

The background of the entire page is a photograph of a wooden chair with a woven seat. The seat is made of dark brown and light brown threads woven in a complex pattern. The wooden frame of the chair is visible, showing the legs and the structure of the seat. In the top left corner, there is a black rectangular box containing the word "AID" in white, bold, sans-serif capital letters. To the right of this box, the word "WATCH" is written in large, bold, red, italicized sans-serif capital letters. Below "WATCH", the tagline "Action on Aid, Trade and Debt" is written in a smaller, black, italicized sans-serif font.

AID

WATCH

Action on Aid, Trade and Debt

Annual Report 2011



AID/WATCH INC.

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About AID/WATCH

Our purpose

AID/WATCH is an independent membership-based watchdog on aid, trade and debt, working with communities in the Global South. We challenge practices which undermine the ability of communities to determine their own futures, and promote development alternatives based on social and environmental justice. We research and evaluate development policies and practices, and we campaign around these issues as part of the global justice movement.

Our vision

A thriving global justice movement, based on mutual solidarity, and on social and environmental justice. A world free from structural inequalities, where people can determine their own futures within a global framework of mutual respect for the environment and for one another. A world where trade, aid and debt no longer exploit peoples, but instead promote environmental and social justice.

Our values

We believe in solidarity not charity

We are committed to global justice and equality. We campaign as much for our futures as for the futures of others. We are respectful of the different approaches and views of others in the movement for global justice. We acknowledge and aim to strengthen the power and agency of communities.

We are independent and fearless

We are a member-based organisation. We do not take funds from governments or corporations. We respect diversity of ideas. We are free to make critical comment and are uncompromising in advocating for social and environmental justice. We are principled and where necessary pugnacious. We are never afraid to say what we think.

We are informed and transformative

Our campaigns are grounded in experience and our research is thorough and constructive. We believe in building alternative futures, founded on experience and on community-level capacity. In this respect we are innovative and creative.

We are activist and movement-based

We are a member-driven activist organisation, working as part of the wider global justice movement. Our campaigns provoke public debate to generate engagement with development issues, and to inspire public participation in efforts to transform development policies and practices.

AID/WATCH Chair Report

The 2011 year has proved to be one of renewal for AID/WATCH. With our victory in the case against the Australian Tax Office in 2010, we have once again been able to do what we do best – campaigning, research and advocacy to let the Australian public know where their aid money is going.

The year has also been a big year in the world of aid. With the Independent Review of Aid Effectiveness, AusAID has been busy launching a raft of new initiatives which has certainly kept us busy. AusAID announced in quick succession a Transparency Charters, an Australian Multilateral Assessment, a Mining for Development Initiative and a Food Security Initiative. As usual, these initiatives are big on money but small on detail.

We undertook a major renewal of the AID/WATCH *Where Is Your Aid Money (WIYAM)* guide, which remains the premiere research tool on the Australian aid program. We were also able to host an interesting forum on aid effectiveness issues that was well attended and raised significant questions around the way AusAID measures 'effectiveness' in aid.

AID/WATCH members stepped up to the mark when the government announced the Independent Review of Aid Effectiveness. More than half of the submissions the review received were AID/WATCH members using our suggested format or people who took the time to write a personalised submission echoing our themes. Whilst we support the moves towards transparency and delivering less aid through private companies, we were disappointed to see that national interest still remains within the objectives of AusAID.

We continued work with Pacific Communities through participation in regional forums and land meetings and worked closely with the Pacific Network on Globalisation to help draft statements on trade and development. Working with the Melanesian Indigenous Land Defence Alliance, we continued to support Melanesian voices by helping to produce and distribute videos featuring local communities and leaders.

Thanks to the generous donations of AID/WATCH supporters from our appeal in late 2011, we were able to publish an investigative report *Off the Rails: AusAID and the Cambodian Railways Project*. With the support of local organisations on the ground we were able to expose this project that ticks just about every box for bad development – Australian aid benefiting Australian companies, a privatisation agenda and the botched resettlement of poor communities. We were able to generate media and discussion in the parliament which forced AusAID to review the project.

AID/WATCH has also seen some changes in the AID/WATCH Committee of Management. We are grateful to those CoM members who have departed in the last year and continue to utilise their skills and experience in guiding the organisation.

