

**Borneo Orangutan Survival
(BOS) Australia Incorporated**

Financial Statements

for the year ended 30th June 2011

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AUDITOR'S INDEPENDENCE DECLARATION

We hereby declare, that to the best of our knowledge and belief, during the financial year ended 30 June 2011 there have been no:

contraventions of the auditor independence requirements in relation to the audit; and

contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Quality Financial Solutions Pty Ltd

Name of Partner:

David Petersen

Address: 1 Pymm Avenue Eltham North Vic., 3095

Dated this 20th day of October 2011



Quality Financial Solutions Pty. Ltd. is a CPA Business

Liability limited by a scheme approved under Professional Standards Legislation.



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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
BORNEO ORANGUTAN SURVIVAL (BOS) AUSTRALIA INCORPORATED**

Report on the Financial Report

We have audited the accompanying financial report of Borneo Orangutan Survival (BOS) Australia Inc. (the association), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income for the year then ended, statement of changes in equity, statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the committee assertion statement.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Associations Incorporation Act (NSW) 2009 No 7 and the needs of the members. The committee's responsibilities also includes such internal control as the committee determine is necessary to enable the preparation of a 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 have 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 that 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 committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the Associations Incorporation Act (NSW) 2009 No 7. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of Borneo Orangutan Survival (BOS) Australia Inc. presents fairly, in all material respects the financial position of Borneo Orangutan Survival (BOS) Australia Inc. as of 30 June 2011 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Quality Financial Solutions Pty Ltd

David Petersen

Dated this 20th day of October 2011



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PRESIDENT'S REPORT

Principal activities

Borneo Orangutan Survival (BOS) Australia Incorporated ("BOS Australia") contributes to the conservation and protection of orangutans and their habitat by fundraising and increasing awareness. It does so by funding, supporting, and assisting with the activities undertaken by the Borneo Orangutan Survival (BOS) Foundation ("BOS Indonesia") domiciled in Bogor, Indonesia for the protection, preservation and survival of orangutans. The principal activities remained unchanged during the year.

Review of Operations

During the past 12 months our focus was on the orangutan release program. This is a large project which started a couple of years ago with the search for land on the island of Borneo suitable for releasing orangutans back into the wild. At the beginning of the financial year we gratefully received a significant donation to help fund the purchase of long lease rights to this land. In addition we raised much needed funds to assist in the construction of quarantine cages. The cages are an important part of preparing groups of orangutans to be kept disease free prior to release and more importantly create a bond between the orangutans that will be released together.

In addition, BOS Australia has been heavily involved in scoping a new waste management system at Nyaru Menteng where over 600 orangutans are awaiting release. The concept design was completed and with the help of Keith Bolton from Ecoteam now has a new sustainable sewerage management system.

The funding for the release program, the new waste management system and other financial support provided to BOS Indonesia was raised through donations, orangutan adoptions, merchandise sales and other fundraising events and efforts organised by volunteer groups and the committee.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of BOS Australia.

Future developments

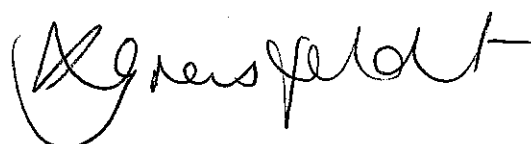
A keeper exchange program has been initiated to enhance the skills of the Indonesian staff and improve the facilities for the orangutans by teaching the staff to create enrichment equipment from low cost materials. The first part of the exchange where committee members Louise Grossfeldt visited Samboja Lestari was highly rated by BOS Indonesia staff who welcomed the opportunity to learn new skills and enhance the lives of the orangutans waiting release and those that for medical reasons will never be released.

Temporary quarantine cages have been completed and the orangutans will be moved to these cages by end October 2011 ready for their release as soon as possible.

A report on your new committee's action plan for 2012 will be presented at the AGM and sent to all members.



Tony Gilding
President



Louise Grossfeldt
Vice President

Borneo Orangutan Survival (BOS) Australia
Statement of Comprehensive Income
For the financial year ended 30 June 2011

	Note	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
Continuing operations			
Revenue			
Donations received	3	685,786	157,714
Fundraising revenue	3	11,309	0
Merchandise sales	3	19,094	23,060
Other revenue	3	6,021	9,520
Total revenue	3	<u>722,210</u>	<u>190,294</u>
Expenses			
BOS Indonesia financial support	4	615,685	240,474
Other orangutan project costs	4	5,314	0
Fundraising expenses	4	33,786	18,486
Cost of merchandise sold	4	10,005	9,972
Marketing costs	4	12,650	5,584
Other expenses	4	66,374	22,452
Total expenses	4	<u>743,814</u>	<u>296,968</u>
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 (21,604)	 (106,674)

Notes to and forming part of the financial statements are attached on pages 9 to 13.

