



TO CONSERVE THE  
INTEGRITY AND DIVERSITY  
OF LIFE ON EARTH

**2016**  
**FINANCIAL**  
**REPORT**

YEAR ENDED 30 SEPTEMBER 2016  
ACN 001 967 979



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## Directors' Report

The Directors present their report together with the financial report of Earthwatch Institute for the year ended 30 September 2016 and the auditors' report thereon.

### Directors

The Directors of the company at any time during or since the financial year and their attendance at the Board meetings during the 2016 financial year are:

Name	Particulars	FY2016 Board Meetings Attended
Charles Macek (Chair) (Non-executive)	BEcon and MAdmin (Monash University) Director, Vicinity Centres Chairman, Greenearth Energy Ltd. Member, Investment Committee of UniSuper Ltd Senior Corporate Consultant, MMC Australia Member, Corporate Governance Committee of the AICD Member, ASIC, Director Advisory Panel FAICD, FCA, FCPA and SfFin  <i>Appointed: 1 March 2011</i>	5/5
Dr Ronald Neil Byron (Non-executive)	BSc(Forestry) Hons. (Australian National University) MA (University of British Columbia) PhD (University of British Columbia) Fellow, Australian Institute of Company Directors Adjunct Professor, Institute of Applied Ecology, University of Canberra Chair, NSW Biodiversity Legislation Review Chair, Institute for Active Policy, Global Access Partners Director, Alluvium Consulting Pty Ltd Director, Institute of Foresters of Australia Ltd Chair, Trust for Nature Foundation  <i>Appointed: 4 May 2010</i> <i>Resigned: 16 March 2016</i>	3/3
Heather Joy Campbell (Non-executive)	BEng – Agr (Hons) (University of Melbourne) BA - History Major (Massey University) MengSc (University of Melbourne) GradDipOccHyg (Deakin University) TGMP (Harvard Business School) Graduate, Australian Institute of Company Directors General Manager Health Safety and Environment, CSIRO  <i>Appointed: 15 January 2007</i>	5/5
Megan Flynn (Non-executive)	BCom/LLB (Australian National University) Group Environment and Carbon Strategy Manager, Qantas Airways Director, Sustainability Victoria Director, Carbon Market Institute Member, Advisory Board of the Melbourne Sustainable Society Institute, University of Melbourne  <i>Appointed: 13 March 2014</i>	4/5
Colin David Gomm (Non-executive)	BEng Hons (Monash University), MBA (Monash) Vice President Risk & HSEC Assurance, BHP Billiton  <i>Appointed: 17 November 2008</i>	5/5

Name	Particulars	FY2016 Board Meetings Attended
Chris Schulz (Non-executive)	BComm/LLB (University of Melbourne) Partner, Allens Linklaters  <i>Appointed: 21 January 2011</i>	5/5
Professor Ian Woodrow (Non-executive)	BSc Hons. (University of Melbourne) PhD (University of Sheffield, UK) Professor, School of Biosciences (The University of Melbourne) Member, Maud Gibson Trust Board Member, Royal Botanic Gardens, Australian Research Centre for Urban Ecology Board of Management  <i>Appointed: 12 December 2013</i>	4/5
Kerrie Lavey (Non-executive)	BA, Eng, Politics (Monash University) MA International Business (University of Melbourne) Company Directors Course, Australian Institute of Company Directors Advanced Management Program, Harvard Business School Advisor, Director Institute Member, IABC Corporate Affairs Advisory Board (Victoria) Board Advisory, Glomesh International Pty Ltd  <i>Appointed: 6 March 2016</i>	3/3
Aaron Organ (Non-executive)	BAppSci, Natural Resource Management (Deakin University) Associate Diploma, Natural Resource Management, Chisholm TAFE MASocSci, Enviro, Planning, RMIT University EnviroDevelopment Advisory Board Member, Urban Development Institute of Australia (Victoria) Director, Ecology and Heritage Partners Pty Ltd  <i>Appointed: 01 March 2016</i>	2/2
Mathew Nelson (Non-executive)	BEng Mechanical, University of Melbourne MA Enviro, University of Melbourne Masters of International Development Practice, Monash University Managing Partner, Asia Pacific Climate Change Sustainability Services, EY Global Climate Change and Sustainability Services Leader, EY Advisory Board, Masters of Environmental Management and Sustainability  <i>Appointed: 15 July 2016</i>	1/1

