

The Gaia Foundation

Report and Financial Statements

Year ended 31st December 2009

The Gaia Foundation

Report and Financial Statements

Year ended 31st December 2008

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The Gaia Foundation**Statement of responsibilities of the Board of Administration of the Foundation****Year ended 31st December 2009**

The members of the Board of Administration of the Foundation are required to prepare financial statements, in accordance with International Financial Reporting Standards, which give a true and fair view of the state of affairs of the organisation at the end of each financial year and of its profit or loss for the year then ended. In preparing the financial statements, the Board of Administration of the Foundation should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the foundation will continue in business.

The members of the Board of Administration of the Foundation are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They have to report as per the statute of the Organisation.

**The Gaia Foundation
Report of the Board of Administration
Year ended 31st December 2009**

The Board of Administration of the Foundation reports as follows for the activities held during the year ended 31 December 2009.

Principal Activity

The Gaia Foundation is an organization set up to promote and protect Malta's environment and promote sustainable living. It was set up to promote and implement ways through which human beings can interact meaningfully with their environment without denying future generations their right to do the same.

Results

Income

The results reflect the income generated from grants received as a result of management agreements signed with the Ministry for Rural Affairs and the Environment and the Liberty Stichting Organisation. Income is also generated as a result of various projects undertaken. This is shown on page 4 in the Income Statement. Adjustments have been made in the books since the fees due from the Ministry were one year in arrears and not two years as indicated and reported in the previous year.

Expenditure

Expenditure for the year reflects the expenses to run the organization and the various projects in fulfillment with agreements reached. The results are shown in the schedules attached to the accounts.

Excess of Income over expenditure

The Deficit for the year is shown on page 4. The operations generated a surplus of € 26,813 while the organisation had to reverse a provision of € 46,588 made in the previous year thus resulting in a deficit for the year of € 19,775. This was added to the accumulated favourable fund brought forward of € 117,887 leaving an accumulated favourable balance at the end of the year of € 98,112.

Members of the Board of Administration

The members of the board of administration who served during the year were:

Dr. Rudolf Ragonesi, Mr. David Marinelli and Mr. Adrian Mamo.

In accordance with the Statute, the present members are to remain in office.

AUDITOR

Benjamin Rizzo has expressed his willingness to continue in office and a resolution proposing his reappointment and will be put before the members at the next Annual general meeting.

Approval of financial statements

These financial statements were approved by the Board of Administration of the Foundation and authorised for issue on the 29th June 2010 and signed on behalf of the Foundation by:

Dr. Rudolf Ragonesi LL.D
Co President and Executive Director
29th June 2010

David Marinelli FCCA, MIA
Co President

Benjamin Rizzo

*Certified Public Accountant, A.C.M.A., F.I.A.
Auditor and Management Consultant
37, Moses Gatt Street, Birkirkara BKR 4091, Malta*

INDEPENDENT AUDITOR'S REPORT to the members of **The Gaia Foundation.**

Report on the Financial Statements

I have audited the accompanying financial statements of The Gaia Foundation, which comprise the balance sheet as at 31st December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

As also described in the statement of directors' responsibility on page 1, management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of The Gaia Foundation as at 31st December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements have been properly prepared in accordance with the companies Act 1995.

Benjamin Rizzo
Certified Public accountant
37, Moses Gatt Street, Birkirkara BKR 4091
29th June 2010

The Gaia Foundation
Income Statement
For the year ended 31st December 2009

	<i>notes</i>	2009	2008
		€	€
Grants income		142,422	141,398
Income related to projects		9,971	37,455
Other income		<u>25,667</u>	<u>3,519</u>
	5	178,060	182,372
Costs related to projects		<u>-53,151</u>	<u>-89,155</u>
Surplus on operations		124,909	93,217
Administrative costs and payroll costs		<u>-98,096</u>	<u>-85,983</u>
Surplus for year		26,813	7,234
Interest received		<u> </u>	<u>4,015</u>
Surplus		26,813	11,249
Less{			
Income related to prior year(adjusting prior year's adjustment)		<u>-46,588</u>	<u>46,588</u>
	6	<u>-19,775</u>	<u>57,837</u>

The Gaia Foundation
Balance Sheet
AS AT 31ST DECEMBER 2009

	<i>notes</i>	2009 €	2008 €
ASSETS AND LIABILITIES			
Non current assets			
Tangible assets	8	<u>23,490</u>	<u>16,468</u>
Current assets			
Inventories	9	47,078	27,732
Receivables	10	138,634	137,832
Cash and bank balances	11	<u>6,630</u>	<u>26,568</u>
		<u>192,342</u>	<u>192,132</u>
Total Assets		<u>215,832</u>	<u>208,600</u>
Current Liabilities			
Payables	12	117,720	90,713
		<u>117,720</u>	<u>90,713</u>
Net assets		<u>98,112</u>	<u>117,887</u>
ACCUMULATED FUND			
as at 1 January		117,887	60,050
for year		<u>-19,775</u>	<u>57,837</u>
as at 31 December		<u>98,112</u>	<u>117,887</u>