Borneo Orangutan Survival (BOS) Australia
Statement of Financial Position
as at 30 June 2011

	Note	30 June 2011	30 June 2010
		\$	\$
ASSETS			
Current Assets			
Cash and bank balances	6	92,092	100,693
Inventories	7	3,313	5,685
Receivables	7	4,172	1,109
Total Current Assets		<u>99,577</u>	<u>107,487</u>
Total Assets		<u>99,577</u>	<u>107,487</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	8	13,694	0
Total Current Liabilities	8	<u>13,694</u>	<u>0</u>
Total Liabilities		<u>13,694</u>	<u>0</u>
Net Assets		<u>85,883</u>	<u>107,487</u>
EQUITY			
Capital and reserves			
Reserves and accumulated funds	5	85,883	107,487
Total Equity		<u>85,883</u>	<u>107,487</u>

Notes to and forming part of the financial statements are attached on pages 9 to 13.

Borneo Orangutan Survival (BOS) Australia
Statement of Changes in Equity
For the financial year ended 30 June 2011

	Note	Accumulated funds \$	Total \$
Balance as at 1 July 2009	5	214,161	214,161
Profit / (Loss) for Year		(106,674)	(106,674)
Balance as at 30 June 2010	5	107,487	107,487
Profit / (Loss) for Year		(21,604)	(21,604)
Balance as at 30 June 2011	5	85,883	85,883

Notes to and forming part of the financial statements are attached on pages 9 to 13.

Borneo Orangutan Survival (BOS) Australia
Statement of Cash Flow
For the financial year ended 30 June 2011

	Note	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
Cash flows from operating activities			
Receipts from customers including government subsidies		722,666	195,321
Payments to suppliers and employees		(733,829)	(306,786)
Interest received		2,562	3,432
Net cash inflows from operating activities		<u>(8,601)</u>	<u>(108,033)</u>
Cash flows from investing activities			
Net cash (used in)/generated by investing activities		<u>0</u>	<u>0</u>
Cash flows from financing activities			
Net cash flows from financing activities		<u>0</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents	6	<u>(8,601)</u>	<u>(108,033)</u>
Cash and cash equivalents at beginning of year		100,693	208,726
Cash and cash equivalents at end of year	6	92,092	100,693

Notes to and forming part of the financial statements are attached on pages 9 to 13.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

Note 1 Application of new and revised Accounting

Following the NSW Department of Fair Trading Class Order 11/01, Borneo Orangutan Survival (BOS) Australia Incorporated has adopted the Reduced Disclosure Reporting Framework and the applicable Australian Accounting Standards. The adoption of these standards have not impacted the amounts disclosed, they have only altered the presentation of the financial information.

Note 2 Summary of Significant Accounting Policies

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards-Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. Preparation under the Australian Accounting Standards is in line with the amendment to the NSW Incorporated Associations reporting requirements.

The financial report was authorised for issue by the committee and its members on the 20th October 2011.

Basis of preparation

The financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for the assets. All amounts are presented in Australian dollars and rounded to the nearest dollar.

Adoption of new and revised Accounting Standards

In the current year, the Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the operations of the Entity and effective for the current annual reporting period.

Accounting policies

The financial statements are prepared on a going concern basis. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- where the GST incurred is not recoverable from the Australian Taxation Office ("ATO"), it is recognised as part of the cost of acquisition of the asset or as part an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

Note 2 Summary of Significant Accounting Policies (continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when

- the Association has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Association retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Association; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

The interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Donations and Bequests

The timing of the recognition of contributions from donations and bequests depends on when control of these contributions or right to receive these contributions is obtained, which is usually upon receipt of the monies.