### **Directors' and key management personnel remuneration**

The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all Directors and key management personnel of the company, directly or indirectly, by the company or by any related party was \$187,937 (2015: \$151,709). Remuneration of Directors is included as part of Note 10 'Employee Expenses'. Non-executive directors receive no remuneration.

### **Domicile, legal form and registered address**

The company is limited by guarantee and is domiciled in Australia.

The address of the registered office of the company is: 126 Bank Street  
South Melbourne VIC 3205

### **Principal activity**

The company's principal activity during the course of the financial year was to support scientific field research and education, and the promotion of understanding and action needed for sustainable development.

During the financial year there was no significant change in the nature of those activities.

### **Review and results of operations**

The company's Statement of Profit or Loss and Other Comprehensive Income shows a net deficit attributable to members of \$137,294 compared with a net surplus of \$74,184 in 2015.

The Board acknowledges the negative financial result achieved this year. This is due to two main reasons. Firstly, there was a very large unbudgeted expense of staff transition costs to the value of \$93,594 and secondly, a delay of funding by a key corporate partner due to their internal travel restrictions.

The company relies on the continued support of donors and volunteers for funding. The Directors acknowledge the significant level of support from the corporate sector.

### **Changes in state of affairs**

During the financial year there was no significant change in the company's state of affairs other than that referred to in the financial statements or notes thereto.

### Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the company, the results of these operations, or the state of affairs of the company, in future financial years.

### Likely developments

This was a year of transition and significant change for the Company. Despite this, Earthwatch is in a stable financial position due to the reserves accumulated over previous years. In 2016 Earthwatch has appointed a new CEO, undertaken a restructure and adopted a new 3-year Strategic Plan (FY2017-19). Directors are confident that a strong foundation has been laid for future success and remain confident in attaining the development of the new plan including: new high impact scientific programs; diversifying our funding stream; regional expansion; strengthening our brand name; and building stronger partnerships. 2017 is also the year for renewal for one of Earthwatch's largest programs, Bush Blitz. This renewal process is already underway and with the success of the program over the last 7 years, the Directors are hopeful the program will continue to be supported. If the program was not to be renewed some of the lost revenue could be replaced with new contracts and grants, in addition there would be a reduction of expenditure. This confidence in our future is founded on the successes that Earthwatch has achieved during this time of change in 2016. Earthwatch has succeeded in renewing existing and establishing new partnerships, as well as winning an increased number of grants. The Directors see a number of areas of growth for the company's operations in future financial years and are confident that these will deliver major benefits for research, conservation and public education.

### Environmental regulation

The company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. Nonetheless, Earthwatch Australia strives to demonstrate environmental sustainability through all its activities.

### Indemnification of officers and auditors

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related party:

- (i) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- (ii) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Directors and officers are covered by the Directors & Officers Liability Insurance taken out by Earthwatch Institute Inc. and by Management Liability Insurance taken out by Earthwatch Institute.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



**CHARLES MACEK**  
Chair



**CASSANDRA NICHOLS**  
Chief Executive Officer

Melbourne, Victoria

Date: 15/12/16

## Statement of Profit or Loss and Other Comprehensive Income

### for the year ended 30 September 2016

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
Revenue from ordinary activities	2	2,714,557	3,194,122
Interest income		44,804	61,376
		<u>2,759,361</u>	<u>3,255,498</u>
Field research support		(388,075)	(400,672)
Program expenses		(2,024,463)	(2,221,954)
Fellowship and corporate engagement expenses		(3,077)	(8,326)
Executive and international coordination		(8,122)	(15,306)
Other expenses from ordinary activities		(413,114)	(494,859)
Development fund expenses		<u>(59,804)</u>	<u>(40,196)</u>
<i>Total expenses</i>		<u>(2,896,655)</u>	<u>(3,181,313)</u>
(Loss)/Profit for the year		(137,294)	74,184
Other comprehensive income		-	-
		<u>-</u>	<u>-</u>
<b>Total profit and other comprehensive income</b>		<u><b>(137,294)</b></u>	<u><b>74,184</b></u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.

