The weekly media alert service, *PRESSing Matters* is one of the services most valued by Members. Some 650 individuals from the Membership receive this email which monitors print media from around Australia to ensure wide coverage of articles concerning the not-for-profit and philanthropic sectors. Similarly, the monthly newsletter to Members, *Philanthropy Review*, has had a format change to make it more user-friendly and dynamic for those who receive and read it online.

The 14th edition of *The Australian Directory of Philanthropy 2008-2009*, was published in November 2007. Since publication in October 2005, the 13th edition sold 3,124 copies in total, 1,422 in book format and 1,702 in online format.

Australian Philanthropy, the quarterly journal, was taken to a new level of excellence with four issues: 'Indigenous Philanthropy', 'Ages and Stages: Past, Present and Future Family Philanthropy'; 'From Little Things Big Things Grow: the Role of Small Grants'; and 'Looking Back, Looking Forward: Celebrating 30 years of Philanthropy Australia'. These journals have been warmly received, with very positive feedback from Members.

In addition 50 extra copies of the 'Indigenous Philanthropy' issue were purchased by a Canadian colleague, Patrick Johnston, CEO of the Walter Gordon Duncan Foundation, for participants in a session he lead on grantmaking in aboriginal communities at the biennial conference of Philanthropic Foundations Canada.

Member events

During the past year several very successful and well-attended Member-led seminars were held on specific issues such as ethical investment; social change philanthropy, Indigenous education, overseas learnings and a forum for those funding in Shepparton, Victoria. Philanthropy Australia participated in the Australia-wide launches of the Documentary Australia Foundation and spoke at Hunter Hall and Smile Foundation events.

In 2007 we were fortunate to host a number of high quality international visitors, including:

- Ms Hilary Pearson, Executive Director, Philanthropic Foundations Canada
- Dr Diana Natalicio, President of the University of Texas at El Paso (UTEP) and Trustee of the Rockefeller Foundation
- Alistair Wilson, CEO of the School for Social Entrepreneurs of the UK (SSE UK)

The R. E. Ross Trust, The Myer Foundation and The Ian Potter Foundation organised for Philanthropy Australia to hold a panel discussion with the following international participants for 80 Members:

- Mr Patrick Johnston, President and CEO, Walter and Duncan Gordon Foundation, Canada
- Ms Jenny Gill, Chairman, Philanthropy New Zealand and CEO, ASB Trust, NZ

- Mr Ian Haines, Executive Director, JR McKenzie Foundation, NZ
- Mr Trevor Gray, CEO The Tindall Foundation, NZ
- Mr Anthony Tomei, The Nuffield Foundation, UK
- Mr Luc Tayart de Borms, King Baudouin Foundation, Belgium

This was an excellent forum of information and sharing with international panelists highlighting the emphasis they place on research, often employing internal researchers, and the focus on policy making and advocacy. They felt this is where real difference can be made, no matter what size of organisation. Philanthropy Australia also attended a collaboration organised by The R. E. Ross Trust.

Affinity Groups

Highlights of Affinity Group meetings held in Sydney and Melbourne were:

Ageing Futures

The Ageing Futures Affinity Group hosted a presentation on The Sax Institute's '45 and Up Study' – the largest follow-up health study ever conducted in the Southern Hemisphere.

Early Intervention

In Melbourne the Early Intervention Affinity Group heard a fascinating presentation from Michael White, (Victorian) Office for Children. His presentation focused on the research that demonstrates the significant benefits to individuals and communities of investing in 'the early years' (i.e. pre-school). Later in the year they heard from Dr Sharon Goldfeld who has roles with the Victorian Office for Children and the Centre for Child Community Health at the Royal Children's Hospital in Melbourne. Her presentation focused on 'early childhood and the life course' with particular reference to some of the key issues in maternal and child health.

In Sydney Prof. Dorothy Scott OAM, the former Executive Director of The Ian Potter Foundation and currently the Chair in Child Protection and the Director of the Australian Centre for Child Protection (ACCP) at the University of South Australia, spoke with members on 'Preventing Child Abuse: A Way Forward'.

Indigenous

The Melbourne Indigenous Affinity Group took a very successful overnight site visit to Barmah (near Echuca) and Shepparton to attend meetings with local Indigenous people and organisations in the region.

In Sydney the Rural Health Education Foundation presented on 'Developing Indigenous Health Projects: Challenges and Opportunities for Non-Indigenous Organisations' which gave guidelines on how non-Indigenous organisations can safely and successfully develop and implement projects that work to assist Aboriginal and Torres Strait Islander peoples and communities.

Networks

PPF

In Sydney, John McLeod from Goldman Sachs JBWere Philanthropic Services and Karen Loblay from the Matana Foundation for Young People led an interactive discussion about the relative investment issues for PPFs. Later in the year, Alistair Wilson, CEO of the School for Social Entrepreneurs of the UK (SSE UK) spoke about his work in the UK.

