

GREEN CROSS AUSTRALIA

ABN: 45 125 314 614

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

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GREEN CROSS AUSTRALIA

DIRECTORS' REPORT

Your directors present their Annual Report on the financial statements of Green Cross Australia for the year ended 31 December 2010.

DIRECTORS

The directors of Green Cross Australia in office at any time during or since the end of the year are:

Clement Bernard Campbell

Mr Campbell was appointed on registration of the company on 9 May 2007. He was the Interim Chairman of the company from the date of registration until Mr McCormick was appointed Chairman on 8 December 2008.

Mr Campbell was elected State Member of the Queensland Parliament for Bundaberg five times and retired undefeated in 1998. He has served as a member of the Central Queensland University Council and is the Chair of Earth Charter Australia and Vice-president of the United Nations Association of Australia – Queensland Division.

Special Responsibilities - Mr Campbell is a member of the Audit and Finance Committee.

**Peter Wake Ellyard (resigned
30 November 2010)**

Dr Ellyard was appointed on registration of the company on 9 May 2007.

Dr Ellyard is a futurist, strategist, speaker and author who lives in Melbourne. He is Chairman of the Preferred Futures Institute which he founded in 1991, and of Foundation 2050, and is a Distinguished Visiting Professor in the Curtin University Business School. A former Executive Director for the Australian Commission for the Future (1988 –1991), he held CEO positions in a number of public sector organisations for 15 years. Dr Ellyard was Chief of Staff of the Office of the Minister for the Environment in Canberra. He has been a Senior Adviser to the United Nations system for more than 30 years, was a Special Adviser to the 1992 Earth Summit, and has also worked extensively in developing countries.

**David Ian O'Connor (resigned
21 May 2010)**

Professor O'Connor was appointed on registration of the company on 9 May 2007.

Professor O'Connor was appointed Vice Chancellor of Griffith University in 2005.

Professor O'Connor is a Director of The Australian Learning and Teaching Council, Open Universities Australia, Australian Universities Quality Agency, Cape York Institute and Queensland Theatre Company.

Brett Godfrey

Mr Godfrey was appointed to the Board on 5 June 2007.

Mr Godfrey was Chief Executive and the Co-founder of the Virgin Blue Airlines Group. Currently, he is a Director of publicly listed WestJet, Canada's leading low-fare airline, and Auckland International Airport. He is a board member of Translink, Queensland's State transport authority, and Tourism Australia. Mr Godfrey is a Chartered Accountant.

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DIRECTORS' REPORT (cont)

Nadia McLaren

Ms McLaren was appointed to the Board on 20 June 2008. She is an ecofuturist, one of the first Australian graduates in environmental studies and, for almost 30 years, an independent consultant and researcher.

She co-founded Social and Ecological Assessment Pty Ltd (SEA) and during the 1980s produced over 40 environmental reports and studies in Australia. During this period she chaired the SA Environmental Protection Council and was a Member of several other Australian and SA advisory committees.

Ms McLaren lived in Norway during the "Brundtland Commission period" (1988-92) and worked deeply in social change and community development. Then for 15 years, until 2006, Ms McLaren was based in Brussels at the Union of International Associations (UIA) and undertook strategic analysis on civil society, managing projects of the European Commission and NGOs.

Her current enthusiasms are : planetary and human wellbeing; collaborative leadership and collective intelligence; technologies for community building, accelerated learning and social transition: "*methods that work*", "*learning through doing*" and *know-how sharing*. She facilitates projects of Sustainable Communities SA (SCSA) and revegetation of her local St Peters Billabong.

Thomas Anderson Kennedy

Mr Kennedy was appointed to the Board on 29 July 2008. He also became the Acting Chairman of Green Cross Australia on 30 November 2010.

Mr Kennedy is a leading digital strategist, and has over 20 years experience in media and technology markets, covering software publishing, marketing, distribution and interactive content creation and management. He has been involved in industry development and policy throughout his career and has been a champion for the future potential of the Australian content and the digital media industry.

In 2006 he won the 2006 AIMIA award for outstanding contribution to Industry, and in 2007 he was listed in B&T Magazines Power 40 Digital Leaders list. He co-authored the Access to Overseas Markets for Australia's Creative Digital Industry – Cottages to Corporations. He recently chaired the Digital Content Industry Action Agenda- Strategic Industry Leaders Group and delivered the "Unlocking the Potential" report.

Anthony Maxwell Coleman (resigned 7 October 2010)

Mr Coleman was appointed to the Board on 8 December 2008.

Mr Coleman is a Director of Lonergan Edwards & Associates Limited, a specialist corporate advisory firm. He is also a Director of the Australian Carbon Trust and the Antarctic Climate & Ecosystem CRC. He is a former Chief Risk Officer and Group Actuary of Insurance Australia Group (IAG) and a past President of the Institute of Actuaries of Australia and also maintains current active roles with both the International Actuarial Association and the International Accounting Standards Board. Prior to joining IAG he was a senior partner of PricewaterhouseCoopers in Australia.