# Statement of Financial Position at 30 September 2016

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
<b>Assets</b>			
Cash and Cash Equivalents	4	802,347	497,826
Investments	5	825,918	1,387,535
Trade Receivable	6	1,527,546	1,752,313
Other Current Asset		52,594	83,919
<b>Total current assets</b>		<u>3,208,405</u>	<u>3,721,593</u>
 Plant and Equipment	 7	 <u>23,079</u>	 <u>34,584</u>
<b>Total non-current asset</b>		<u>23,079</u>	<u>34,584</u>
<b>Total assets</b>		<u>3,231,484</u>	<u>3,756,177</u>
<b>Liabilities</b>			
Trade and Other Payables	8	860,221	971,998
Provisions	9	50,098	46,606
Deferred Income	11	1,577,600	1,859,378
<b>Total current liabilities</b>		<u>2,487,919</u>	<u>2,877,982</u>
 Provision	 9	 <u>12,300</u>	 <u>9,636</u>
<b>Total non-current liability</b>		<u>12,300</u>	<u>9,636</u>
<b>Total liabilities</b>		<u>2,500,219</u>	<u>2,887,618</u>
<b>Net assets</b>		<u>731,265</u>	<u>868,559</u>
<b>Members' funds</b>			
Reserves & Development Funds	17	731,265	868,559
<b>Total Members' funds</b>		<u>731,265</u>	<u>868,559</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.



## Statement of Changes in Equity for the year ended 30 September 2016

	<u>Note</u>	<u>Development</u> <u>Funds</u> <u>\$</u>	<u>Funds in</u> <u>Reserve</u> <u>\$</u>	<u>Total</u> <u>\$</u>
Balance at 30 September 2013		-	650,745	650,745
Profit for the year		-	143,630	143,630
<b>Total profit and other comprehensive income for the year</b>		-	143,630	143,630
Allocation to Development Fund Reserve		100,000	(100,000)	-
Balance at 30 September 2014		100,000	694,375	794,375
Profit for the year		-	74,184	74,184
<b>Total profit and other comprehensive income for the year</b>		-	74,184	74,184
Allocation to (from) Development Fund Reserve		(40,196)	40,196	-
Balance at 30 September 2015		59,804	808,755	868,559
Loss for the year		-	(137,294)	(137,294)
<b>Total loss and other comprehensive income for the year</b>		-	(137,294)	(137,294)
Allocation to (from) Development Fund Reserve		(59,804)	59,804	-
Balance at 30 September 2016	17	-	731,265	731,265

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.

## Statement of Cash Flows for the year ended 30 September 2016

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		2,938,939	2,911,597
Cash payments in the course of operations		(3,244,714)	(3,068,829)
Interest received		44,804	61,376
		<hr/>	<hr/>
Net cash used in operating activities	15(b)	(260,971)	(95,856)
<b>Cash flows from investing activities</b>			
Receipts from/ (Investment in) term deposits		561,617	(737,357)
Payments for plant & equipment		(1,125)	(7,162)
Proceeds from plant & equipment		5,000	-
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		565,492	(744,519)
<b>Net increase/(decrease) in cash held</b>		304,521	(840,375)
Cash at beginning of financial year		497,826	1,338,201
		<hr/>	<hr/>
<b>Cash at end of the financial year</b>	15(a)	802,347	497,826
		<hr/>	<hr/>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.

## 1 Significant accounting policies

Earthwatch Institute is a company domiciled in Australia. The address of the company's registered office is 126 Bank Street, South Melbourne, VIC 3205. The company is a not-for-profit organisation and is primarily involved in scientific field research and education.

The significant accounting policies which have been adopted in the preparation of this financial report are:

### (a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC). The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 15 December 2016.