There have also been some small gatherings of representatives of family foundations in which Members involved shared their experiences in an intimate discussion.

Highlights 2007_{continued}

Corporate

Liz Gillies, from the Helen Macpherson Smith Trust presented to Corporate Members in Melbourne on the background and work of the Agora Think Tank and cross-sector collaborations.

Special events

A new initiative was successfully piloted for Sydney Members – the 'Great Minds Review' – an article review club for Members to robustly discuss current journal articles, considering their application in Australia.

Melbourne Community Foundation presented on the developments in their 'MacroMelbourne Initiative' and the opportunities it has identified for smaller and larger donors to support a range of programs and activities that are addressing disadvantage across greater Melbourne.

Mary Crooks, the Chairperson of Changemakers Australia and the Executive Director of the Victorian Women's Trust spoke to Sydney-based Members on social change philanthropy and gave three case scenarios to demonstrate it in action.

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.

In response to increasing interest in Philanthropy Australia's information services expressed by Trustees, a copy of the *Australian Philanthropy*

journal is now sent directly to every Trustee of our Member organisations. In addition, Trustees are increasingly providing their personal emails to ensure they receive *PRESSing Matters* and *Philanthropy Review*, which is very welcome and we would like to further encourage.

Training and development

A review of the grantmaking seminars was undertaken and the new offerings comprise two half-day workshops entitled, 'The Art of Assessing Applications' and 'Communication'. Both workshops were held in Melbourne and Sydney, with an average of 15 participants for each module in Melbourne and 12 in Sydney, a significant increase on past participation.

The regular Grantseeker Workshop program continued with five workshops in Melbourne and three in Sydney. Philanthropy Australia was also commissioned to conduct grantseeker workshops for several other organisations, including:

- Workshops in Wollongong and Gosford for the NSW Department of Community Services, with over 35 participants at each session
- Workshops in Katherine and Darwin for the Fred Hollows Foundation, with 15 participants in Katherine and over 20 in Darwin
- A workshop for Artsupport in Darwin with 18 participants
- A workshop for the Woody Yaloak Catchment Group in regional Victoria

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.

Early in the year the Governance Manual was finalised, giving further information on Philanthropy Australia's structure and governance. Two Council committees have been established: the Audit, Risk and Finance Committee, and the Governance Committee. The charter for each committee is included in the Governance Manual and is available on the Website for viewing by Members and the wider community.

This year we also developed and implemented Philanthropy Australia's Reconciliation Action Plan which provides a framework for sustained and coordinated initiatives we can undertake as our part towards increasing the wellbeing and quality of life of Indigenous Australians.

Environmental sustainability

In 2007 the organisation continued measures to reduce its impact upon the environment through the resources consumed.

- Continuing with paper conservation policies (providing electronic copies where possible, using recycled paper, reusing 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 travelling via air
- Purchasing energy-efficient/low-energy computer equipment and using an e-waste recycling program to dispose of old hardware
- Continuing the practice of turning off lights and equipment when not in use

Council Members

President

Mr Bruce Bonyhady

Mr Bruce Bonyhady is Chairman of ANZ Executors & Trustee Company Limited and serves as a Trustee of The William Buckland Foundation and the Sylvia and Charles Viertel Charitable Foundation and as a Member of the Felton Bequests' Committee.

Bruce is also Chairman of Acadian Asset Management Australia Limited and a Director of DB RREEF Wholesale Property Limited.

Community positions held by Bruce are: Chairman of Yooralla, Director of the Disability Housing Trust and Chairman of the Advisory Panel of the Centre for Developmental Disability Research at the Royal Children's Hospital.

Positions previously held by Bruce include: Managing Director of ANZ Investments; Executive Vice President of BT Funds Management; and Managing Director of National Mutual Funds Management Europe.

Melbourne Vice President

Ms Dur-e Dara OAM

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

awarded the Medal of the Order of Australia for services to the community and promotional fundraising activities for women's groups.

Sydney Vice President

Ms Sam Meers

Ms Sam Meers is the Executive Director of the Nelson Meers Foundation, a philanthropic foundation dedicated to the arts. The Nelson Meers Foundation was the first Prescribed Private Fund to be established in Australia. In 2005, the Nelson Meers Foundation was the winner of the AbaF/Goldman Sachs JB Were Philanthropy Leadership Award.

Prior to establishing the Nelson Meers Foundation in 2001, Sam practised as a specialist media lawyer, initially with two of Sydney's leading law firms, and then as in-house counsel with Grundy Television. She was subsequently appointed as a Director with SHOWTIME (a joint venture between Liberty Media and four Hollywood Studios), during which time she was a founding Board Member and deputy Chair of the Australian Subscription Television and Radio Association.