Special Responsibilities - Mr Coleman was the Chairman of the Audit Committee.

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DIRECTORS' REPORT (cont)

Kerry Lee Gardner

Ms Gardner was appointed to the Board on 8 December 2008 and has a background in consumer goods marketing.

She currently sits on the boards of The Great Barrier Reef Foundation, The Australian Institute of Art History, and is an active member of The Myer Foundations Art and Environment Committees.

Ms Gardner is also an independent documentary producer .

Khory McCormick (resigned 30 November 2010)

Mr McCormick was appointed to the Board on 8 December 2008. He also became the Chairman of Green Cross Australia on 8 December 2008.

Mr McCormick is a senior partner and Board Member of Minter Ellison (Lawyers). He was admitted to partnership in 1982. Khory is an approved mediator and arbitrator and is a Fellow of the Chartered Institute of Arbitrators.

A past Chairman of Energex Limited, Mr McCormick for some thirty years has been at the cutting edge of private and public sector litigation and dispute management. He has substantive knowledge of many industry sectors but particularly resources, energy, utilities, corporate and agribusiness areas.

Paul Hardisty

Professor Hardisty was appointed to the Board on 30 October 2009.

Professor Hardisty is Executive Director for Sustainability and EcoNomics™ for WorleyParsons, one of the world's largest engineering companies. He has spent over 20 years advising industry and government on environmental strategy and sustainability, with a focus on the economics of environmental, social and economic sustainability, particularly as it applies to water resources and climate change issues in a major project and policy context.

Professor Hardisty is a Visiting Professor in Environmental Engineering and at Imperial College London and an Adjunct Professor at the University of Western Australia School of Business, where he teaches sustainability and climate change to MBA students. Paul is also a Member of the Waste Management Authority of Western Australia. His new book *Environmental and Economic Sustainability*, is published by CRC Press.

Andrew Ash (appointed 22 June 2010)

Dr Ash was appointed to the Board on 22 June 2010.

Dr Ash is the director of the CSIRO Climate Adaptation National Research Flagship.

Dr Ash works closely with government agencies, businesses and communities, raising awareness of the need to adapt to unavoidable climate change. He oversees a \$ 40 million nationwide portfolio of research projects, partnerships and collaborations.

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DIRECTORS' REPORT (cont)

**Andrew Ash (appointed
22 June 2010) - continued**

Dr Ash has a keen interest in better integrating our understanding of climate science with decision-making and developing ways to mainstream climate adaptation into policy processes. Throughout his career, a feature of Andrew's research has been a systems approach that strives to examine both biophysical and management aspects of environmental sustainability.

**Blair Palese (appointed
22 June 2010)**

Ms Palese was appointed to the Board on 22 June 2010.

Ms Palese is the CEO of 350.org Australia which focuses on galvanising a public voice for climate change action.

Ms Palese was editor of *Green Pages* magazine and has worked with organisations including the Pew Environment Group, the Climate Group, The Climate Institute, Greenpeace in China, the US and Australia, carbon neutral company Climate Friendly and the NSW Government's Building Sustainability Index (BASIX) and Sustainable Energy Development Authority (SEDA).

Ms Palese is also an Independent Chair for the Green Building Council of Australia, a founding committee member for Human Rights Watch in Australia, an ambassador for the 1 Million Women climate change initiative and a voting member for two environmental organisations in the US and Australia.

**Jackie Branch (appointed
21 May 2010)**

Ms Branch was appointed to the Board on 21 May 2010.

Ms Branch was employed by the Queensland Government for 25 years, and is currently employed as a consultant working with Queensland Government agencies and not-for-profit community and cultural organisations.

Her continuing professional interests include governance, financial management and organisational development.

A graduate with a Bachelor of Commerce from the University of Queensland, Ms Branch is also a CPA, and a Graduate Member of the Australian Institute of Company Directors.

Special Responsibilities - Ms Branch is the Chairman of the Audit and Finance Committee.

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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DIRECTORS' REPORT (cont)

MEETINGS ATTENDED BY DIRECTORS

During the financial year six meetings of the company's directors (including committees) were held. Each director attended the following:

Director	<u>DIRECTORS' MEETINGS</u>		<u>AUDIT COMMITTEE MEETINGS</u>	
	<u>Number of directors meetings eligible to attend</u>	<u>Number of directors meetings attended</u>	<u>Number of audit committee meetings eligible to attend</u>	<u>Number of audit committee meetings attended</u>
Mr Campbell	6	6	5	5
Mr Ellyard	6	6	-	-
Prof O'Connor	3	1	-	-
Mr Godfrey	6	3	-	-
Ms McLaren	6	6	-	-
Mr Kennedy	6	4	-	-
Mr Coleman	4	3	4	4
Ms Gardener	6	5	-	-
Mr McCormick	6	6	2	5 *
Prof Hardisty	6	1	-	-
Ms Palese	3	1	-	-
Mr Ash	3	3	-	-
Ms Branch	3	3	1	1

* includes attendance at 3 meetings as an ex officio member.