On behalf of my fellow Committee of Management members, I convey a big thank you to all those who supported AID/WATCH in 2011, including our many volunteers that make our work possible. We look forward to even more out of 2012: as the aid program ramps up to around \$8 billion in the next few years, AID/WATCH is needed more than ever to keep AusAID accountable and to let the Australian community know where their aid money is really going.

Matt Hilton
Chair,
AID/WATCH

AID/WATCH Campaigners' Report

Looking back on 2011 AID/WATCH witnessed a number of successes with reforms to aid policy in areas that we have been campaigning around for many years.

Due to a concerted campaigning effort around transparency the Australian Government at the end of 2011 launched the aid transparency charter, which commits the government to publish detailed information on AusAID programs and projects.

Working with partner NGOs both here and in the Pacific, AID/WATCH has continued to campaign the Australian Government around PACER-Plus, a regional free trade agreement that could have widespread negative impacts on Pacific Island economies and communities. Negotiations are slated to continue in 2012 and AID/WATCH will continue to keep working closely with our partners in Australia and the Pacific to ensure that the agreement does not undermine development priorities of Pacific island communities.

During the year AID/WATCH continued to campaign to make Australian aid fair, mobilising our members and supporters to write submissions to the review on aid effectiveness, advocating for pro-poor policies and pressuring government to put more money into climate change funds.

We have also continued to work with partners in Melanesia to raise awareness of aid monies directed towards the commercialisation of land tenure systems and support communities in their campaign to protect customary land, the environment and culture of indigenous peoples.

A full report on AID/WATCH campaigning activities can be found in subsequent pages of this Annual Report.

All of this work is largely the result of hard work and dedication by volunteers, members and supporters. We are looking forward to continuing this momentum in 2012.

Gary Lee and Liz Barrett
Co-Directors



AID/WATCH Fundraising Report

It has been another year of sustained support from our core donors and members – and we thank them all for this wonderful support, without which we would not be able to plan our work. It's clear our monitoring, analysing and reporting on the impacts of aid and development on the lives, land and livelihoods of recipient communities is recognised and valued across Australian society.

A main focus for raising funds for AID/WATCH in 2011 was on membership and the re-organisation of our membership subscription period. This was necessary and timely as many memberships were lapsed and others who wished to maintain their subscription had not been able to do so on an organised basis. Hence, the AID/WATCH Committee of Management (CoM) decided that membership of the organisation would, from 2011, would run from 1 July to 30 June of each year. This allows our small administration facilities to maintain efficient records and provide members with a clear strategy for knowing their status.

Hence, a membership drive was held before the end of the last financial year, which informed all our supporters of the new membership period whilst inviting them to renew or to join AID/WATCH for the first time. This direct mailing campaign also coincided with our annual end-of-financial year appeal, which was a successful exercise.

Membership, of course, provides more than financial support for any organisation – it is a reassuring demonstration of support in many other ways, including for the campaigns and initiatives we undertake, and reinforces their integrity. Membership is about expressing a voice of support for what AID/WATCH stands for and the values we share with our supporter community. We sincerely thank every single one of them.

Income from general fundraising by AID/WATCH in 2011 came from a combination of appeals, the promotion of our regular giving program as well as the above-mentioned membership drive.

This year, the popularly anticipated Trivia Night was held on 1 December and brought us fantastic income of over \$5000. The overheads for the event were virtually nil as the venue (Camperdown Bowling Club in Sydney) provided its facility at no charge. In the main, everyone agrees that the venue is ideal for the famous AID/WATCH Trivia Night – especially as the quality of the available food has also improved from previous experiences, so it is expected we will return there in future. The total from the fundraising sources appears in our financial report towards the back of this Annual Report.

As to grants from external bodies, we continue to be grateful for the generous on-going support of The Christensen Fund and acknowledge their commitment to the communities of this region.

There were two major direct-mail appeals run in 2011 – one for end of the financial year (in May/June) and another again before Christmas.