Sam is a Board Member of Company B (the Belvoir St Theatre), a judge of the National Biography Award and a judge of the Australian Business Arts Foundation Awards. She holds degrees in Arts and Law, a Master of Letters, and is currently completing a Doctorate in Literature.

Treasurer

Mr David Ward

Mr David Ward is a Director of ANZ Trustees and ShareGift Australia and is Trustee Representative on several charitable trusts including the Hugh DT Williamson Foundation, the Alexander Miller Estate and the Alexander Wright Wales Trust.

David had 19 years service with ANZ, including positions of Chief Economist (NZ); General Manager Investor Relations; General Manager Office of the Chief Executive; and four years as General Manager then Managing Director of ANZ Trustees. Previously he had seven years service as a diplomat with the New Zealand Ministry of Foreign Affairs, dealing with Economic, Trade, Defence and Aid issues and serving in Wellington, Canberra and Fiji.

Chief Executive Officer

Ms Gina Anderson

Ms Gina Anderson joined Philanthropy Australia in November 2005. She has diverse experience in large and small, public and private organisations, having held general management, human resources, corporate community and communications roles. Prior to joining Philanthropy Australia Gina was General Manager Human Resources for St Hilliers, an integrated property development and construction company. She had seven years at Westpac Banking Corporation in a variety of management roles including Head of Community Involvement.

Council Members continued

From 1992 to 1995 Gina lived and worked in Jordan, a moderate Islamic, developing country as the personal assistant to HRH Prince El Hassan Bin Talal. Gina is a Director of Father Chris Riley's Youth Off The Streets Ltd.

Mr Christopher Arnold

Mr Chris Arnold (B.Com. MBA) is currently the Chief Executive of WHK Armitage Downie, a total financial services company.

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

Chris has a background in finance, management consulting and executive management in government, not-for-profit and corporate sectors. Prior to joining WHK Group, he was Chief Executive and Deputy National Chairman of Dibbs Abbott Stillman Lawyers. Chris also chairs RMIT University's MBA program Community of Practice on Governance and Social Responsibility.

Mr Paul Clitheroe

Mr Paul Clitheroe 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 television program 'Money' from 1994 to 2004 and has been Chairman and Chief Commentator of *Money* magazine since 1999.

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.

In 2002, Paul and his wife Vicki set up a PPF, The Clitheroe Foundation.

Ms Jan Cochrane-Harry

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

Mr Timothy Fairfax AM

Mr Timothy Fairfax is a businessman and philanthropist and very involved in his local community in south east Queensland. He is Director of the Vincent Fairfax Family Foundation and a Director of Foundation for Rural and Regional Renewal; Trustee of the Queensland Art Gallery and President of the Queensland Art Gallery Foundation; Deputy Chairman of the National Portrait Gallery; Chairman, Salvation Army

Brisbane Advisory Board; Deputy Chancellor, University of the Sunshine Coast and Chairman University of the Sunshine Coast Foundation. He is also Patron, AMA Queensland Foundation. His business interests include being a Director of Marinya Media Pty Ltd, Brickworks Ltd, and Cambooya Pty Ltd.

Mr Terry Macdonald

Mr 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 Fund in 1999 and became Chairman of the Grants Committee and a member of the Executive Committee of the Fund in 2003. He was elected to the Board of United Way Australia in 2005 and 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 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 Philanthropic Alumni.

Dr Noel Purcell

Dr Noel Purcell has served as a senior executive of Westpac since February 1986 in a variety of roles. He is currently the Group General Manager, Stakeholder Communications, with responsibility for all media, government, investor and community relations, as well as the Westpac Group corporate sustainability and internal communication. Prior to joining Westpac, Noel served at senior executive level within the Federal Public Service including: Assistant Secretary, Fiscal Policy Branch, Department of Prime Minister and Cabinet, 1984 to 1985; Senior Economic Analyst of the Office of National Assessments, 1983 to 1984; and Director, Statistical Services Branch and other senior positions at the Australian Bureau of Statistics, 1972 to 1983. Noel recently joined the Global Governing Board of the CAUX Round Table.

Mr Christopher Thorn

Mr Christopher Thorn (B.Comm, MSDIA, ASIA) is a Principal of Goldman Sachs JBWere. He is currently the Manager of the firm's Philanthropic Services group.

He joined JBWere in 1984 has held a variety of senior management roles both here and in the USA within the retail business, including business integration and strategy. In 2002, Christopher established the Goldman Sachs JBWere Philanthropic Services division.