The financial statements have been prepared on historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

These financial statements are presented in Australian dollars, which is the Company's functional currency.

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included, where applicable, in the relevant notes to the financial statements.

Other mandatory accounting standards issued and required to be adopted by the company have not been included above as they are not expected to have a material impact on the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements.

## **1 Significant accounting policies (continued)**

### **(b) Recognition of Revenue**

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

#### ***Fielded Volunteer Contributions***

The company derives income by undertaking and supporting scientific research expeditions and field projects relevant to conservation and sustainable environments.

Revenue from these activities is recognised at the time of departure of the expedition.

#### ***Supporter Donations and subscriptions***

Supporter donations are recognised when the right to receive the cash is established and subscriptions are recognised as it accrues.

#### ***Interest***

Interest revenue is recognised as it accrues.

#### ***Program Support/Grant Income***

Program Support/Grant income is recognised under an agreement when it has met conditions or provided services that make it eligible to receive a contribution.

#### ***'In kind' Income***

Revenue recognised on an 'in-kind' basis (i.e. receipt of non-cash goods or services) is recognised in accordance with the above policies, and a corresponding expense for the goods or services provided is recognised in the statement of profit or loss and other comprehensive income.

### **(c) Income Tax**

For taxation purposes the company is classified as an approved research institute, therefore it is exempt from paying income tax pursuant to section 23(e) of the Income Tax Assessment Act.

### **(d) 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 taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of the expenses.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

The GST components of cash flows arising from investing activity which is recoverable from, or payable to, the ATO are classified as operating cash flows.

## 1 Significant accounting policies (continued)

### (e) Plant & Equipment

#### *Acquisition*

Items of plant and equipment are recorded at cost and depreciated as outlined below.

#### *Depreciation*

Depreciation is provided on all fixed assets. Depreciation is primarily calculated on a reducing balance basis as considered appropriate so as to write off the net cost of each asset over its expected useful life.

The depreciation rates and methods used for each class of asset, for previous years are as follows:

	Depreciation Rate	Depreciation Methods
• Furniture & Equipment	10% - 100%	Diminishing value
• Computer Equipment	20% - 100%	Prime cost and diminishing value

### (f) Employee Entitlements

#### *Annual Leave*

The liability for annual leave represents the present obligation resulting from employees' services provided to reporting date, calculated at undiscounted amounts on remuneration wage and salary rates which are expected to be paid as at reporting date, including related on-costs, such as workers compensation insurance and superannuation. All annual leave liability is expected to be realised within the next 12 months.

#### *Long Service Leave*

The provision for long service leave represents the present value of estimated future cash outflows resulting from employees' services provided to reporting date. The provision is calculated using expected increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

#### *Superannuation*

Contributions to employee superannuation funds are expensed when incurred.

### (g) Receivables

Trade receivables are recorded at amounts due less any provision for doubtful debts.

### (h) Payables

Trade payables and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

### (i) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash on hand, funds in trust and deposits. These deposits are short-term and highly liquid cash deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.



# 1 Significant accounting policies (continued)

## (j) Investments

Investments comprise of deposits that are typically greater than three months duration and are not readily convertible to known amounts of cash.

## (k) Critical Accounting Estimate

Grant income is recognised initially as deferred income and is subsequently recognised in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of relevant projects at the reporting date.

## (l) Related Party Transactions

Earthwatch has charitable affiliates internationally to extend its scientific and education programs abroad. The Earthwatch Institute operates under a Trademark License Agreement with Earthwatch Institute Inc. (Earthwatch US), as from December 2002.

In the 2016 financial year, the Earthwatch Institute has transacted with Earthwatch US, the Conservation Education and Research Trust (Earthwatch UK), Earthwatch Institute Japan (Earthwatch Japan) and Earthwatch India, India Trust (Earthwatch India).

Earthwatch does not control these affiliates, and therefore their operating results are not included within these financial statements. These affiliates share contributions from volunteers and derive staff support and subsidies from Earthwatch. All outstanding balances from these related parties are priced on an arm's-length basis.