AID/WATCH's non-tax-deductible Action Aid for Justice (AAJ) program remains an option for our donors to opt out of tax-deductibility if they wish. For some of our supporters this is a matter of principle, while many of our donors realise choosing this option allows AID/WATCH to utilise fundraising income on our modest administration and systems costs plus staff wages – all of which are the life blood of an organisation, and often considered a less-important use of donations. However, without our office, our photocopier, our computers, etc., AID/WATCH cannot continue its campaigns, and we are so appreciative of the attitude of those who support us in this very meaningful of ways.

Our highly valued tax-deductible donations to the AID/WATCH Fund continued to fund our research, education and other public awareness campaigning around land and environment.

Mandy Lamkin
Co-Director



People & Partners

AID/WATCH Staff in 2011

Gary Lee
Liz Barrett
Mandy Lamkin

AID/WATCH Committee of Management

The Committee of Management (CoM) is elected from the AID/WATCH membership.

Throughout the course of 2010, the following members gave generously of their time by serving on the CoM:

Tim Anderson	Matt Hilton (Chair)
Pooja Chowdhary	Sam Porter
Nishan Disayanake	James Goodman
Hannah Ireland	Gary Lee
Gareth Bryant	Zoe Roberts (Treasurer)

Our thanks go to all of them for their involvement, leadership and energy.

AID/WATCH Volunteers and Intems

Volunteers' efforts are the backbone of AID/WATCH, and we cannot thank enough all those who gave so generously of their time and effort.

A special thank you to Lisa Arnold and Mike Egan who dedicated significant time and skills to support AID/WATCH's accounting and administration.

We also acknowledge Mary Ann Hudson and Gemma Wong for generously sharing their time and design skills to our publications.

We'd also like to thank Ryan Coelho, who joined us to co-ordinate the hugely successful Trivia Night and many other research tasks for AID/WATCH.

There were many others who contributed to AID/WATCH in 2011 and we acknowledge their generosity in volunteering and the significant value to the organisation this represents.

Partners

AID/WATCH extends a very special thanks to our funding partner, The Christensen Fund for its ongoing support and collaboration.

Campaigns in 2011

■ Land is Life Campaign

Working with communities and local organisations to protect customary land tenure systems in the Pacific has been a key focus of AID/WATCH's work over many years. In 2011, AID/WATCH continued to collaborate closely with the Melanesian Indigenous Land Defence Alliance (MILDA) to prevent the imposition of unwanted land reforms that threaten the livelihoods and cultures of Melanesian peoples.

The Pacific Land Program

The 2011-12 aid budget brought some welcome news, with the Australian Government announcing the cancellation of the Pacific Land Program. AID/WATCH and MILDA have been critical of the regional Pacific Land Program as an ill-conceived program based on a misleading assumption that customary lands pose a barrier to development and that reforms are needed to unlock the economic potential of customary lands in the Pacific. While the regional program was terminated, AusAID continues to support land tenure reform through bilateral initiatives, notably the Mama Graon project in Vanuatu. AID/WATCH will continue to work with partners in Melanesia to raise awareness of aid money directed towards the commercialisation of land tenure systems and support communities in their campaign to protect customary land, the environment and culture of Indigenous peoples.

Promoting Melanesian voices through multimedia

During 2011, AID/WATCH continued to support Melanesians to voice their views and concerns around customary land through the production and dissemination of videos. These included interviews with Chief Selwyn Garu, then head of the Council of Chiefs, and Numalin Mahan, Vanuatu Cultural Centre field worker, on the importance of customary land and the problems brought about by attempts to commercialise land in Vanuatu. The videos are a part of AID/WATCH's on-going efforts to provide platforms for MILDA members and other Melanesian land rights activists to communicate their concerns and priorities to a wide audience.

MILDA meeting

In October, AID/WATCH participated in a regional land meeting hosted by Pacific Network on Globalisation (PANG) in Fiji. The meeting brought together participants from Bougainville, Fiji, PNG, Solomon Islands and Vanuatu to share their experiences and analysis on the key trends and actors influencing the debate around customary land, land reform and development in the region, and strategise responses to the persistent pressure for registration and leasing of customary land.

Cambodian Railways Report: Off the Rails

In late 2011 we asked for your support to help us tell the story of the people affected by the Cambodian Railways Project, a freight railway rehabilitation project co-funded by AusAID and the Asian Development Bank (ADB).