Dr. R. Ragonesi
Executive Director

David Marinelli
Board Member

The Gaia Foundation
Statement of changes in accumulated fund
year ended 31 December 2009

	<u>€</u>
2008	
As at 1 January	60050
Surplus for year	11249
Income related to prior year	<u>46588</u>
As at 31 December	117,887
2009	
Adjustment related to Income prior year	-46588
Surplus for year	26813
As at 31 December	<u>98112</u>

The Gaia Foundation
CASH FLOW STATEMENT
Year ended 31st December 2009

	note	<u>2009</u>	<u>2008</u>
		€	€
Cash flows from operating activities			
Surplus for year		26813	57835
Adjustment for			
Depreciation		<u>2352</u>	<u>2390</u>
<i>Profit on operations before working</i>			
capital movements		29165	60225
Receivables		-803	-78641
Payables		27007	37290
Inventories		-19346	-605
adjustment in accumulated fund		-46588	
Increase in other current liabilities			<u>-9317</u>
Cash flows from operations		-10565	8952
Cash flow from investing activities			
Purchase of tangible assets		<u>-9374</u>	<u>-3679</u>
Movements in cash and cash equivalents		-19939	5273
Cash and cash equivalents			
At beginning of year		<u>26568</u>	<u>21295</u>
Cash and cash equivalents			
At end of year	13	<u><u>6628</u></u>	<u><u>26568</u></u>

1. Basis of preparation

These accounts have been prepared in accordance with the requirements of the International Financial Reporting Standards. The financial statements have been prepared under the historic cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below:

2. Significant accounting policies

Property improvement, plant and equipment

The foundation's company's property improvement, plant and equipment are classified into the following classes – property improvement, computer equipment, equipment and fittings and motor vessel and vehicle. All tangible assets are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property improvement, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit and loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit and loss so as to write off the cost (or revalued) amount, less any estimated residual value, over their estimated useful lives, using the straight line method on the following basis:

Rates for depreciation

The accounting policy on the depreciation of the Foundation's property improvement, plant and machinery is worked on the straight line method. This method is based on to write off the values of assets in equal annual installments over the remaining useful lives of the assets at the following rates:

Building improvement	1 percent
Computer Equipment	33.3 percent
Equipment and fittings	15 percent
Motor Vessel and vehicles	20 percent

Financial Instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company has become a party to the contractual provisions of the relative instruments. Financial assets and financial liabilities are initially recognized at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit and loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognized when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

2. Significant accounting policies – continued

a. Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in profit and loss when there is objective evidence that an asset is impaired.

b Inventories

Inventories are stated at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Stock of raw material is determined by the first-in first-out method. The cost of raw materials comprises the expenditure included in acquiring the inventories and bringing them to their existing location and condition.

c. Bank borrowings

Subsequent to initial recognition, interest bearing bank loans and overdrafts are carried at their face value in view of their short-term maturities.

d. Trade payables

Trade payables are classified with current liabilities and are stated at their nominal value.

e. Impairment

All assets are tested for impairment except for financial assets measured at fair value through profit and loss. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

The company reviews the carrying amount of its assets by assessing the greater of their net selling price or value in use in order to determine whether such assets have suffered an impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable.

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Taxation

Current tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to accumulated fund.

The charge for current tax is based on the charge for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted by the balance sheet date.

Employee benefits

The company contributes towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Cash and Cash equivalents

Cash and Cash equivalents comprise cash in hand and deposits repayable on demand less advances from banks repayable with three months of the date of the advance.

The Gaia Foundation
Notes to the accounts - continued
Year ended 31st December 2009

3. Judgements in applying accounting policies and key sources of estimation uncertainty.

In the process of applying the Institute's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements.

At the balance sheet date, there were no key assumptions concerning the future or other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Adoption of new and revised International Financial Reporting Standards

In the current year, the Institute has applied all of the new and revised International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are relevant to its operations and effective for accounting periods beginning on or after 1st January, 2009.

The adoption of these new and revised International Financial Reporting Standards has not resulted in material changes to the Institute's accounting policies.

The director anticipates that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements but not yet effective will have no material impact on the financial statements of the Institute in the period of initial application.

5. Revenue Recognition

Revenues earned by the Foundation are recognised on the following basis:

Income from grants and Management fees on accrual basis as per agreements signed.

All other income related to projects and other accounted for as and when received.

6. Surplus for the year

Surplus is stated after charging:	<u>2009</u>	<u>2008</u>
	€	€
Auditor's fee	<u>950</u>	<u>950</u>
Depreciation	<u>2,352</u>	<u>2,390</u>
Executive Director	<u>24,630</u>	<u>18,355</u>

7. Taxation

The Gaia foundation has been exempted from the payment of Income Tax by the Minister of Finance and Commerce on the 16 April 1997.

8. Property improvement, plant and equipment

<u>Cost</u>	01.01.09	additions	31.12.09
Building	11891		11891
Tower restoration	2030	7073	9103
Computer Equipment	9398		9398
Equipment and fittings	52738	2304	55043
Motor vessel and vehicle	23960		23960
	<u>100018</u>	<u>9377</u>	<u>109396</u>
Depreciation			
Building	832	119	951
Tower restoration	0		0
Computer Equipment	7839	1196	9035
Equipment and fittings	50921	1037	51958
Motor vessel and vehicle	23960		23960
	<u>83551</u>	<u>2352</u>	<u>85904</u>
Net Book Value	16467		23492

Fully depreciated assets total € 78,379.