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

Audit, Finance and Risk Committee

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

Governance Committee

- Mr Bruce Bonyhady (Chair)
- Mr Chris Arnold
- Ms Dur-e Dara
- Ms Samantha Meers



Income Statement

For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
Revenue from ordinary activities	2	1,002,774	978,666
Changes in inventories of publications held for resale		(17,089)	(11,275)
Distribution costs		(6,361)	(5,623)
Employee and salary costs		(640,278)	(646,567)
Depreciation and amortisation expense		(9,527)	(4,587)
Consultants costs		(66,685)	(31,025)
Membership services		(61,259)	(46,155)
Promotion		(20,165)	(4,977)
Travel		(73,265)	(58,413)
Bad/doubtful debts		194	(9)
Premise expenses		(20,901)	(10,377)
Other expenses from ordinary activities		(82,328)	(107,166)
		(997,664)	(926,174)
Surplus/(deficit) from ordinary activities before income tax expense		5,111	52,492
Income tax expense relating to ordinary activities	1	-	-
Surplus for the period attributable to the Association		5,111	52,492

The accompanying notes form part of these financial statements.

Balance Sheet

As at 31 December 2007

	Note	2007	2006
		\$	\$
Current Assets			
Cash and cash equivalent	3	464,179	405,067
Trade and trade receivables	4	72,587	83,054
Inventory		29,037	11,232
Other current assets		5,030	5,797
		570,833	505,150
Non-Current Assets			
Property, plant and equipment	5	21,444	5,767
Total Non-Current Assets		21,444	5,767
Total Assets		592,277	510,917
Current Liabilities			
Trade and other payables	6	46,294	69,287
Subscriptions received in advance			
Members		188,504	157,927
Grants and other income received in advance		101,548	30,300
Provisions	7	55,927	58,510
Total Liabilities		392,273	316,024
Net Assets		200,004	194,893
Equity			
Retained earnings		200,004	194,893
Total Equity		200,004	194,893

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2007

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2006	142,401	142,401
Surplus attributable to the Association	52,492	52,492
Balance at 31 December 2006	194,893	194,893
Surplus attributable to the Association	5,111	5,111
Balance at 31 December 2007	200,004	200,004

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2007

	Note	2007	2006
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities:			
Cash receipts from Members		761,859	641,150
Receipt from sales of publications		147,440	154,160
Grants received		161,042	115,600
Interest received		27,687	23,620
Cash paid to suppliers and employees		(1,013,712)	(1,021,516)
Net cash provided by operating activities	12b	84,316	(86,986)
Cash flows from investing activities:			
Purchase of office equipment		(25,204)	-
Net cash used in financing activities		(25,204)	-
Net increase in cash and cash equivalents		59,112	(86,986)
Cash and cash equivalents at the beginning of the period			
		405,067	492,053
Cash and cash equivalents at the end of the period	12a	464,179	405,067

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2007

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of Australian Accounting Standards Board and the requirements of the Associations Incorporations Act Victoria. The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

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

(a) Revenue

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

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

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

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

(b) Income Tax

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

(c) Inventories

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

(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.

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

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through the income statement

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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 entity 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.

(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.

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

Notes to the Financial Statements continued

For the year ended 31 December 2007

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 entity 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 value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the entity 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 entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

	2007	2006
	\$	\$
2(a). REVENUE		
Leading Members fees	150,000	125,000
Full Members fees	416,853	371,005
Associate fees	112,225	99,966
Resource Centre subscriptions	17,641	16,375
Workshop fees	24,095	106,247
Publication sales	88,726	99,952
Journal subscriptions	5,271	5,700
Grants	114,661	81,027
Conference income	-	205
Other	73,302	73,189
	1,002,774	978,666
2(b). EXPENSES		
Auditors remuneration	4,950	4,900
3. CASH ASSETS		
Cash on hand	58	109
Cash at bank	48,290	67,839
Cash on deposit	415,831	337,119
	464,179	405,067
4. RECEIVABLES		
Trade debtors	71,207	83,254
Sundry debtors	1,380	-
Impairment of trade debtors	-	(200)
	72,587	83,054

	2007	2006
	\$	\$
5. PLANT AND EQUIPMENT		
Office furniture	16,038	13,900
At cost	(14,316)	(13,900)
Less accumulated depreciation	1,722	-
Office equipment	76,692	84,919
At cost	(56,970)	(79,152)
Less accumulated depreciation	19,722	5,767
	21,444	5,767

	Office Furniture	Office Equipment	Total
	\$	\$	
Gross Carrying Amount			
Balance at 31 December 2006	13,900	84,919	98,819
Additions	2,138	23,066	25,204
Disposals	-	(31,293)	(31,293)
Balance at 31 December 2007	16,038	76,692	92,730
Accumulated Depreciation			
Balance at 31 December 2006	(13,900)	(79,152)	(93,052)
Depreciation expense	(416)	(9,111)	(9,527)
Disposals	-	31,293	31,293
Balance at 31 December 2007	(14,316)	(56,970)	(71,286)
Net Book Value			
As at 31 December 2006	-	5,767	5,767
As at 31 December 2007	1,722	19,722	21,444