COMPANY SECRETARY

Linda Dreghorn

Ms Dreghorn was appointed as Company Secretary on registration of the company on 9 May 2007.

Ms Dreghorn is also currently Company Secretary for DVConnect Limited. Her previous roles include Company Secretary and Legal Counsel for Major Brisbane Festivals Pty Ltd, General Manager of Brisbane Festival 2006, Secretary of the Queensland Law Society Inc, Co-ordinator of Due Diligence for SunWater's acquisition of major water infrastructure, and Lecturer of Law at the Queensland University of Technology.

Ms Dreghorn has a Bachelor of Arts and a Bachelor of Law from the University of Queensland and a graduate diploma in company secretarial studies, and she has practiced as a solicitor in Queensland for over 20 years.

REMUNERATION OF DIRECTORS

Directors hold honorary positions and receive no remuneration from the company or any related party. Directors are reimbursed for any expenses they incur in their capacity as directors of the company in the conduct of the business of the company.

GREEN CROSS AUSTRALIA

DIRECTORS' REPORT (cont)

PRINCIPAL ACTIVITIES

The company (Green Cross Australia or GCA) is a non-profit organisation that aims to foster a global values shift towards a secure and sustainable future, inspired by our founder Mikhail Gorbachev and his longstanding commitment to environmental conflict resolution and sustainable development.

GCA empowers people to respond to environmental change. Our focus is on natural disasters such as bush fires, cyclones, floods and longer-term change such as rising sea levels, heat waves and drought.

Our activities embrace eco-resilience by encouraging: prevention and protection before major events; a community response to extreme weather that galvanises community participation; and green renewal and resilient recovery in the aftermath of severe weather.

GCA endeavours to deliver outcomes working in partnership with community, business and government partners. Our business model values collaboration and builds on the GCA's ability to catalyse big ideas and convene leaders across sectors towards common goals. We use world-class digital networks to leverage powerful community engagement with our activities.

Over the past three years GCA websites have won the following awards:

- 2010 Interactive Media Council **"Best in Class Award"** for Environment category:
www.builditbackgreen.org
- 2010 Australian Web Awards **"Best Education Website"**
- 2010 Interactive Media Council **"Outstanding Achievement Award"** for Kids and Charity categories:
www.greenlanediary.org
- 2009 Interactive Media Council **"Best in Class Award"** for Community category:
www.extremeweatherheroes.org

GCA is investing in four activities together with a range of well-positioned partners:

- **"Climate Resilience"** - Although no individual severe weather event can be attributed to climate change, leading climate scientists are concerned that in future major weather events may become more intense if not more frequent. Concerns about climate variability also suggest that more than ever, for Australia as well as nations with fewer resources, severe weather resilience is vital for 21st century prosperity. In October 2010 GCA led a series of community storm season preparedness forums in partnership with Suncorp Insurance to prepare for La Nina. With CSIRO and other research partners we have developed core resilience advice materials that will be translated into a youth educational framework in the 2011 Green Lane Diary (see below).
 - In 2010 GCA won a National Disaster Resilience Program (Queensland) grant to build a major severe weather visualisation portal "HardenUp.org" that will invite ordinary Queenslanders to understand the history of severe events in their areas as well as a window on the future based on how leading climate scientists project the latest science of climate change impacts. We are grateful to the Queensland Department of Community Safety and the Local Government Association of Queensland for their support for this effort.
 - www.hardenup.org is a GCA led partnership involving CSIRO, the Bureau of Meteorology, diverse Queensland State government agencies and a number of community and business partners including Volunteering Queensland, the Property Council of Australia, Suncorp Insurance and Channel 10 our media partners. www.hardenup.org will be live by July 2011.
 - We are ambitious: through www.hardenup.org GCA aims to gradually build Australia's national severe weather resilience portal that enables visualisation of and practical responses to 21st century severe weather hazards. By integrating climate change mitigation with adaptation, and by addressing both community resilience and sustainability objectives, GCA is harnessing the power of our partners to deliver lasting community benefit.

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DIRECTORS' REPORT (cont)

PRINCIPAL ACTIVITIES (Continued)