AID/WATCH has been monitoring the project since 2009 in consultation with our local partners but was asked to publicly advocate on the issue only after it was clear that AusAID, the ADB and the Government of Cambodia had no intentions of changing the project.

Our report, *Off the Rails: AusAID and the troubled Cambodian Railways Project* revealed the extent of the problems with the project. A key issue was the botched involuntary relocation process of households that lie on the path of the railway lines. In many cases this process has led to the violent intimidation of residents and inadequate compensation, leaving people significantly worse off, including being driven into debt. This is in direct contravention of both Asian Development Bank and AusAID policies on resettlement.

We also showed how the project was a defacto privatisation project for the benefit of an Australian-linked consortium, which includes Toll Holdings and a local group with close links the Prime Minister, Hun Sen. AusAID and the ADB have never made any serious attempt to articulate how the poor would benefit from this project at all.

The report generated media commentary and questions in the Australian Senate whilst Toll Holdings suspended its involvement in the project in April 2012. AusAID has committed to improving the project but to date has made no concrete changes. We will continue to pursue justice for the poor through revealing the ways the project has made life worse for the people that stand in its way.

■ Aid for Trade/PACER-Plus

Fair trade or free trade? Aid/Watch's monitoring and campaigning in the trade arena.

In 2011 AID/WATCH continued to work closely with allies in Australia and the Pacific to monitor the outcomes of trade negotiations. This year, these negotiations expanded out from the PACER-Plus program to also include the Trans Pacific Partnership Agreement, commonly referred to as the TPPA. AID/WATCH's monitoring work in trade aims to reflect the concerns of partner organisations in the Global South, particularly the nations of Melanesia and the Pacific. Whilst trade negotiations in this area have been touted by the governments of Australia and New Zealand as positive for development, academics, community groups and NGOs are alive to the fact that the very opposite is likely to be true. AID/WATCH, as part of the Australian Fair Trade and Investment Network (AFTINET) has campaigned strongly to highlight the likelihood of reduced social and economic outcomes for Pacific communities that could result from free trade negotiations.

The key trade agreement in the Pacific is known by its acronym, PACER-Plus. Whilst PACER-Plus is still very much alive and kicking, negotiations stalled during 2011, as the Australian government agenda dissipated amidst significant criticism domestically and internationally. A key issue in the negotiations remained the ongoing funding of the Office of Chief Trade Advisor (OCTA). OCTA was set up as an independent office that could give comprehensive advice to the governments of the Pacific, a concession to the limited resources that these nations have to analyse the detail and complexity of trade agreements. Australia and New Zealand had previously agreed to fund the OCTA for three years from 2010, however funding was delayed in early 2011. Australia and New Zealand attached conditions to renewed funding that were unacceptable in the eyes of the Pacific countries. Aid/Watch in partnership with AFTINET and PANG responded quickly to these threats, criticising Australia's decisions in the media.

The other key feature of Australia's trade negotiations in 2011 was the progression of the Trans Pacific Partnership agreement. Again, AID/WATCH joined forces with AFTINET to pressure the Australian government not to accept features of the deal that could be damaging to local communities. Potentially damaging features of the agreement include:

- concessions to Big Pharma that could alter the Pharmaceutical Benefits Scheme (PBS)
- the implementation of investor-states dispute processes that could allow big corporations to sue governments (in line with Philip Morris's actions against the Federal Government's plain packaging laws for cigarettes).

Even though the TPPA does not directly involve most recipients of Australia's aid program, there could be unintended consequences for the small island nations of the Pacific. If, for example, Big Pharma was given the right to more strictly control prices for medicines, these standards could end up being exported to the Pacific through PACER Plus or future trade deals. With around one third of global GDP involved in TPPA, maintaining strong standards is critical to protect the Global South from the ravages of the neoliberal free trade agenda.



*Cambodian railway
community*



*Images from Port Vila,
Vanuatu by Gary Lee*



■ **Bilateral Aid program**

If well targeted, aid can make a real difference to people's lives, contributing to poverty reduction, building community resilience and promoting justice. A fundamental principle for effective aid is that it should be focused on reducing poverty and be driven by those whose needs are being addressed. In 2011, AID/WATCH undertook various activities to advocate for an aid program that is accountable, transparent, and effective and promotes human rights and environmental justice.