The following are amounts due from/(to) affiliates as of 30 September:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Earthwatch Japan	(6,726)	-
Earthwatch UK	30,064	37,192
Earthwatch US	3,332	79,062
	<u>26,670</u>	<u>116,254</u>

The following revenue is derived from affiliates and is reflected as contributions from overseas volunteers in the accompanying statements of activities for the years ended 30 September:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Earthwatch Japan	6,726	-
Earthwatch UK	-	13,978
Earthwatch US	93,608	93,334
	<u>100,334</u>	<u>107,312</u>

The following expenses are derived from affiliates and are reflected as costs incurred from Australian volunteers fielding overseas in the accompanying statements of activities for the years ended 30 September:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Earthwatch India	2,883	29,222
Earthwatch UK	-	4,550
Earthwatch US	83,802	111,024
	<u>86,685</u>	<u>144,796</u>

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
<b>2 Revenue from ordinary activities</b>		
Fielded volunteer contributions	445,552	611,418
Supporter donations and subscriptions	132,685	152,801
Program support income	2,002,196	2,249,040
'In-kind' income	79,502	91,428
Government Grants	35,200	42,122
Other income	19,422	47,313
	<u>2,714,557</u>	<u>3,194,122</u>

In the 2016 financial year, Earthwatch has derived more than 50% of its total revenue from a single contract with a company to deliver scientific expeditions, with the current contract due to finish at the end of the 2017 financial year. Management are currently working towards renewing this contract for a further 3-4 years. If this contract was not renewed, a significant reduction in revenue would be expected from the 2018 financial year onwards, however the expenditure would also decrease significantly as a large portion of funds is passed directly to a delivery partner. In addition, it is expected that growth from new grants and partnerships developed over the course of 2017 and 2018 would partially fill the void.

<b>3 Auditors' remuneration</b>	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Auditors of the company		
KPMG Australia		
- Audit and review of the financial report	<u>45,000</u>	<u>45,000</u>
	<u>45,000</u>	<u>45,000</u>

In 2016, KPMG provided audit services to Earthwatch as a part of their Honorary Work policy. These audit services amounting to \$45,000 (2015: \$45,000) are recognised as 'In-Kind' income, with a corresponding expense.

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
<b>4 Cash and cash equivalents</b>		
Cash at bank and on hand	733,992	462,463
Research Fund – Cash at Bank	37,651	5,014
Volunteer Funds in Trust	30,704	30,349
	<u>802,347</u>	<u>497,826</u>

Earthwatch Institute must maintain a separate bank account for the Research Fund.

## 5 Investments

Bank Term Deposits	825,918	829,535
Other Term Deposit	-	558,000
	<u>825,918</u>	<u>1,387,535</u>

The term deposits as at 30 September 2016 were earning interest rates of between 2.45 % and 3.05 % per annum. At 30 September 2016, the average time to maturity was 111 days. The term deposits as at 30 September 2015 were earning interest rates of between 2.60 % and 3.25 % per annum. At 30 September 2015, the average time to maturity was 192 days. These term deposits are classified as investments as the deposits cannot be immediately accessed and quickly converted to cash by Earthwatch at any point without foregoing accrued interest.

## 6 Trade receivable

Trade debtors	1,460,600	1,702,754
Earthwatch International receivables	66,946	49,559
	<u>1,527,546</u>	<u>1,752,313</u>

## 7 Plant and equipment

Furniture & Equipment	73,338	73,338
Accumulated depreciation	(53,606)	(48,638)
	<u>19,732</u>	<u>24,700</u>
Computer Equipment	146,301	145,175
Accumulated depreciation	(142,954)	(140,181)
	<u>3,347</u>	<u>4,994</u>
Boat	-	24,571
Accumulated depreciation	-	(19,681)
	<u>-</u>	<u>4,890</u>
	<u>23,079</u>	<u>34,584</u>
Carrying amount at beginning of year	34,584	56,793
Additions	1,125	7,162
Disposals	(4,615)	-
Depreciation	(8,015)	(29,371)
	<u>23,079</u>	<u>34,584</u>