- **“Extreme Weather Heroes”** – call to action for young emergency volunteering – GCA aims to rejuvenate Australia’s 500,000 member emergency volunteer base, which is world class but aging. We are working with young leaders from emergency volunteering agencies such as SES, Rural Fire Service, St John, Red Cross and Surf Life Saving. Our international award winning social network www.extremeweatherheroes.org is reaching many thousands of young people around Australia and the world with a powerful message: if you care about climate change, get skilled and involved with protecting communities from severe weather events. With this initiative GCA aims to reinvigorate the human capacity of its partner agencies, and to encourage young Australians to prepare their homes and communities for growing severe weather exposure.
 - Over 2010 we welcomed new volunteers from St John Ambulance, Australian Red Cross and the SES. More to come over 2011, as our online audience surpasses 18,000 users.
 - We are grateful to the Ian Potter Foundation for their support of this program.
- **“Build it Back Green” – sustainable “Black Saturday” rebuilding** – GCA has developed a broad and engaging partnership approach to supporting 400 families impacted by Black Saturday to rebuild their homes and communities using advanced sustainability practices and technologies. Experts estimate that less than 50% of homes destroyed by Black Saturday have been rebuilt. Working with diverse community, business and research partners, we have launched an international award winning website - www.builditbackgreen.org - that offers practical advice on over 70 green products, services and design techniques.
 - We are grateful that Sustainability Victoria funded the www.builditbackgreen.org website from the 2010 Victorian Government Sustainability Fund. The program has also benefitted greatly from support from the Green Building Council of Australia.
 - Over 2011 we will work with communities impacted by the bushfires to support practical sustainable rebuilding projects as well as encouraging our partners to participate in a green recovery. In the aftermath of tragic Victorian and Queensland floods into 2011, GCA is developing a broad “Build it Back Green” initiative that aims:
 - To leverage disaster recovery efforts so as to maximise sustainability and community resilience outcomes, while reducing longer-term energy bills
 - To catalyse green jobs and investment in green infrastructure that is resilient
- **“Green Lane Diary”** - inspiring young environmentalists with green diaries – In 2010 GCA included 14,000 students from over 200 schools in our Green Diary program for 10 to 12 year olds. The project delivered powerful change in diverse schools including green canteens, environmental newsletters and music raps, and all manner of energy, water and waste saving initiatives – all led by the new generation of environmentalists we seek to support. Green Lane Diary is a curriculum aligned, manga cartoon print booklet and daily Diary which is backed by a multi-media website www.greenlanediary.org that won the Best Education Award in the 2010 Australian Web Awards.
 - In 2011 our aim is to broaden our reach to 35,000 students in over 600 schools across Australia.
 - During 2011 we will support our first Green School in Ghana, creating bridges between Australia and Africa through environmental education and green school infrastructure that enables Australian primary school students to understand the complexity of sustainable development and climate resilience.
 - We look forward to working with Green Lane Diary partners Green Building Council of Australia to advance investment in green school infrastructure linked to environmental education – including in the context of post-disaster green rebuilding efforts.

Thanks to all of our supporters who have helped GCA to recover from a very challenging 2009 fundraising. As a young brand with emerging programs, we are delighted that 2010 enabled us to build on strategic investments from our first three years of operations.

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DIRECTORS' REPORT (cont)

PRINCIPAL ACTIVITIES (Continued)

We are pleased to report that our gross revenue has grown by over 80% since from \$385,822 in 2009 to \$700,313 in 2010. The revenue mix is broad and includes a growing portion of public donations generated by direct public donations, our Raffle program, our partnership with Virgin Blue's rewards program Velocity, and our growing brand recognition.

In 2011 GCA was successful in receiving a \$1.03 million grant from the Queensland Round of the National Disaster Resilience Program, marking a deepening of our core strategy of catalysing large scale partnership initiatives using world class social media to encourage the public to join us on a values-changing journey.

As we move into 2011, GCA continues to pursue philanthropic and government grants while also developing a growing public fundraising base.

We remain committed to growing a leveraged business model. Green Cross employs a small group of staff (only 2 full time employees as 2011 begins) and delivers impact by growing and leveraging the strengths of its research, business and community partners. By continuing to enhance our social media potential – GCA's impact is further leveraged by world-class digital outreach.

OPERATING RESULTS

Net result from the company's activities for the year ended 31 December 2010 was a profit of \$65,757 (\$273,980 loss in 2009).

REVIEW OF OPERATIONS AND FINANCIAL POSITION

During 2007 the Company developed its corporate governance and strategic focus while hiring its first staff members. All of its seed funding was provided by the Queensland State Government and Brisbane City Council in a bi-partisan initiative following Mikhail Gorbachev's inspiring visit to Brisbane in 2006 as a key guest of the Brisbane Festival. Of the \$635,918 in 2007 income, \$334,875 was retained for future development.

The Company obtained deductible gift recipient status on 19 June 2008. During 2008 and 2009, the Company focussed on building a brand around a strategic framework and innovative activities in Australia in order to build a strong future public fundraising base. During 2008 and 2009, the company focussed its initial fundraising initiatives in the philanthropic, research, and government sectors, as well as raising public funds through its Virgin Blue Velocity Rewards partnership.

2009 was a challenging fundraising year for GCA as a young brand confronting the impacts of the Global Financial Crisis with limited working capital. Rather than pursuing short term revenue raising strategies we maintained our focus on strategic objectives.