Independent Review of Aid Effectiveness

The aid review was a major focus for AID/WATCH monitoring and campaigning in early 2011. Commissioned by the Government, the aid review was the first major review of the aid program in 15 years and provided an opportunity to advocate for reforms in the aid program. As always, public engagement formed a key part of AID/WATCH's strategy, as we mobilised AID/WATCH members and supporters to make submissions to the review panel to call for increased transparency, reduced reliance on technical advisers, and the removal of national interest from the aid program's overall objective, among other things. There was a great public response to the campaign with about 20% of all publicly listed submissions drawing on AID/WATCH materials and submission templates produced as part of our aid review campaign.

We were also able to increase the reach of our concerns and key recommendations through significant media coverage and a meeting with the UN Human Rights Council's Independent Expert on Foreign Debt and Human Rights, Cephias Lumina, during his visit to Australia. The concerns raised by AID/WATCH and other civil society representatives were reflected in Cephias Lumina's statement following his visit, which noted, among other things that "Australian aid programmes should underpin people's entitlement to basic standards of living, freedom from discrimination and participation, as well as transparency and accountability in public affairs."

While the aid review and the government's response, which were released in July 2011, fell short in a number of areas, AID/WATCH welcomed the review findings as representing a step in the right direction. Some positive developments include commitment to issue a transparency charter (see below) and the government's statement that the fundamental purpose of the Australian aid is to help people overcome poverty. However, AID/WATCH was disappointed that the government will continue to use 'national interest' as a criterion for the allocation of aid, and that calls by AID/WATCH and many other organisations and individuals to establish AusAID as a separate department with a cabinet-level minister for aid and development were not adopted.

Make aid transparent campaign and AusAID's Transparency Charter

In June 2011, AID/WATCH joined more than forty civil society organisations from around the world in launching an international public campaign calling on governments and other aid donors to publish more and better information about the aid money they give. In the ensuing months, the campaign grew with 105 organisations and over 60,000 individuals from over 200 countries signing the petition, which was presented to ministers from developed and developing countries at the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea on 30 November 2011.

The campaign contributed to a number of governments and donors signing onto the International Aid Transparency Initiative and an agreement by government ministers at the Busan meeting to increase aid transparency.

Another positive result for aid transparency was AusAID's launch of a Transparency Charter in November 2011. AID/WATCH had campaigned for many years calling for an increase in transparency and accountability of the aid program, and it was a key recommendation in our submission and advocacy around the aid review.

The Transparency Charter, one of the recommendations of the aid review, commits the government to publish detailed information on AusAID programs and projects, including research and evaluations that will help organisations like AID/WATCH track where Australian aid money is going and how it is being spent.

Community Education and Events

Throughout 2011 we ensured that community education remained integral to our work. It is vital that the Australian public be informed of the impact of Australian aid and participates in holding our government to account on aid spending.

In February, AID/WATCH Committee member James Goodman spoke at a forum hosted by the not-for-profit Project at the Melbourne Law School about the implications of AID/WATCH's High Court win for the charity sector. The forum also presented an opportunity to highlight the role AID/WATCH plays in monitoring and campaigning on Australia's aid program.

In April, AID/WATCH conducted a training workshop on aid effectiveness at Micah Challenge NSW action group's advocacy training day.

We also participated in the Pacific Regional Consultation on Commonwealth People's Forum held in Sydney in May. AID/WATCH worked closely with Pacific Network on Globalisation (PANG) and other civil society representatives to ensure the consultation outcomes included a strong statement on trade and development policies. This was reflected in the outcomes document, which called on the Commonwealth member states "to ensure that future trade agreements are driven by social and development objectives, and not by markets".

In July AID/WATCH was a panellist at the Australian Medical Students Association's Global Health Conference, examining the implications of Australia's aid and trade programs and policies on health in the Asia-Pacific.

In response to the public release of the aid review, AID/WATCH organised a public forum in July to discuss the aid review's strengths, weaknesses and implications for the future direction of the aid program. The aid review was also a key focus of the discussion at AID/WATCH's presentation to the NSW Retired Teachers' Federation Luncheon.