	2007	2006
	\$	\$
6. PAYABLES		
Creditors	11,971	24,667
Accruals	17,862	28,901
Others	16,461	15,719
	46,294	69,287

Notes to the Financial Statements continued

For the year ended 31 December 2007

	Employee Entitlements	Total
7. PROVISIONS		
Opening balance at 1 January 2007	58,510	58,510
Additional provision raised during the year	22,249	22,249
Amounts used	(24,832)	(24,832)
Balance as 31 December 2007	55,927	55,927
Analysis of Total Provisions		
Provision for annual leave	30,736	37,617
Provision for long service leave	25,191	20,893
	55,927	58,510
	2007	2006
	\$	\$

8. LEASING COMMITMENTS

Operating Lease Commitments

Being for rent of office in Sydney payable:

Not later than 1 year	16,996	-
Later than 1 year but not later than 5 years	5,739	-
Later than 5 years	-	-
	22,735	-

Rent payable in Melbourne is supported by the generous inkind donation of ANZ.

9. KEY MANAGEMENT PERSONNEL

The following persons held office as Councillors for 12 month period ended 31 December 2007.

Mr Bruce Bonyhady (President)

Ms Dur-e Dara OAM

Mr David Ward

Mr Terry Macdonald

Mr Christopher Thorn

Mr Christopher Arnold

Ms Samantha Meers

Ms Jan Cochrane-Harry (resigned from Council August 2007)

Dr Noel Purcell

Mr Timothy Fairfax AM (appointed to Council October 2007)

Mr Paul Clitheroe (appointed to Council December 2007)

Ms Gina Anderson (Chief Executive Officer)

	Salary and Fees	Superannuation Contribution	Bonus	Non Cash Benefits	Superannuation	LSL	Total
	\$	\$	\$	\$	\$	\$	\$
2007 total compensation	119,372	-	1,000	23,006	12,904	-	156,282
2006 total compensation	137,788	3,252	-	24,788	13,617	16,947	196,392

The 2006 compensation includes payments to the previous Executive Director.

10. RELATED PARTIES

No payments were received by Councillors or their related parties for services provided to the Association for the 12 months ended 31 December 2007. No amounts are owed to or by these related parties as at 31 December 2007.

11. SEGMENT REPORTING

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

12. CASH FLOW INFORMATION

(a) Reconciliation of Cash

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

	2007	2006
	\$	\$
Cash on hand	58	109
Cash at bank	48,290	67,839
Term deposit	415,831	337,119
	464,179	405,067

(b) Reconciliation of Net Cash Provided by Operating

Activities to the operating surplus/(deficit)		
Operating surplus/(deficit)	5,111	52,492
Depreciation	9,527	4,587
Decrease (increase) in receivables	10,467	38,745
Decrease (increase) in inventory	(17,805)	11,275
Decrease (increase) in prepayments	767	(3,021)
Increase (decrease) in accounts payable	(22,993)	(108,265)
Increase (decrease) in advance membership fees	30,577	28,804
Increase (decrease) in unearned income	71,248	(122,960)
Increase (decrease) in provision for employee entitlements	(2,583)	11,357
	84,316	(86,986)

(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 2007

13. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Association's exposure to interest rate risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
	2007	2006	2007	2006	Within One Year		One to Five Years	
	2007	2006	2007	2006	2007	2006	2007	2006
Financial Assets	%	%	\$	\$	\$	\$	\$	\$
Cash	3.41	3.17	48,348	67,948	-	-	-	-
Short term	-	-	-	-	-	-	-	-
Deposits	6.35	5.90	415,831	337,119	-	-	-	-
Debtors	0.00	0.00	72,587	83,054	-	-	-	-
Total Financial Assets			536,766	488,121	-	-	-	-
Financial Liabilities								
Creditors	0.00	0.00	11,971	24,667	-	-	-	-
Income in advance	0.00	0.00	290,052	188,227	-	-	-	-
Total Financial Liabilities			302,023	212,894	-	-	-	-

(b) Credit Risk

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

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

(c) Net Fair Values

Methods and assumptions used in determining net fair value.

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

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

14. ACCOUNTING POLICIES

The following Accounting Standards issued or amended and are applicable to the entity but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard
AASB 2005-10 Amendments to Australian Accounting Standards	AASB 1 First-time adoption of AIFRS AASB 4 Insurance Contracts AASB 101 Presentation of Financial Statements AASB 117 Leases AASB 133 Earnings per Share AASB 1023 General Insurance Contracts AASB 1038 Life Insurance Contracts AASB 139 Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1.1.2007
AASB 7 Financial Instruments: Disclosures	AASB 132 Financial Instruments: Disclosure and Presentation	As above	1.1.2007
AASB 7 Financial Instruments: Disclosures	AASB 132 Financial Instruments: Disclosure and Presentation	As above	1.1.2007

15. ASSOCIATION DETAILS

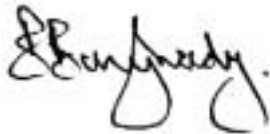
The principle place of business of the Association is at:
Level 10, 530 Collins Street, Melbourne Victoria 3000

Statement by Members of the Council

In the opinion of the committee the financial report as set out on pages 14 to 25.