<b>8 Trade and other payables</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
Trade payables	748,055	834,841
Other payables and accruals	112,166	137,157
	<u>860,221</u>	<u>971,998</u>
<b>9 Provisions</b>		
<i>Current</i>		
Annual leave		
Opening	30,730	29,913
Additions	51,711	48,499
Paid	(48,240)	(47,682)
Closing	<u>34,201</u>	<u>30,730</u>
Long service leave		
Opening	15,876	14,643
Additions	1,404	1,233
Paid	(1,383)	-
Closing	<u>15,897</u>	<u>15,876</u>
	<u>50,098</u>	<u>46,606</u>
<i>Non current</i>		
Long service leave	<u>12,300</u>	<u>9,636</u>
<b>10 Employee expenses</b>		
The remuneration of employees is made up of the following:		
Salary (inclusive of Annual Leave & Long Service Leave)	642,528	630,391
Superannuation	<u>64,675</u>	<u>58,807</u>
	<u>707,203</u>	<u>689,198</u>
<b>11 Deferred income</b>		
Expedition deposits received in advance	32,367	24,283
Grants received under obligation	<u>1,545,233</u>	<u>1,835,095</u>
	<u>1,577,600</u>	<u>1,859,378</u>
<b>12 Segment information</b>		

Earthwatch Institute operated wholly within Australia to support research and education expeditions in the arts, sciences and the humanities.

### 13 Members guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the company. Each member holds one voting right. At 30 September 2016 the number of members was 58 (2015: 58).

### 14 Commitments for expenditure

Non-cancellable operating lease expense commitments not provided for in the financial statements and payable:

Not later than one year	48,457	50,728
Later than one year but not later than five years	89,390	9,934
	<u>137,847</u>	<u>60,662</u>

Non-cancellable operating lease expense commitments relate to the rental of the business premises and the total expense for the year was \$50,728 (2015: \$50,466).

### 15 Notes to the cash flow statement

#### (a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and short term deposits at call, net of outstanding bank overdrafts.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
Cash and cash equivalents	4	<u>802,347</u>	<u>497,826</u>

#### (b) Reconciliation of net cash provided by operating activities to operating surplus

Operating (deficit)/surplus	(137,294)	74,184
Add non-cash item:		
Depreciation	8,015	29,372
Changes in net assets and liabilities:		
(Increase)/decrease in current receivables	224,767	(86,431)
(Increase)/ decrease in net other current assets	(250,838)	(255,875)
Increase/ (decrease) in trade and other payables	(111,777)	138,284
Increase/ (decrease) in provisions	<u>6,156</u>	<u>4,610</u>
Net cash used in operating activities	<u>(260,971)</u>	<u>(95,856)</u>



## 16 Financial instruments

### (a) Interest Rate Risk

The following details the company's exposure to interest rate risk as at 30 September 2016:

Our remaining balance and company's exposure to interest rate risk as at 30 September 2016:

		Fixed interest maturing in:						Total
	Note	Effective interest rate %	Floating interest rate \$	1 year or less \$	1 to 5 years \$	More than 5 years \$	Non-interest bearing \$	\$
<b>2016</b>								
<i>Financial assets</i>								
Cash and cash equivalents	4	0.97%	799,938	-	-	-	2,409	802,347
Investments	5	4.50%	-	825,918	-	-	-	825,918
Trade Receivable	6	-	-	-	-	-	1,527,546	1,527,546
		-	799,938	825,918	-	-	1,529,955	3,155,811
<i>Financial liabilities</i>								
Trade and other Payables	8	-	-	-	-	-	860,221	860,221
		-	-	-	-	-	860,221	860,221
<b>2015</b>								
<i>Financial assets</i>								
Cash and cash equivalents	4	3.33%	492,935	-	-	-	4,891	497,826
Investments	5	2.50%	-	1,387,535	-	-	-	1,387,535
Trade Receivable	6	-	-	-	-	-	1,752,313	1,752,313
		-	492,935	1,387,535	-	-	1,757,204	3,144,739
<i>Financial liabilities</i>								
Trade and other Payables	8	-	-	-	-	-	971,998	971,998
		-	-	-	-	-	971,998	971,998

### (b) Net Fair Value

The net fair value as at the reporting date of each class of financial asset and financial liability is represented by the amounts recorded in the statement of financial position determined in accordance with the accounting policies disclosed in Note 1 of the financial statements.