During 2010 this strategic focus paid off with revenue growth of 82% year-on-year. The company made significant expenditure on the following activities:

- Our investment in "***Extreme Weather Heroes***" is reduced given benefits of leveraging a fixed cost digital platform (\$28,158 in 2010, and 83,879 in 2009);
- Preparing for humanitarian challenges linked to climate change impacts "***Climate Resilience***" includes storm season preparedness efforts and development of the GCA HardenUp.org partnership ("***HardenUp***") which will be deployed in 2011/2012 (\$18,682 in 2010 and \$33,225 in 2009);

GREEN CROSS AUSTRALIA

DIRECTORS' REPORT (cont)

REVIEW OF OPERATIONS AND FINANCIAL POSITION (Continued)

- Inspiring young environmentalists with environmental education and practical activity program “*Green Lane Diary*” (\$146,722 and \$43,818 in 2009). In addition to operational investments, GCA invested \$9,494 in www.greenlanediary.org which won the 2010 Best Education Website award in the Australian Web Awards.
- Building partnerships for sustainable Black Saturday rebuilding through “*Build it Back Green*” (\$126,550 in 2010 and \$237,033 in 2009) Over 2010 GCA also invested \$36,199 in development of www.builditbackgreen.org with support from the Victorian Government Sustainability Fund. This website won the prestigious Best in Class award in the Environment category in the 2010 New York City based Interactive Media Awards.
- Investment in web communications outside of project areas outlined above (\$15,386 in 2010 and \$32,552 in 2009);
- Partnership Development (\$34,182 in 2010 and \$35,877 in 2009);
- Fundraising (\$192,592 in 2010 and \$89,146 in 2009) – please see discussion of raffle program below.
- Board and other governance costs were reduced in 2010 compared to previous years because Virgin Blue graciously funded GCA Board travel as a pro-bono contribution to our work (\$2,751 in 2010 and \$21,997 in 2009); and
- Administration (\$69,587 in 2010 and \$82,275 in 2009).

During 2010 the company raised \$232,958 in revenue through a raffle program that encourages sustainable lifestyle prizes and enables several thousand Australians to hear about GCA and our exciting new activity base in Australia. The expenses associated with this program were \$151,458, including telemarketing costs incurred by our raffle partner Insight. We are grateful for Gwinganna Lifestyle Retreat in the Gold Coast hinterland for supporting our raffle through significant contribution towards a fabulous high-end eco-resort package for our lucky winners.

As a result of the 2010 operating surplus of \$65,757, members equity increased from \$103,638 in 2009 to \$169,395 in 2010.

As a result of the future funding initiatives in place for 2011, the directors believe the company is in an adequate financial position to continue to pursue its principle activities.

DIVIDENDS PAID OR RECOMMENDED, SHARES AND OPTIONS

The company is a public company limited by guarantee. It does not have any share capital or options and in accordance with its constitution the company does not pay dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial year.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

GREEN CROSS AUSTRALIA

DIRECTORS' REPORT (cont)

FUTURE DEVELOPMENTS

GCA continues to invest in its four core activity areas, which have existing or emerging platforms and partner relationships in place. We are delighted over 2011 to build on a new partnership with the Bureau of Meteorology through our HardenUp.org program, and look forward to deepening our relationships with Emergency Management Australia and the Queensland Department of Community Safety and Emergency Management Queensland in the context of the National Disaster Resilience Program.

Likewise we aim to deepen traction with the Queensland Department of Environment and Resource Management, Sustainability Victoria and the Federal Department of Climate Change as we integrate adaption with mitigation in programs that foster a values shift towards a secure and sustainable future.

Over 2011 GCA also looks forward to building greater traction with the AuSSIE State, Territory and Federal environmental education program. It is our longer-term aim to embed Green Lane Diary as Australia's premier environmental education curriculum aligned program at the primary school level. We look forward to advancing this aim in partnership with Australian Youth Climate Coalition who have embraced advancement of environmental education as a key objective.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by a significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Company CEO drives a hybrid vehicle and endeavours to take public transport while on duty. Greenhouse emissions associated with all company airline flights are abated through Australian Greenhouse Office approved programs.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the company paid an insurance premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The amount of the premium was \$3,942 for all directors and officers (\$3,199 in 2009).

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

GREEN CROSS AUSTRALIA

DIRECTORS' REPORT (cont)

NON-AUDIT SERVICES

The auditors did not provide non-audit services to the company during the year.


All non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor or the general principles regarding the auditor independence.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* follows this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.