1. Presents a true and fair view of the financial position of Philanthropy Australia Inc. as at 31 December 2007 and its performance and cash flows for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Philanthropy Australia Inc. will be able to pay its debts as and when they fall due.

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



Bruce Bonyhady
President



David Ward
Treasurer

Dated: 6 March 2008

Independent Audit Report

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL



Melbourne
Bentleys MFI
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF PHILANTHROPY AUSTRALIA INCORPORATED

We have audited the accompanying financial report of Philanthropy Australia Inc. which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Statement by Members of the Council.

The responsibility of the Members of the Council for the Financial Report

The members of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 and fair presentation of the financial report 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 committee of 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.



Chartered Accountants

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

Independent Audit Report continued



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF PHILANTHROPY AUSTRALIA INCORPORATED

Independence

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

Auditor's Opinion

In our opinion, the financial report gives a true and fair view of the financial position of Philanthropy Australia Inc. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).


BENTLEYS MRI
CHARTERED ACCOUNTANTS


MARTIN FENSOME
PARTNER

Dated in Melbourne on this 7 day of March 2008



Chartered Accountants

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

Financial Statements Report

Financial Plan and Operating Results

The surplus of \$ 5,111 for 2007 compares with the surplus of \$52,491 for 2006. This is a pleasing result given the investment in the capacity and infrastructure of Philanthropy Australia undertaken this year.

Income

Income for the year was \$1,002,774 up from \$978,666 in 2006.

Importantly Leading Member fees increased from \$125,000 in 2006 to \$150,000. Member fees increased by 12 per cent to \$529,078, up from \$470,971, as a result of a 9 per cent increase in the number of Members and Associates from 312 to 339. This result included a 23 per cent growth in Members distributing more than \$1 million from 39 to 48.

In 2007 Philanthropy Australia secured a significant capacity building grant of \$177,000 from the Macquarie Group Foundation for the KnowledgeBank, our major knowledge management and ICT initiative. The most visible tool of the KnowledgeBank is the PhilanthropyWiki which was launched in December 2007. With the Macquarie Group Foundation grant invested as a lump sum and drawn down over time, we have gained an increase in bank interest from \$23,620 to \$27,687.

Although Philanthropy Australia secured \$13,800 from Federal Department of FACSIA in support of the journal on Indigenous Philanthropy, this was a reduction in sponsorship from \$29,205 secured in 2006.

Grantseeker workshops earned \$17,140 in 2007 compared with \$99,247. This was a significant drop from 2006 when we secured a \$75,000 contract with the Federal Government's Office for Women to conduct a series of grantseeker workshops.

Expenses

Total expenses for the year were \$910,162 compared with \$855,953, in 2006.

In response to increasing interest in our information services expressed by Trustees, we now send a copy of the *Australian Philanthropy* journal directly to every Trustee of our Member organisations increasing our distribution on average from 340 to 1,300 copies. This has resulted in increased costs for printing from \$24,557 to \$30,517 and postage of \$15,035 to \$18,875.

There is a significant drop in costs for catering, venue and equipment hire from \$35,832 to \$8,995. These costs were considerably higher in 2006 as the result of the \$75,000 contract with the Federal Government's Office for Women to conduct a series of grantseeker workshops.

There is also an increase in IT and KnowledgeBank consultancy costs as part of the drawn down from the Macquarie Group Foundation grant.

Financial Position and Liquidity

The General Fund Account representing accumulated Member funds increased from \$194,891 in 2006 to \$200,003 in 2007 at year end due to the surplus achieved of \$5,111.

Council has set a target for net assets equivalent to three to six months of expenses (\$250,000 – \$500,000).