Furthermore, AID/WATCH delivered its message around Australia through a diverse array of media including *Sydney Morning Herald*, *The Age*, ABC Radio Australia, *The Canberra Times*, SBS radio, 2SER Sydney, 3CR Melbourne and others.

Finally, we always enjoy letting our hair down with our members and friends at our fundraising events, particularly our annual trivia night. With the help of amazing volunteers, 2011 was one of our most successful trivia nights with tickets sold out for the event.

International Campaigns and Networks

In 2011 AID/WATCH participated in a number of international networks and campaigns. This comprises part of our focus on building and reinforcing partnerships with activists, communities and civil society groups from around the Asia Pacific region and internationally. Australian and international networks that AID/WATCH worked with in 2010, include:

APRN: The Asia Pacific Research Network (APRN) comprises 37 leading research organisations in 17 countries in the Asia-Pacific region, and is still growing. Members of the network produce research supporting the need for information, education as well as advocacy of grassroots organisations and social movements.

(Continued over)

Australian Civil Society Network on Pacific Trade, which links trade unions, church groups and nongovernment organisations interested in trade and development policies in the Pacific.

Australian Free Trade and Investment Network (AFTINET): A national network of community organisations and individuals concerned about trade and investment policy.

Make Aid Transparent Campaign: A coalition of 105 civil society organisations who have come together to call on donors to publish more and better information about the aid they give.

Melanesian Indigenous Land Defence Alliance: Established in June 2009, MILDA is a regional civil society network that supports and coordinates community efforts to main control over their land. Its principal aim is to assist “Indigenous peoples in Melanesia maintain control over their land, sea, water, air and resources through the continued use of their customary tenure systems”.

The Reality of Aid Network (RoA): The Reality of Aid Network is an international coalition of civil society groups, both large and small, that analyses international development cooperation strategies and promotes new approaches to poverty eradication that are based on solidarity, equity and human rights.



Financial Statement

Statement by the Committee of Management of AID/WATCH Incorporated

In the opinion of the Committee:

- a) The attached financial report presents fairly the financial position of AID/WATCH Inc. as 31 December 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board
- b) At the date of this statement, there are reasonable grounds to believe that AID/WATCH Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee of Management of AID/WATCH Inc. and is signed for, and on behalf of, the Committee by:

Matt Hilton
Chair,
31 May 2012

Declaration by the chairperson of the Committee of Management of AID/WATCH Inc.

In my opinion,

- a) the attached accounts give a true and fair view of all income and expenditure during the year ended 31 December 2011 with respect to fundraising appeals;
- b) the Balance Sheet as at 31 December 2011 gives a true and fair view of the state of affairs of AID/WATCH Inc. with respect to fundraising appeals;
- c) the provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by AID/WATCH Inc.; and
- d) the internal controls exercised by AID/WATCH inc. are as appropriate and effective as is practicable in accounting for all income received and applied by AID/WATCH Inc. from any of its fundraising appeals.

Matt Hilton
Chair,
31 May 2012

ROSS N. ARKINSTALL

Chartered Accountant
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AUDITOR'S REPORT

I have audited the attached special purpose financial report for Aid/Watch for the year ended 31 December 2011. Your association's Committee of Management is responsible for the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the constitution of Aid/Watch and are appropriate to meet the needs of the members. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of Aid/Watch. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee of Management's financial reporting requirements under the Aid/Watch's constitution. I 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.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the organisation's financial position, the results of its operation and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualifications

Receipts from donations and other fundraising activities are a significant source of revenue for Aid/Watch. Aid/Watch has determined that it is impracticable to establish control over the collection of donations and other fundraising activity revenue prior to entry in the accounting records. Accordingly, as the evidence available to me regarding revenue from these sources was limited, my audit procedures with respect to donations and other fundraising activity revenue had to be restricted to the amounts recorded to the financial records. I therefore am unable to express an opinion on whether donations and other fundraising activity revenue obtained by Aid/Watch are complete.