.....
Director


.....
Director

Date: 04th April 2011

Auditor's Independence Declaration
Under Section 307C of the *Corporations Act 2001*

To the Directors of Green Cross Australia

I declare that, to the best of my knowledge and belief, for the year ended 31 December 2010, there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd



AM Robertson
Director

Date: 4 April 2011

GREEN CROSS AUSTRALIA

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
Revenue	2	700,313	385,822
Project costs	3	(564,969)	(577,527)
Administration expenses	3	<u>(69,587)</u>	<u>(82,275)</u>
Profit before income tax expense	3	65,757	(273,980)
Income tax expense	1	<u>-</u>	<u>-</u>
Profit for the year		65,757	(273,980)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>65,757</u>	<u>(273,980)</u>

The accompanying notes form part of these financial statements

GREEN CROSS AUSTRALIA

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	4	172,079	65,487
Trade and other receivables	5	17,600	79,235
Other assets	8	4,117	3,768
TOTAL CURRENT ASSETS		193,796	148,490
NON-CURRENT ASSETS			
Property, plant and equipment	6	13,250	16,282
Intangibles	7	58,711	24,868
TOTAL NON-CURRENT ASSETS		71,962	41,150
TOTAL ASSETS		265,758	189,640
CURRENT LIABILITIES			
Trade and other payables	9	96,363	86,002
TOTAL CURRENT LIABILITIES		96,363	86,002
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		96,363	86,002
NET ASSETS		169,395	103,638
EQUITY			
Retained earnings	13	169,395	103,638
TOTAL EQUITY		169,395	103,638

The accompanying notes form part of these financial statements

GREEN CROSS AUSTRALIA

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Retained Earnings	Total Equity
	\$	\$
2009		
Balance at beginning of year	377,618	377,618
Profit attributable to the entity	(273,980)	(273,980)
Total other comprehensive income for the year	-	-
Balance at 31 December 2009	<u>103,638</u>	<u>103,638</u>
2010		
Balance at beginning of year	103,638	103,638
Profit attributable to the entity	65,757	65,757
Total other comprehensive income for the year	-	-
Balance at 31 December 2010	<u>169,395</u>	<u>169,395</u>

The accompanying notes form part of these financial statements

GREEN CROSS AUSTRALIA

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		653,989	296,406
Payments to suppliers and employees		(507,899)	(596,236)
Interest received		5,434	7,714
Other income		2,572	2,744
Net cash provided by/(used in) operating activities	10	<u>154,096</u>	<u>(289,372)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,809)	(5,776)
Payment for intangibles		(45,695)	(15,349)
Net cash used in investing activities		<u>(47,504)</u>	<u>(21,125)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash used in financing activities		<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD			
Cash at the beginning of the year		65,487	375,984
Cash at the end of the year	4	<u>172,079</u>	<u>65,487</u>

The accompanying notes form part of these financial statements

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Green Cross Australia as an individual entity, incorporated and domiciled in Australia. Green Cross Australia is a company limited by guarantee.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

Accounting Policies

- **Plant and Equipment**

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

Depreciation

The depreciable amount of plant and equipment is depreciated on a diminishing value basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15% - 37.5%

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

- **Intangibles – Website and Database costs**

Website & database development costs are recorded at cost. These costs are carried at cost less any accumulated amortisation and impairment losses. The estimated useful life of these costs will be 2.5 years and these costs will be assessed annually for impairment.

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

- **Income Tax**

The company does not pay income tax as it has been given income tax exempt charity status by the Australian Taxation Office in accordance with Subdivision 50-B of the *Income Tax Assessment Act 1997*.

- **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand and at call deposits with banks other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

- **Revenue**

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The company receives non-reciprocal contributions of assets from the government and other parties for zero or nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

- **Financial Instruments**

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

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

- i. *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 subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets).

- ii. *Financial liabilities*

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

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Financial Instruments (Continued)**

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 statement of comprehensive income.

Derecognition

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

- **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the term of the lease.

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation of the current financial year. The comparative figures for the company relate to the year ended 31 December 2009.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

- **Impairment of assets**

At each reporting date the company 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 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 statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's 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 determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for the same class of asset.

- **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

- **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgments

The directors have made no key judgments during the year ended 31 December 2010.

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **New Accounting Standards for Application in Future Periods**

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

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

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

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

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

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

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

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

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

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

➤ AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

The company does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

GREEN CROSS AUSTRALIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
NOTE 2: REVENUE		
Revenue		
Contributions received		
Queensland State Government	100,000	5,000
Brisbane City Council	-	1,500
Corporate Partnerships	38,318	138,358
Donations		
Corporate Partnerships	1,000	-
Philanthropic Bodies	-	20,000
Public Donations	50,507	3,078
Other Revenue		
Other income	2,572	2,744
Charitable income and Fundraising	502,482	207,428
Interest received on financial assets not at fair value	5,434	7,714
Total revenue and other income	<u>700,313</u>	<u>385,822</u>

NOTE 3: PROFIT

Expenses:

Included in project and administration costs are the following:

Amortisation of intangibles	11,852	16,421
Depreciation of plant and equipment	4,841	3,835
Employee benefits expense	248,833	250,255
Finance costs	-	14
	<u>265,526</u>	<u>270,525</u>
Project costs comprises:		
Extreme Weather Heroes	28,159	83,879
Climate Resilience	3,708	33,225
Green Lane Diary	146,722	43,818
Build it Back Green	126,550	237,033
Web Communications	15,385	32,552
HardenUp	14,974	-
Partnership Development	34,128	35,877
Fundraising	192,592	89,146
Board and Governance (including Directors and Officers Insurance)	2,751	21,997
	<u>564,969</u>	<u>577,527</u>
Administration costs comprises:		
Insurance (excluding Board insurance)	1,722	1,542
Rental and service expenses	9,237	13,053
General office expenses	33,170	8,009
Other operating costs	25,458	59,671
	<u>69,587</u>	<u>82,275</u>
Total expenses	<u>634,556</u>	<u>659,802</u>