Members of Philanthropy Australia

Current at 31 December 2007

Leading Members



Colonial Foundation Trust



Life Members

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

Patrons

Sir Gustav Nossal AC CBE
Lady Southey AC

Full Members

ABD Foundation
The A. L. Lane Foundation
AMP Foundation
The Alfred Felton Bequest
Alfred Thomas Belford Charitable Trust
Allco Foundation
A. & S. Angelatos
The Andrews Foundation
Andyinc Foundation
Annamila Pty Ltd
Annemarie & Arturo Gandioli
Fumagalli Foundation
ANZ Trustees Philanthropy Partners
ANZ Staff Foundation
Australia Business Arts Foundation
Australia Council
Australia Post
The Australian Elizabethan Theatre Trust
Australian Respiratory Council
AXA Australia
BB Hutchings Bequest
BHP Billiton Community Trust
The Ballarat Foundation
Bennelong Foundation
Besen Family Foundation
Bill & Jean Henson Trust
The Body Shop
Boeing Australia Holdings
Bokhara Foundation
Bruce and Rae Bonyhady
Bruce & Joy Reid Foundation
Border Trust
Buderim Foundation
CAF Australia
The CASS Foundation

The Caledonia Foundation
Calvert-Jones Foundation
Capital Region Community Foundation
Cardinia Foundation
The Charles Bateman Charitable Trust
The Christensen Fund
Clayton Utz
The Clitheroe Foundation
Coles Group
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
The Dafydd Lewis Trust
W. Daniels
The Danks Trust
Davis Langdon
The Deloitte Foundation
Diana Elizabeth Browne Trust
Donkey Wheel Ltd
DOXA Youth Foundation
Education Foundation
Equity Trustees
ERM Foundation Australia
The Ern Hartley Foundation
Ethel Herman Charitable Trust
T. Fairfax
The Feilman Foundation
The Flora & Frank Leith Charitable Trust
The Fogarty Foundation
Foster's Group
Foundation Boroondara
Foundation for National Parks & Wildlife
Foundation for Rural & Regional Renewal
The Foundation for Young Australians
Fouress Foundation
M. & M. Freake
Freehills
The GM & EJ Jones Foundation
Gandel Charitable Trust
Geelong Community Foundation

Geoffrey Gardiner Dairy Foundation
 George Alexander Foundation
 Goldman Sachs JBWere Foundation
 Gonski Foundation
 GrainCorp Foundation
 The Greatorex Foundation
 The Grosvenor Settlement
 The Gualtiero Vaccari Foundation
 H V McKay Charitable Trust
 G. Handbury
 M. & C. Handbury
 Harold Mitchell Foundation
 M. Hayward
 HBOS Australia Foundation
 Helen Macpherson Smith Trust
 Hewlett Packard Australia Pty Ltd
 The Horizon Foundation
 The Hugh Williamson Foundation
 The Hunt Foundation
 Hunter Hall International
 The Ian Potter Foundation
 Ilhan Food Allergy Foundation
 Inner North Community Foundation
 The Invergowrie Foundation
 IOOF Foundation
 The Jack Brockhoff Foundation
 Jack & Ethel Goldin Foundation
 Jobs Australia Foundation
 John T. Reid Charitable Trusts
 John William Fleming Trust
 KPMG
 The Keir Foundation
 King Family Foundation
 Kingston Sedgfield (Australia)
 Charitable Trust
 The Kirk Foundation
 LEW Carty Charitable Fund
 Law & Justice Foundation of NSW
 Lawrence George & Jean Elsie Brown
 Charitable Trust Fund
 Ledger Charitable Trust
 Lord Mayor's Charitable Fund
 Lotterywest
 The Mackay Foundation
 Macquarie Group Foundation
 Mallesons Stephen Jaques
 Maple-Brown Family Charitable Trust
 Margaret Augusta Farrell Trust
 Margaret Lawrence Bequest
 Mary MacKillop Foundation
 The Mary Potter Trust Foundation
 masoniCare
 Matana Foundation for Young People
 mecu
 Melbourne Community Foundation
 Mercy Foundation
 Michael Craft Memorial Fund
 Microsoft Pty Ltd
 The Miller Foundation
 Minter Ellison Lawyers
 Morawetz Social Justice Fund
 a sub fund of the Melbourne
 Community Foundation
 The Mullum Trust
 Mumbulla Foundation
 The Myer Foundation
 Myer Community Fund
 National Australia Bank
 National Foundation for Australian
 Women
 Nelson Meers Foundation
 Newcastle Permanent Charitable
 Foundation
 Newsboys Foundation
 The Norman Wettenhall Foundation
 Northern Rivers Community
 Foundation
 Paul Edward Dehnert Trust
 The Percy Baxter Charitable Trust
 Perpetual
 The Perpetual Foundation
 Pethard Tarax Charitable Trust
 Petre Foundation
 Pfizer Australia
 Pierce Armstrong Foundation
 Poola Foundation
 Portland House Foundation
 PricewaterhouseCoopers Foundation
 Queensland Community Foundation
 RACV Foundation
 The R. E. Ross Trust
 RMIT Foundation
 Ray & Joyce Uebergang Foundation
 R. Redpath
 Reichstein Foundation
 G. & G. Reid
 Research Australia Philanthropy
 Rio Tinto Aboriginal Fund
 Rio Tinto WA Future Fund
 Robert Christie Foundation
 The Robert Salzer Foundation
 Ronald Geoffrey Arnott Foundation
 Ronald McDonald House Charities
 Rothwell Wildlife Charitable Trust
 The Royal Agricultural Society of
 NSW Foundation
 R. Rutnam
 Ruffin Falkiner Foundation
 Sabemo Trust
 Scanlon Foundation
 The Shell Company of Australia
 Sherman Foundation
 Sir Andrew and Lady Fairley
 Foundation
 Sisters of Charity Foundation
 A. & J. Small
 Smile Foundation
 The Snow Foundation
 SoundHouse Music Alliance
 Sparke Helmore Lawyers
 F. Spitzer
 The Stan Perron Charitable Trust
 Stand Like Stone Foundation
 State Trustees Australia Foundation
 Sunshine Foundation
 Sydney Community Foundation
 The Tallis Foundation
 Tasmanian Community Fund
 Tasmanian Early Years Foundation
 Tattersall's George Adams Foundation
 Telematics Trust
 Telstra Foundation
 The Thomas Foundation
 Tibetan & Hindu Dharma Trust
 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
 Trust Foundation
 Trust for Nature Foundation
 UBS Wealth Management
 Victoria Law Foundation
 Victorian Medical Benevolent
 Association
 Victorian Women's Trust
 Vincent Fairfax Family Foundation
 The Vizard Foundation
 Voiceless, The Fund For Animals
 W & A Johnson Family Foundation
 The Walter Mangold Trust Fund