Qualified Audit Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report does give a true and fair view of Aid/Watch's financial position as at 31 December 2011 and of its performance for the year ended on that date. I also report that, subject to any effect of the adjustments outlined in the qualification,

- a) the financial statements show a true and fair view of the financial results of fundraising appeals conducted during the year
- b) the accounting and associated records have been properly kept in accordance with the Charitable Fundraising Act 1991 legislation and regulations
- c) monies received from fundraising throughout the year have been properly accounted for and applied in accordance with Charitable Fundraising Act
- d) at the date of this report, there are reasonable grounds to believe that Aid/Watch will be able to pay its debt as and when they fall due.

A handwritten signature in black ink, appearing to read "Ross N Arkinstall".

Ross N Arkinstall
Chartered Accountant
Registered Company Auditor
14 May 2012

AID/WATCH INC.
STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 December 2011

2010 \$		2011 \$
	Income	
63,502	Grants - Overseas	108,759
-	- Australia	-
1,750	Membership/Sponsorship	2,200
28,344	Donations (Tax Deductible)	15,772
22,122	Donations (Not Tax Deductible)	11,455
-	Donations- Legal Advice	139,676
214	Interest Received	544
3,953	Fundraising Income (Note 2)	5,765
26,731	Other	10,691
<u>146,616</u>	Total Income	<u>294,862</u>
	Expenses	
63,246	Salaries & On-costs	80,313
	Campaign Expenditure	
7,901	Overseas Projects	12,015
23,551	Australian Projects	
	Community Education	
	Administration	
1,860	Auditors fees (Note 3)	1,050
1,972	Depreciation	1,718
753	Fundraising Expenditure	-
-	Legal Fees	139,676
12,127	Other	
536	Bank Fees	610
5,391	Insurance	4,596
547	Leasing	88
951	Office Costs	321
4,825	Printing & Promotion	266
2,688	Telephone & Internet	2,337
4,600	Rent	5,455
<u>130,948</u>	Total Expenses	<u>248,444</u>
<u>15,668</u>	Operating Surplus/Deficit	<u>46,418</u>

AID/WATCH INC.

BALANCE SHEET AS AT 31 DECEMBER 2011

2010 \$			2011 \$
		Current Assets	
73,330	A	Cash at Bank	90,110
-	B	Petty Cash	77
-	C	GST Receivable	7,404
<u>73,330</u>		Total Current Assets	<u>97,591</u>
		Non-current Assets	
5,073	D	Plant & Equipment - at Cost	5,073
-	D	Less: Accumulated Depreciation	- 5,073
3,000	D	Intangible Assets - at Cost	3,000
-	D	Less: Accumulated Depreciation	- 1,350
<u>3,368</u>		Total Non-current Assets	<u>1,650</u>
<u>76,698</u>		Total Assets	<u>99,241</u>
		Less Current Liabilities	
43,160	E	Unspent Grants	17,503
8,482	F	Accounts Payable	5,221
4,356	G	Accrued Employee Entitlements	9,399
<u>55,998</u>		Total Current Liabilities	<u>32,123</u>
<u>\$ 20,700</u>		NET ASSETS	<u>\$ 67,118</u>
		Represented by	
5,032		Retained Earnings	20,700
15,668		Surplus(Deficit) for the year	46,418
<u>20,700</u>			<u>67,118</u>
-		Emergency Reserve Fund	-
<u>\$ 20,700</u>		TOTAL	<u>\$ 67,118</u>

AID/WATCH Inc.

Notes to, and forming part of, the Accounts for the year ended 31 December 2011

Note 1

Accounting Policies

Aid/Watch Inc. adopted accrual accounting from 1 January 2004

Note 2

Fundraising Income

2010 \$		2011 \$
3,953	Gross proceeds	5,961
753	Less Expenditure (excluding staff costs)	196
<u>\$ 3,200</u>	Net Proceeds	<u>\$ 5,765</u>

All proceeds were applied for services delivered by Aid/Watch Inc.

Note 3

Auditor's Remuneration

2010 \$		2011 \$
1,000	Audit of financial report	1,050
860	Tax compliance service	
<u>\$ 1,860</u>	Total	<u>\$ 1,050</u>



ABN: 97 491 078 647

Registered Association No: Y1724231

Registered Charity No: 17671

AID/WATCH Incorporated

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