GREEN CROSS AUSTRALIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	<u>172,079</u>	<u>65,487</u>
	<u>172,079</u>	<u>65,487</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	<u>172,079</u>	<u>65,487</u>
---------------------------	----------------	---------------

NOTE 5: TRADE AND OTHER RECEIVABLES

Current

Trade receivables	<u>17,600</u>	<u>79,235</u>
	<u>17,600</u>	<u>79,235</u>

Trade and other receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual receivable is impaired.

There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Non-current

Plant and equipment - at cost	27,912	26,103
Less accumulated depreciation	<u>(14,662)</u>	<u>(9,821)</u>
	<u>13,250</u>	<u>16,282</u>
Total property, plant and equipment (a)	<u>13,250</u>	<u>16,282</u>

(a) Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Balance at beginning of the financial year	16,282	14,341
Additions	1,809	5,776
Depreciation expense	<u>(4,841)</u>	<u>(3,835)</u>
Balance at end of the financial year	<u>13,250</u>	<u>16,282</u>

GREEN CROSS AUSTRALIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$	2009 \$
NOTE 7: INTANGIBLES		
Website and database	96,416	50,722
Less accumulated amortisation	<u>(37,705)</u>	<u>(25,854)</u>
	<u>58,711</u>	<u>24,868</u>
Total intangibles (a)	<u>58,711</u>	<u>24,868</u>
 (a) Movements in the carrying amounts for each class of intangible property between the beginning and the end of the current financial year:		
Balance at beginning of the financial year	24,868	25,940
Additions	45,695	15,349
Depreciation expense	<u>(11,852)</u>	<u>(16,421)</u>
Balance at end of the financial year	<u>58,711</u>	<u>24,868</u>
 NOTE 8: OTHER ASSETS		
Current		
Prepayments	<u>4,117</u>	<u>3,768</u>
	<u>4,117</u>	<u>3,768</u>
 NOTE 9: TRADE AND OTHER PAYABLES		
Current		
<i>Unsecured</i>		
Trade and other payables	51,963	10,634
Employee benefits	44,400	31,284
Project income in advance	-	39,984
Membership in advance	<u>-</u>	<u>4,100</u>
	<u>96,363</u>	<u>86,002</u>
 (a) Financial liabilities at amortised cost classified as trade and other payables:		
Trade and other payables		
Current	96,363	86,002
Less annual leave entitlements	<u>(44,400)</u>	<u>(31,284)</u>
Financial liabilities as trade and other receivables (note 15)	<u>51,963</u>	<u>54,718</u>

GREEN CROSS AUSTRALIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
NOTE 10: CASH FLOW INFORMATION		
Reconciliation of Cash Flow From Operations with Profit after Income Tax		
Operating profit/(loss) after income tax	65,757	(273,980)
Non-cash flows in operating profit:		
Depreciation and amortisation	16,693	20,256
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	61,635	(78,958)
(Increase)/decrease in other assets	(349)	(75)
Increase/(decrease) in trade creditors and accruals	10,361	43,385
Cash flows from operations	154,096	(289,372)

NOTE 11: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	5,350	5,000
Other services provided by related practice of auditor	-	-
	5,350	5,000

NOTE 12: KEY MANAGEMENT PERSONNEL

Details of total key management personnel compensation are:

	Salary & Fees \$	Bonus \$	Non-cash benefits \$	Superannuation \$	Total \$
2010					
Total compensation	118,235	-	21,121	10,644	150,000
2009					
Total compensation	118,323	-	21,025	10,651	149,999

NOTE 13: MEMBERS' GUARANTEE

The liability of the members of the company is limited. Should the company being wound up while that person is a member, or within one year after they cease to be a member, each member shall contribute an amount not exceeding \$50, for the following purposes:

- for the payment of debts and liabilities of the company that were incurred before they ceased to be a member;
- for the payment of the costs, charges and expenses of winding up; and
- for the adjustment of the rights of the contributories themselves.

GREEN CROSS AUSTRALIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 13: MEMBERS' GUARANTEE (Continued)

At 31 December 2010 the number of members was as follows:

	2010	2009
Ordinary (non-voting)	9	9
Youth (non-voting)	1	1
Community (non-voting)	1	1
Corporate (non-voting)	0	0
Director (voting)	1	1
Director and Foundation (voting)	8	10
Foundation (voting)	68	60
	88	82

NOTE 14: CAPITAL MANAGEMENT

The company's capital comprises its retained earnings, and external borrowings if any, supported by financial assets. The company's policy is to balance these sources of capital to meet its operating requirements and ensure that the company can continue as a going concern.