Members of Philanthropy Australia continued

Current at 31 December 2007

Western Australian Community Foundation
Westpac Foundation
The William Buckland Foundation
Wingecarribee Community Foundation
The Wyatt Benevolent Institution
Wyndham Community Foundation
The Yulgilbar Foundation

Associate Members

The Alfred Foundation
Asia-Pacific Centre for Philanthropy and Social Investment
Austin Health
Australia Zoo Wildlife Warriors Worldwide Inc
Australian Conservation Foundation
Australian Multicultural Foundation
Australian Museum
Australian Rotary Health Research Fund
Australian Rural Leadership Foundation
Australian Sports Foundation
Barwon Health Foundation
Bell Shakespeare
The Benevolent Society
Berry Street Victoria
Blueearth Institute
Brisbane City Council
The Brotherhood of St Laurence
Burnet Institute
The Cancer Council Victoria
Caroline Chisholm Education Foundation
Centennial Parklands Foundation
ChildFund Australia
Children's Cancer Institute Australia
Clem Jones Group
Deakin University
Deutsche Bank Private Wealth Management
Documentary Australia Foundation
Dusseldorp Skills Forum
Dymocks Literacy Foundation
Earthwatch Institute
Enrich Australia
Epworth Medical Foundation

ExxonMobil
Fernwood Foundation
The Fred Hollows Foundation
Gadens Lawyers
Global Philanthropic
Great Barrier Reef Foundation
Greenstone Group
Grow Employment Council
The Hammond Care Group
Heart Research Centre
IDP Education Australia
Indigenous Enterprise Partnerships
Inspire Foundation
The Institute of Chartered Accountants
Investec Bank (Australia)
Jimmy Little Foundation
MCG Wealth Management
MDM Design Associates
Medibank Private
Melbourne Recital Centre
Merrill Lynch Private Wealth Services
Mission Australia
Monash Institute of Medical Research
Monash University
Monash University Medical Foundation
MS Society NSW/VIC
Murdoch University
National AIDS Fundraising
National Heart Foundation of Australia
National Museum of Australia
The Nature Conservancy
New Philanthropy
NIDA
Northcott
Opening the Doors Foundation
Osteoporosis Australia
Parramatta City Council
Peninsula Health
Peter MacCallum Cancer Foundation
Philanthropy Squared
Pilgrim Private
Queensland Art Gallery Foundation
Queensland Library Foundation
Reconciliation Australia
Royal Botanic Gardens Melbourne
The Royal Children's Hospital Foundation
Rural Health Education Foundation
The S. R. Stoneman Foundation

Save the Children Australia
Scope (Vic)
The Smith Family
Social Ventures Australia
The Spastic Centre
St John of God Services (Victoria)
St. George Foundation
St Vincent de Paul Society of Victoria
St Vincent's Hospital Foundation
The State Library of NSW
The State Library of Victoria Foundation
Stewart Partners
Surf Life Saving Foundation
Sydney Opera House
The Travellers Aid Society of Victoria
UCA Funds Management
United Way Australia
The University of Melbourne
University of New South Wales
University of South Australia Foundation
University of Tasmania Foundation
The University of Western Australia
VicHealth
Victoria University
Victorian College of the Arts
Volunteering Australia
Warakirri Asset Management
Wesley Mission, Sydney
Wise Community Investment
Zoological Parks Board of NSW

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Patrons

Sir Gustav Nossal AC CBE
Lady Southey AC