### (c) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The financial risk policy of the Earthwatch Institute states that investments are limited to bank deposits and board approved fund management trusts.

	<u>2016</u> \$	<u>2015</u> \$
<b>17 Funds in reserve</b>		
Retained surplus at the beginning of the year	808,755	694,375
Allocation (to) from Development Fund Reserve	59,804	40,196
Net (loss)/profit	(137,294)	74,184
Retained surplus at the end of the year	<u>731,265</u>	<u>808,755</u>

The Development Fund Reserve of \$100,000 was approved by the Earthwatch Board in September 2014 by allocating part of funds in reserve in order to directly support development activities in the 2015 and 2016 financial years. As at 30 September 2016, the balance of this reserve is \$0.

## Directors' Declaration

In the opinion of the Directors of Earthwatch Institute (the Company):

- (a) the financial statements and notes that are set out on pages 5 to 17 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 September 2016 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors draw attention to Note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



**CHARLES MACEK**  
Chair



**CASSANDRA NICHOLS**  
Chief Executive Officer

Melbourne, Victoria

Date:

15/12/16

## Lead Auditor's Independence Declaration for the Financial Year Ended 30 September 2016

**Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities  
and Not-for-profits Commission Act 2012**

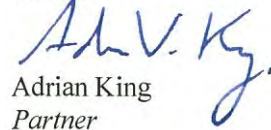
To: the Directors of Earthwatch Institute

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended  
30 September 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian  
Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

  
Adrian King  
Partner

Melbourne

15 December 2016

# **Independent Auditor's Report to the members of Earthwatch Institute**

## **Report on the financial report**

We have audited the accompanying financial report of Earthwatch Institute (the Entity), which comprises the statement of financial position as at 30 September 2016 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Entity.

This audit report has also been prepared for the members of the Entity pursuant to Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC).

### **Directors' responsibility for the financial report**

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error. In note 1(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### **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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards, and the ACNC, which is consistent with our understanding of the Entity's financial position and of its performance.

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 Earthwatch Institute

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

### *Auditor's opinion*

In our opinion:

(a) The financial report of Earthwatch Institute is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) giving a true and fair view of the Entity's financial position as at 30 September 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.

(b) the financial report complies with International Financial Reporting Standards as disclosed in note 1(a).

KPMG

KPMG

AdVKj

Adrian King  
Partner

Melbourne

15 December 2016





#### CHIEF EXECUTIVE OFFICER

Cassandra Nichols

#### CHAIR OF THE BOARD

Charles Macek

#### BOARD OF DIRECTORS

Dr Neil Byron  
Heather Campbell  
Megan Flynn

Colin Gomm  
Kerrie Lavey  
Mathew Nelson

Aaron Organ  
Chris Schultz  
Prof. Ian Woodrow

#### SCIENCE ADVISORY COMMITTEE

Prof. Ian Woodrow  
(Chair)  
Prof. David Booth  
Diana Jones

Prof. Nancy Longnecker  
Dr Martine Maron Prof.  
Stephen William

**Ex-officio:**  
Cassandra Nichols  
Justin Foster  
Chew Yue Chin

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Colin Gomm (Chair)  
Megan Flynn

Red Jackson  
Charles Macek

**Ex-officio:**  
Cassandra Nichols  
Bonnie Lessels

#### MARKETING ADVISORY COMMITTEE

Kerrie Lavey  
David Henderson  
Michael Wall

Strategicink Pty Ltd  
Corporate Strategy Expert  
Director BHive Group

**Ex-officio:**  
Ari Panagiotou  
Erin Leigh

Earthwatch Institute Australia

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