There are no externally imposed capital requirements. There have been no changes in the strategy adopted by management to control the capital of the company since last year.

NOTE 15: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable. The main purpose of these non-derivative financial instruments is to finance company operations. The company does not have any derivative instruments at 31 December 2010. The totals for each category of financial instruments measured in accordance with AASB139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010	2009
		\$	\$
Financial Assets			
Cash and cash equivalents	4	172,079	65,487
Loans and receivables	5	17,600	79,235
Total Financial Assets		189,679	144,722
Financial Liabilities			
Financial liabilities at amortised cost	9	51,963	54,718
Total Financial Liabilities		51,963	54,718

(a) Financial Risk Management Policies

The board along with senior executives of the company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

GREEN CROSS AUSTRALIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 15: FINANCIAL RISK MANAGEMENT (continued)

(a) Financial Risk Management Policies (continued)

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

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cashflows. The company is also exposed to earnings volatility on floating rate instruments.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages liquidity risk by monitoring forecast cash flows in relation to its operational, investing and financing activities, managing credit risk related to financial assets and only investing in surplus cash with major financial institutions.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and term deposits at banks. 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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 15: FINANCIAL RISK MANAGEMENT (continued)

(b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
			Within 1 Year		Within 1 Year			
	2010 %	2009 %	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets:								
Cash	4.57%	3.49%	172,079	65,487	-	-	172,079	65,487
Trade and other receivables	0.00%	0.00%	17,600	79,235	-	-	17,600	79,235
Total Financial Assets			189,679	144,722	-	-	189,679	144,722
Financial Liabilities:								
Trade and other payables	0.00%	0.00%	-	-	51,963	54,718	51,963	54,718
Total Financial Liabilities			-	-	51,963	54,718	51,963	54,718

(c) Net Fair Values

The net fair values of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

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

(d) Sensitivity Analysis

Interest rate risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 31 December 2010, the effect on profit and equity as a result of a 1% up/down change in the interest rate on financial instruments with a variable rate, with all other variables remaining constant, would be as follows \$1,188 down/up (2009: \$2,207 down/up).

GREEN CROSS AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors & key management personnel:

The directors and key management personnel, or their related entities, may transact with the company within a normal member, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the company would have adopted if dealing with an entity at arm's length. These transactions include the following:

As Suppliers:

An entity of which Khory McCormick is a partner provided pro-bono legal services to Green Cross Australia to the value of \$32,758 (2009: \$98,342).

A company related to Virgin Blue Holdings Limited, of which Brett Godfrey is a director, agreed to provide financial contribution to Green Cross Australia upon redemption of loyalty points by its members. The total contributed for 2010 was \$nil (2009: \$187,350).

Brett Godfrey donated an amount of \$24,000 to Green Cross Australia in 2010 (2009: \$nil).

NOTE 17: COMMITMENTS

Green Cross Australia has agreed to contribute \$24,000 to Green Cross Ghana towards their Clean Water for Schools program. This amount has been accrued at 31 December 2010 and will be paid in February 2011.

Green Cross Australia is required to contribute to the operating costs of Green Cross International in 2011. This amount is calculated as approximately 3% of gross revenue for 2011 and has been accrued at 31 December 2010. This amount will be payable in the third quarter of 2011. The amount payable will be approximately \$21,000.

NOTE 18: EVENTS AFTER THE BALANCE SHEET DATE

The financial report was authorised for issue on 4 April 2011 by the board of directors.

NOTE 19: COMPANY DETAILS

The registered office and principal place of business of the company is:
Green Cross Australia
Level 2
79 Adelaide Street
BRISBANE QLD 4000

GREEN CROSS AUSTRALIA

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards; and
 - b) give a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company 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 the Board of Directors.


.....
Director


.....
Director

Date:  04th April 2011

GREEN CROSS AUSTRALIA

CHIEF EXECUTIVE OFFICER'S DECLARATION

I declare that, for the financial year ended 31 December 2010:

- a. the financial records of the company have been properly maintained;
- b. the financial statements, and the notes comply with the accounting standards; and
- c. the financial statements and notes give a true and fair view.



.....
Mara Bun
Chief Executive Officer

Dated this^{4th}.....day of^{April}.....2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREEN CROSS AUSTRALIA

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Green Cross Australia (the company), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 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 judgment, 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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREEN CROSS AUSTRALIA (CONTINUED)

Independence

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*, provided to the directors of Green Cross Australia as attached to the directors' report, has not changed as at the date of this auditor's report.

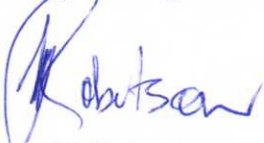
Auditor's Opinion

In our opinion:

- a) the financial report of Green Cross Australia is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's financial position as at 31 December 2010 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd



A M Robertson

Director

Level 19, 127 Creek Street,
Brisbane, QLD, 4000

Date: 4 April 2011