The Gaia Foundation
Notes to the accounts - continued
Year ended 31st December 2009

9. Inventories

	<u>2009</u>	<u>2008</u>
	€	€
Stock of saleable goods	<u>47,078</u>	<u>27,732</u>
The Foundation invested in propagating local trees.		
The stock of trees and shrubs has been valued at net realisable value.		

10. Receivables

	<u>2009</u>	<u>2008</u>
	€	€
Receivables	<u>138,634</u>	<u>137,832</u>

11. Bank balances

	<u>2009</u>	<u>2008</u>
	€	€
Bank balances	<u>6,630</u>	<u>26,568</u>

12. Payables

	<u>2009</u>	<u>2008</u>
	€	€
CIR – FSS and SSC	62,297	56,681
Hermes internship programme	26,856	32,645
Accruals	<u>28,567</u>	<u>1,387</u>
	<u>117,720</u>	<u>90,713</u>

13. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following amounts included in the balance sheet:

	<u>2009</u>	<u>2008</u>
	€	€
Bank account	5,772	26,349
Cash and bank balances	<u>858</u>	<u>219</u>
	<u>6,630</u>	<u>26,568</u>

14. Fair values of financial assets and financial liabilities

At 31 December 2009 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair value due to the short term maturities of these assets and liabilities.

The fair values of non-current financial liabilities are not materially different from their carrying amounts.

15. Financial risk management

Credit risk

Financial assets which potentially subject the foundation to concentrations of credit risk consist principally of receivable, inventories and cash at bank. Receivables are presented net of an allowance for doubtful debts. Cash at bank is placed with reliable financial institutions.

16. Contingent liabilities

At 31 December 2009 there existed contingent liabilities for an amount to be agreed upon for additional tax due to the Commissioner of Inland Revenue for outstanding amounts due for NIC and FSS.

17. Prior year figures.

The comparative figures have been restated to conform to this year's presentation.

Schedule I

The Gaia Foundation
Income Statement
Year ended 31st December 2009

	2009		2008	
<i>Note</i>	€	€	€	€
Grants income				
Man. Fee Ghajn Tuffieha	23,294		23,294	
Man Fee Ramla	23,294		23,294	
MUSART E Foundation	74,800		75,000	
Elysium - Adopt-a-Tree	56		113	
Hermes/Volunteer programme	20,978		13,697	
Grant - Studiosus Foundation	0	142,422	<u>6,000</u>	141,398
Income related to projects				
Apollo	0		16,913	
Elysium	9,265		4,834	
Olympus	0		1,432	
Midas/Persephony	706		10,615	
Odysseus	0	9,971	<u>3,661</u>	37,455
Other income				
Dionysius - kiosk	20,930			
Lunches	1,781			
Donations received and refunds	2,956	25,667	<u>3,519</u>	3,519
			<u>178,060</u>	<u>182,372</u>

Schedule II

The Gaia Foundation
Costs related to projects
Year ended 31st December 2009

	2009		2008	
	€ details	€ subtotal	€ details	€ subtotal
Apollo Project				
Festival expenses			6,350	
visitor centre	12,549		14,196	
Kiosk expenses	12,418	24,967	8,855	29,401
Elysium - habitat restoration				
Athena - Olive production	3,118		2,031	
Water and electricity	2,935		4,933	
Landscaping and biodiversity	368		408	
Plant propagation	3,463		1,804	
Stock of trees - variation	-19,802	-9,918	-604	8,572
Olympus - coastal conservation				
Security expenses & Police	4,292		4,973	
Site Maintenance	5,340		3,580	
Repairs & Maintenance	6,304		5,210	
waste management	1,422		363	
Galatea - Tower restoration	0		4	
Olympus - Ramla Centre	7,188	24,546	4,496	18,626
Hermes - dissemination of information				
Promotions	0		1,716	
Volunteer programme	0		17,055	
Information boards	1,210		346	
Productions & Publications	6,550		5,085	
Telecommunications	1,523			
Workshop and conferences	667	9,950	2,054	26,256
Midas - shop				
Shop expenses	1,829		6,300	
Stock of shop - variation	456			
Organic Project	971	3,256		6,300
Poseidon - Boat expenses	350			
		350		
Total direct cost projects		53,151		89,155

Schedule III

The Gaia Foundation
Administration expenses
Year ended 31st December 2009

	2009		2008	
	€	€	€	€
Audit Fees	950		950	
Bank Interest & Charges	161		734	
Computer expenses	151		919	
Depreciation	2,352		2,390	
Insurance	1,692		1,649	
Stationery	957		195	
Office expenses	591		1,692	
		6,854		8,529
Salaries				
Manager's Salary	24,630		18,355	
SSC foundation's share	7,221		7,105	
Wages & Salaries	59,391	91,242	51,994	77,454
		98,096		85,983