(c) Income tax

As the Association is an endorsed charity, it does not pay income tax under the Income Tax Assessment Act 1997.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits held with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value, and have a maturity of six months or less at the date of acquisition.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Note 3 Revenue

	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
Donations received		
Regular Donations	104,916	67,643
Significant Donations	497,743	33,533
Cards for a cause	975	647
Rainforest Sq. Meters	8,100	6,890
Orangutan adoptions	74,052	49,001
	<u>685,786</u>	<u>157,714</u>
Fundraising income		
Event income	4,917	0
Raffle ticket sales	4,294	0
Auction income	2,098	0
	<u>11,309</u>	<u>0</u>
Merchandise sales	19,094	23,060
Other revenue		
Membership fees	3,459	5,407
Interest received	2,562	3,432
Other income	0	681
	<u>6,021</u>	<u>9,520</u>
Total Revenue	<u>722,210</u>	<u>190,294</u>

Note 4 Expenses

	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
BOS Indonesia financial support (including for the purchase of land rights for the Orangutan release program)	615,685	240,474
Other orangutan projects (including the sewerage and keeper exchange projects)	5,314	0
Fundraising expenses	22,686	18,486
Cost of merchandise sold	10,005	9,972
Marketing costs	23,750	5,584
<u>Other Expenses</u>		
Bank charges and merchant fees	3,287	1,494
Accounting and audit	3,666	900
Administration	21,075	0
Consultancy fees	2,298	0
Contract work	11,335	0
Insurance & legal costs	2,151	1,052
Postage, printing, stationery and telephone	5,315	10,052
Travel	4,557	0
Website and IT costs	11,677	4,120
All other costs	1,013	4,834
Total Other Expenses	<u>66,374</u>	<u>22,452</u>
Total Expenses	<u>743,814</u>	<u>296,968</u>

Note 5 Reserves and Accumulated Funds

	2011	2010
	\$	\$
Accumulated Funds		
Accumulated funds brought forward	107,487	214,161
Surplus / (Loss) for the year	(21,604)	(106,674)
<i>Total Accumulated Funds</i>	<u>85,883</u>	<u>107,487</u>
Reserves		
Opening balance	0	0
<i>Total Reserves</i>	<u>0</u>	<u>0</u>
Total Equity	<u>85,883</u>	<u>107,487</u>

Note 6 Notes to the Statement of Cash Flow

a) Reconciliation of cash and cash equivalents	2011	2010
	\$	\$
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:		
Cash on hand	200	0
Cash at bank	91,892	100,693
<i>Total cash and cash equivalents</i>	<u>92,092</u>	<u>100,693</u>
b) Reconciliation of cash flows from operations		
Operating surplus / deficit	(21,604)	(106,674)
(Increase) / decrease in receivables	(3,063)	754
(Increase) / decrease in inventories	2,372	(2,348)
Assets written off	0	235
Increase / (decrease) in payables	13,694	0
<i>Net cash provided by / (used in) operating activities</i>	<u>8,601</u>	<u>108,033</u>

Note 7 Trade and Other Receivables

	2011	2010
	\$	\$
Current		
GST Receivable	4,172	1,109
<i>Current Receivables</i>	<u>4,172</u>	<u>1,109</u>

Note 8 Trade and Other Payables

	2011	2010
	\$	\$
Current		
Trade payables	13,694	0
<i>Current Payables</i>	<u>13,694</u>	<u>0</u>

Note 9 Commitments and Contingencies

The Association has neither contingent liabilities nor financial commitments.

Note 10 Key Management Personnel Compensation

The Committee are voluntary and receive no compensation for their services. There were no loans to committee members nor any transactions with key management personnel during 2011 (2010: nil).

The names of persons who were committee members at any time during the financial year are as follows:

	Role	Commenced	Resigned
Malcolm Carson	President		August 2010
Lisa Curtis	Ordinary		March 2010
Anthony Gilding	Ordinary		August 2011
	Vice President	August 2010	June 2011
	President	July 2011	
Jennifer Gillespie	Ordinary	October 2010	
Louise Grossfeldt	Ordinary		June 2010
	Vice President	July 2010	
Jade Harley	Ordinary	June 2011	
Ruth Hatten	Ordinary	October 2010	March 2011
Jan Hindmarsh	Vice President		August 2010
	President	August 2010	June 2011
Anne Miehs	Secretary		October 2010
Deborah Mohr	Treasurer	October 2010	
Karen Stenner	Ordinary		October 2010
Christine Thornton	Secretary	October 2010	
Mariana Von Lucken	Ordinary	March 2011	
Stephen White	Treasurer		October 2010